

**TRUMBULL METROPOLITAN  
HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Directors  
Trumbull Metropolitan Housing Authority  
4076 Youngstown Road SE  
Warren, Ohio 44484

We have reviewed the *Independent Auditor's Report* of the Trumbull Metropolitan Housing Authority, Trumbull County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Trumbull Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

January 27, 2014

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**AUDIT REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Trumbull Metropolitan Housing Authority, Ohio (the Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Trumbull Metropolitan Housing Authority, Ohio, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trumbull Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Costs - Completed and the Financial Data Schedules are presented for purposes of additional analysis and not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the Trumbull Metropolitan Housing Authority, Ohio’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or an compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trumbull Metropolitan Housing Authority, Ohio’s internal control over financial reporting and compliance.

**James G. Zupka**  
**CPA, President**

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2013.12.31 13:24:28 -05'00'

James G. Zupka, CPA, Inc.  
Certified Public Accountants

December 16, 2013

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

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The Trumbull Metropolitan Housing Authority's ("the Authority" or Primary Government) management's discussion and analysis is designed to assist the reader on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual account issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended June 30, 2013 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 13). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government. Due to the significance of the component units when compared to the primary government, the financial information is provided for the component units in some instances to provide for a more complete and meaningful discussion of financial results. Regardless, discussion in the MD&A attempts to distinguish between information pertaining to the primary government and that of its component units.

#### **FINANCIAL HIGHLIGHTS**

- The primary government's net position decreased by \$1.71 million (or 6.38 percent) during 2013. Net position was \$26.81 million and \$25.10 million for 2012 and 2013, respectively. Capital grants were \$.26 million (or 93 percent) of the non-operating revenue. There was \$.61 million in net income from operations without consideration of \$2.6 million depreciation. Since the Authority engages only in business-type activities, the changes are all in category of business-type net position.
- Revenue for the primary government decreased by \$4.86 million (or 28.95 percent) during 2013, and was \$16.79 million and \$11.93 million for 2012 and 2013, respectively. Revenue from capital grants decreased \$4.57 million (or 94.60 percent), while operating grants decreased by \$1.20 million (or 11.81 percent). Other income, interest income, and tenant rental revenue increased by \$.51 million (or 23.64 percent).
- Total expenses for the primary government decreased by \$.18 million (or 1.32 percent). Of this amount, administrative expenses, general, tenant and protective services, and other operating expenses decreased by \$.74 million. On the other hand, utilities, maintenance, and Housing Assistance Payments, and depreciation increased by \$.56 million. Total expenses were \$13.82 million and \$13.64 million for 2012 and 2013, respectively.
- The Authority's component units consist of two non-profit organizations, the Warren Housing Development Corporation and the Western Reserve Housing Development Corporation. The notes to the financial statements provide further explanation of the component units.
- Net position for the component units was \$15.12 million for 2013, increasing from \$14.27 million for 2012. This net position amounts to approximately 37.60 percent of the combined net position for the primary government and component units.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

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- Total revenue for the component units increased by \$.35 million (or 10.62 percent) during 2013, and was \$3.30 million and \$3.65 million for 2012 and 2013, respectively. Revenue from investments decreased \$.002 million, while revenue from various program grants and other income increased by \$.348 million.
- Total expenses for the component units increased by \$.22 million (or 8.80 percent) and were \$2.58 million and \$2.80 million for 2012 and 2013, respectively.

**USING THIS ANNUAL REPORT**

The report includes three major sections, the Management's Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information.

**MD & A**  
**Management Discussion and Analysis -**  
pages 4-12

**Basic Financial Statements**  
  
Authority-Wide Financial Statements  
pages 13-15  
  
Notes to Financial Statements  
pages 16-34

**Other Required Supplementary Information**  
  
Required Supplementary Information  
pages 35-41  
(other than MD&A)

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented (pages 13-15) are those of the Authority as a whole (Authority-wide) and the component units, discretely reported. The financial statements are further detailed by major account. This perspective (Authority-wide, major account, and component units) allows the user to address relevant questions, broadens a basis for comparison (year to year or Authority to Authority) and enhances the Authority's accountability.

These statements include a **Statement of Net Position**, which is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets minus liabilities equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position (formerly equity) is reported in three broad categories:

**Net Investment in Capital Assets:** This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position:** This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**Unrestricted Net Position:** Consists of net position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The financial statements also include a **Statement of Revenues, Expenses, and Changes in Net Position** (similar to an income statement). This Statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as capital grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to net income or loss.

Finally, a **Statement of Cash Flows** is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

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**Financial Statements by Major Fund**

In general, the Authority's financial statements consist exclusively of an enterprise fund. An enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by private sector accounting.

Many of the funds maintained by the Authority are required by the United States Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

**THE AUTHORITY'S PROGRAMS**

**Business Type Programs**

***Conventional Public Housing*** - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the Public Housing Authority (PHA) to provide the housing at a rent that is based on 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

***Housing Choice Voucher Program*** - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contribution Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income. The Authority receives administrative fees from HUD to administer the Program.

***Other Programs*** - In addition to the programs above, the Authority also maintains the following programs:

*Housing Choice Voucher Family Self-Sufficiency Program Coordinator Grant* - a grant program funded by HUD that promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program with public and private resources to enable participating families to achieve economic independence and self-sufficiency.

*ROSS* - a grant program funded by HUD to assist residents in the process of moving from welfare to work.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
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*ROSS Service Coordinator Grant* - a grant funded by HUD to provide elderly residents with a support system and connect them with available community resources.

*Component Unit Activities* - represents resources developed from a variety of activities, including, but not limited, to the following programs:

Elderly Service Coordinator Grant- a grant funded by HUD to provide elderly residents with a support system and connect them with available community resources.

Youth Build Program Grants- grants funded by HUD and other state and local grants to provide unemployed, at-risk youth with construction skills, a high school education, and basic leadership training while rehabilitating or constructing new housing for people in their communities.

**AUTHORITY-WIDE STATEMENTS**

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in business-type activities.

**Table 1 - Statement of Net Position - Primary Government**

|   | 2013<br>(in Millions)<br>of Dollars | 2012<br>(in Millions)<br>of Dollars |
|---|-------------------------------------|-------------------------------------|
| <b><u>Assets</u></b>                      |                                     |                                     |
| Current and Other Assets                  | \$ 5.25                             | \$ 5.39                             |
| Capital Assets                            | <u>21.54</u>                        | <u>22.81</u>                        |
| <b>Total Assets</b>                       | <u>26.79</u>                        | <u>28.20</u>                        |
| <b><u>Liabilities</u></b>                 |                                     |                                     |
| <b><u>Liabilities</u></b>                 |                                     |                                     |
| Current Liabilities                       | .71                                 | .72                                 |
| Long-Term Liabilities                     | <u>.98</u>                          | <u>.67</u>                          |
| <b>Total Liabilities</b>                  | <u>1.69</u>                         | <u>1.39</u>                         |
| <b><u>Net Position</u></b>                |                                     |                                     |
| Net Investment in Capital Assets          | 21.38                               | 22.63                               |
| Restricted                                | .44                                 | .60                                 |
| Unrestricted                              | <u>3.28</u>                         | <u>3.58</u>                         |
| <b>Total Net Position</b>                 | <u>25.10</u>                        | <u>26.81</u>                        |
| <b>Total Liabilities and Net Position</b> | <u>\$ 26.79</u>                     | <u>\$ 28.20</u>                     |

For more detailed information see page 13 for the Statement of Net Position.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

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**Major Factors Affecting The Statement of Net Position**

During 2013, total assets decreased by \$1.41 million. Most of the decrease is due to a decrease of \$1.27 million in capital assets because capital expenses (via depreciation) were much higher than capital expenditures (grants) in 2013. For more detail, see "Capital Assets and Debt Administration" on pages 11 and 12. A slight decrease of \$0.14 million in current assets resulted mostly from a decrease in accounts receivable. Total liabilities increased by \$.30 million due mostly to an increase in trade payables and payroll expenditures due but not yet paid in 2013 as compared to 2012. These changes resulted in a decrease of \$.30 million in unrestricted net position.

During 2013, total assets for the component units increased by \$.56 million. Unrestricted net position increased by \$1.03 million. These changes are mostly due to an increase of cash netted from operations.

Table 2 presents details on the change in Unrestricted Net Position.

**Table 2 - Change of Unrestricted Net Position - Primary Government**

|   | Millions of<br>Dollars |
|---|------------------------|
| Unrestricted Net Position 06/30/12                | \$ 3.58                |
| Results of Operations                             | (1.71)                 |
| Adjustments:                                      |                        |
| Depreciation (1)                                  | 2.60                   |
| Adjusted Results from Operations                  | 4.47                   |
| Net Change in Restricted Assets                   | (.16)                  |
| Net Change in Capital Assets of Debt Payments (2) | (1.03)                 |
| Unrestricted Net Position 06/30/13                | \$ 3.28                |

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against results of operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well-being.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

**Statement of Revenues, Expenses, and Changes in Net Position**

The following table compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

**Table 3-Statement of Revenues, Expenses and Changes in Net Position-Primary Government**

|                                  | 2013<br>(Millions<br>of Dollars) | 2012<br>(Millions<br>of Dollars) |
|----------------------------------|----------------------------------|----------------------------------|
| <b><u>Revenues</u></b>           |                                  |                                  |
| Tenant Revenue - Rents and Other | \$ 1.74                          | \$ 1.47                          |
| Operating Subsidies and Grants   | 9.00                             | 10.20                            |
| Capital Grants                   | .26                              | 4.83                             |
| Investment Income                | .02                              | 0.03                             |
| Other Revenues                   | .91                              | 0.26                             |
| <b>Total Revenues</b>            | <u>11.93</u>                     | <u>16.79</u>                     |
| <b><u>Expenses</u></b>           |                                  |                                  |
| Administrative                   | 2.71                             | 2.76                             |
| Utilities                        | .92                              | 0.88                             |
| Maintenance                      | 1.94                             | 1.85                             |
| General                          | .72                              | 1.41                             |
| Housing Assistance Payments      | 4.75                             | 4.51                             |
| Depreciation                     | 2.60                             | 2.41                             |
| <b>Total Expenses</b>            | <u>13.64</u>                     | <u>13.82</u>                     |
| Net Increase (Decrease)          | <u>\$ (1.71)</u>                 | <u>\$ 2.97</u>                   |

**MAJOR FACTORS AFFECTING THE STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

Tenant rent revenue increased slightly during 2013 in comparison to 2012 due, primarily, to lower utility cost allowances and higher tenant incomes. Operating subsidies were funded by HUD at a lower percentage of the eligible amount in calendar years 2012 and 2013 compared to calendar years 2011 and 2012. Funding for the Housing Choice Voucher Program also decreased from 2012 to 2013 by approximately \$.14 million. Housing Assistance Payment (HAP) reserves decreased in 2013 by \$.16 million. Capital grants (expenditures) decreased significantly from 2012 to 2013 by \$4.57 million, mostly due to a decrease in the number and size of the capital projects underway. Managing invested reserves resulted in maximized earnings.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

Total administrative expenses decreased slightly from 2012 to 2013. Although utility expenses increased slightly in 2013 due, in part, to a winter less mild than 2012, the Authority continued to benefit from special negotiated rates for natural gas and electricity and from its day-to-day conservation efforts. Maintenance expenses are slightly higher in 2013 due, in part, to increasingly older buildings and fewer available capital improvement funds.

The Authority received 67 additional vouchers which resulted in higher lease up rates and HAP payments for the Authority's Housing Choice Voucher Program in 2013 compared to 2012.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$21.54 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation) of \$1.27 million, or almost 6 percent, from the end of last year.

As of year-end, the component units had \$8.49 million invested in a variety of capital assets. When compared to last year, the net book value of capital assets associated with their multifamily developments, the Youth Build Program rehabilitation projects, and furniture and equipment decreased by \$.41 million. Capital expenditures amounted to \$.09 million, while depreciation amounted to \$.47 million.

**Table 4 - Capital Assets at Year-End (Net of Depreciation) - Primary Government**

|   | <u>Business-Type Activities</u> |                          |
|---|---------------------------------|--------------------------|
|   | 2013                            | 2012                     |
|   | (Millions<br>of Dollars)        | (Millions<br>of Dollars) |
| Land                                    | \$ 1.16                         | \$ .91                   |
| Buildings                               | 70.91                           | 68.03                    |
| Equipment - Administrative and Dwelling | 1.90                            | 1.83                     |
| Accumulated Depreciation                | (52.80)                         | (50.27)                  |
| Construction in Progress                | .37                             | 2.31                     |
| <b>Total</b>                            | <u>\$ 21.54</u>                 | <u>\$ 22.81</u>          |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Fiscal Year ended June 30, 2013**  
**(Unaudited)**

The following reconciliation summarizes the change in capital assets, which is presented in detail on pages 23 and 24 of the notes.

**Table 5 - Change in Capital Assets (In Millions) - Primary Government**

|   | Business-Type<br>Activities |
|---|-----------------------------|
| Beginning Balance                           | \$ 22.81                    |
| Additions                                   | 4.22                        |
| Retirements                                 | (2.89)                      |
| Depreciation, net of Deleted Capital Assets | (2.60)                      |
| Ending Balance                              | <u>\$ 21.54</u>             |

**DEBT OUTSTANDING**

The Authority maintained debt (i.e. deferred loan) in 2013 equal to \$.16 million related to five properties purchased with Neighborhood Stabilization Program grant funds. It had no debt related to its public housing developments outstanding at the end of either 2013 or 2012. The component units, however, had debt equal to \$2.6 million at the end of 2013, compared to \$2.8 at the end of 2012.

A summary of outstanding debt is presented in detail on pages 28 through 31 of the notes.

**Table 6 - Outstanding Debt, at Year-End (In Millions) - Primary Government**

| Business-Type      | Total<br>2013 | Total<br>2012 |
|--------------------|---------------|---------------|
| Primary Government | \$ .16        | \$ .18        |
| <b>Total</b>       | <u>\$ .16</u> | <u>\$ .18</u> |

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs

**FINANCIAL CONTACT**

Questions concerning any information provided in this report or requests for additional information should be addressed to Donald W. Emerson, Jr., Executive Director, Trumbull Metropolitan Housing Authority, 4076 Youngstown Road SE, Warren, Ohio 44484 or call 330-369-1533.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|  | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|--|-------------------------------|----------------------------|
| <b><u>ASSETS</u></b>                                 |                               |                            |
| <b><u>Current Assets</u></b>                         |                               |                            |
| Cash - Unrestricted                                  | \$ 4,265,254                  | \$ 9,268,592               |
| Cash - Restricted                                    | 614,182                       | 93,685                     |
| Accounts Receivable - Net of Allowance               | 126,001                       | 139,873                    |
| Inventories - Net of Allowance                       | 120,611                       | 30,116                     |
| Prepaid Expenses                                     | <u>126,598</u>                | <u>70,840</u>              |
| <b>Total Current Assets</b>                          | <u>5,252,646</u>              | <u>9,603,106</u>           |
| <b><u>Non-Current Assets</u></b>                     |                               |                            |
| Capital Assets, Not Depreciated                      | 1,527,384                     | 1,208,800                  |
| Capital Assets - Net of Accumulated Depreciation     | <u>20,015,501</u>             | <u>7,285,073</u>           |
| <b>Total Non-Current Assets</b>                      | <u>21,542,885</u>             | <u>8,493,873</u>           |
| <b>TOTAL ASSETS</b>                                  | <u>\$ 26,795,531</u>          | <u>\$ 18,096,979</u>       |
| <b><u>LIABILITIES</u></b>                            |                               |                            |
| <b><u>Liabilities</u></b>                            |                               |                            |
| Current Liabilities:                                 |                               |                            |
| Accounts Payable                                     | \$ 249,584                    | \$ 83,177                  |
| Current Portion of Long-Term Debt                    | 13,567                        | 263,605                    |
| Accrued Wages and Payroll Taxes                      | 107,463                       | 9,143                      |
| Tenant Security Deposits                             | 160,472                       | 93,685                     |
| Deferred Credits and Other Liabilities               | <u>180,404</u>                | <u>92,600</u>              |
| <b>Total Current Liabilities</b>                     | <u>711,490</u>                | <u>542,210</u>             |
| Non-Current Liabilities:                             |                               |                            |
| Long-Term Debt - Net of Current Portion              | 148,161                       | 2,359,048                  |
| Other Long-Term Liabilities and Compensated Absences | <u>835,750</u>                | <u>71,341</u>              |
| <b>Total Non-Current Liabilities</b>                 | <u>983,911</u>                | <u>2,430,389</u>           |
| <b>Total Liabilities</b>                             | <u>1,695,401</u>              | <u>2,972,599</u>           |
| <b><u>Net Position</u></b>                           |                               |                            |
| Net Investment in Capital Assets                     | 21,381,157                    | 5,871,220                  |
| Restricted   | 435,035                       | 0                          |
| Unrestricted   | <u>3,283,938</u>              | <u>9,253,160</u>           |
| <b>Total Net Position</b>                            | <u>25,100,130</u>             | <u>15,124,380</u>          |
| <b>TOTAL LIABILITIES AND NET POSITION</b>            | <u>\$ 26,795,531</u>          | <u>\$ 18,096,979</u>       |

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|  | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|--|-------------------------------|----------------------------|
| <b><u>Operating Revenues</u></b>                     |                               |                            |
| Program Operating Grants/Subsidies                   | \$ 8,992,637                  | \$ 2,151,039               |
| Tenant Revenues                                      | 1,742,893                     | 1,045,331                  |
| Other Income   | <u>909,273</u>                | <u>397,473</u>             |
| <b>Total Operating Revenues</b>                      | <u>11,644,803</u>             | <u>3,593,843</u>           |
| <b><u>Operating Expenses</u></b>                     |                               |                            |
| Administrative                                       | 2,705,084                     | 666,680                    |
| Utilities  | 921,387                       | 378,103                    |
| Ordinary Maintenance and Operations                  | 1,940,703                     | 619,728                    |
| Tenant Services                                      | 52,162                        | 35,208                     |
| General and Protective Services                      | 479,513                       | 437,349                    |
| Housing Assistance Payments                          | 4,748,262                     | 0                          |
| Other Operating                                      | 183,866                       | 92,393                     |
| Depreciation   | <u>2,602,368</u>              | <u>471,218</u>             |
| <b>Total Operating Expenses</b>                      | <u>13,633,345</u>             | <u>2,700,679</u>           |
| Operating Income (Loss)                              | <u>(1,988,542)</u>            | <u>893,164</u>             |
| <b><u>Non-Operating Revenue (Expenses)</u></b>       |                               |                            |
| Capital Grants                                       | 260,582                       | 0                          |
| Interest Income                                      | 18,537                        | 59,973                     |
| Interest Expense                                     | <u>0</u>                      | <u>(101,832)</u>           |
| <b>Total Non-Operating Revenue (Expenses)</b>        | <u>279,119</u>                | <u>(41,859)</u>            |
| Excess (Deficiency) of Revenue Over (Under) Expenses | <u>(1,709,423)</u>            | <u>851,305</u>             |
| Beginning Net Position                               | <u>26,809,553</u>             | <u>14,273,075</u>          |
| <b>ENDING NET POSITION</b>                           | <u>\$25,100,130</u>           | <u>\$15,124,380</u>        |

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|   | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|---|-------------------------------|----------------------------|
| <b><u>Cash Flows from Operating Activities</u></b>  |                               |                            |
| Cash Received from HUD and Other Governments  | \$ 9,167,286                  | \$ 2,151,039               |
| Cash Received from Tenants  | 1,742,380                     | 977,668                    |
| Cash Received from Other Sources  | 1,370,466                     | 397,780                    |
| Cash Payments for Housing Assistance Payments   | (4,748,262)                   | 0                          |
| Cash Payments for Administrative  | (2,674,296)                   | (667,795)                  |
| Cash Payments for Other Operating Expenses  | <u>(3,662,746)</u>            | <u>(1,629,687)</u>         |
| <b>Net Cash (Used) by Operating Activities</b>  | <u>1,194,828</u>              | <u>1,229,005</u>           |
| <b><u>Cash Flows from Capital and Related Financing Activities</u></b>                      |                               |                            |
| Debt Payments   | (13,567)                      | (323,637)                  |
| Acquisition of Capital and Other Assets   | (1,336,749)                   | (63,855)                   |
| Capital Grants Received   | <u>260,582</u>                | <u>0</u>                   |
| <b>Net Cash Provided by Capital and Other Related Financing Activities</b>                  | <u>(1,089,734)</u>            | <u>(387,492)</u>           |
| <b><u>Cash Flows from Investing Activities</u></b>  |                               |                            |
| Investment Income   | <u>18,537</u>                 | <u>59,973</u>              |
| <b>Net Cash Provided by Investing Activities</b>  | <u>18,537</u>                 | <u>59,973</u>              |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 123,631                       | 901,486                    |
| Cash and Cash Equivalents, Beginning  | <u>4,755,805</u>              | <u>8,460,791</u>           |
| <b>Cash and Cash Equivalents, Ending</b>  | <u>\$ 4,879,436</u>           | <u>\$ 9,362,277</u>        |
| <b><u>Reconciliation of Operating Loss to<br/>Net Cash Used by Operating Activities</u></b> |                               |                            |
| Net Operating Income (Loss)   | \$(1,988,542)                 | \$ 893,164                 |
| Adjustments to Reconcile Operating Loss to<br>Net Cash Provided by Operating Activities     |                               |                            |
| Depreciation  | 2,602,368                     | 471,218                    |
| (Increase) Decrease in:   |                               |                            |
| Receivables - Net of Allowance  | 298,320                       | (61,015)                   |
| Inventory   | (19,661)                      | (5,343)                    |
| Prepaid Expenses and Other Assets   | (14,668)                      | (3,205)                    |
| Increase (Decrease) in:   |                               |                            |
| Accounts Payable  | (52,342)                      | (58,718)                   |
| Non Current Liabilities   | 330,006                       | (1,115)                    |
| Accrued Wages/Payroll Taxes   | 1,556                         | 360                        |
| Tenants' Security Deposits  | 22,148                        | 307                        |
| Deferred Credits/Other Liabilities  | <u>15,643</u>                 | <u>(6,648)</u>             |
| <b>Net Cash Used by Operating Activities</b>  | <u>\$ 1,194,828</u>           | <u>\$ 1,229,005</u>        |

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity and Programs**

The Trumbull Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The Authority participates in the Section 8 Housing Choice Voucher program provided by HUD. This program helps assist families in the payment of rent. Under this program, the Authority determines the amount of subsidy a family will receive using HUD guidelines; however, there is a limit to the amount charged to the family. The Authority also participates in the Public Housing program. Under this program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay a percentage of his/her adjusted gross income towards rent and utilities.

**B. Summary of Significant Accounting Policies**

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**C. Reporting Entity**

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to insure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61). Based on application of the criteria set forth in GASB Statements No. 14 and No. 39, the Authority annually evaluates potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the Authority, and whether exclusion would cause the basic financial statements to be misleading or incomplete.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Reporting Entity** (Continued)

The primary government consists of all funds, agencies, departments, and offices that are not legally separate from the Authority. The preceding financial statements include all funds and account groups of the Authority (the primary government) and the Authority's component units. The following organizations are described due to their relationship to the Authority.

**Discretely Presented Component Units**

The component units column in the combined financial statements identifies the financial data of the Authority's two component units: the Warren Housing Development Corporation, and the Western Reserve Housing Development Corporation. They are reported separately to emphasize that they are legally separate entities and provide services to clients of the Authority and others. The Authority serves as the management agent for each of the Housing Development Corporations.

The Warren Housing Development Corporation (the Corporation) is a legally separate, non-profit organization served by a Board comprised of local officials and community representatives. The Corporation was formed in 1977 to carry out charitable purposes including promoting and advancing decent, safe, and sanitary housing for persons of low income, particularly the elderly and infirm, and to promote the common good and general welfare of the City of Warren, Ohio, its inhabitants and surrounding territories and their inhabitants. Separately issued audited financial statements for the Corporation can be obtained from the Authority.

The Western Reserve Housing Development Corporation (the Corporation) is a legally separate, non-profit organization served by a Board comprised of local officials and community representatives. The Corporation was formed in 2001 for the promotion and construction of facilities for public housing or other charitable purposes. Separately issued audited financial statements for the Corporation can be obtained from the Authority.

D. **Fund Accounting**

The Authority uses enterprise funds to report on its financial position and the results of its operations for the Section 8 and Public Housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Proprietary Fund Types**

Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:

*Enterprise Fund* - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

F. **Measurement Focus/Basis of Accounting**

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

G. **Investments**

Investments of the primary government are restricted by the provisions of HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2013 totaled \$18,537 for the primary government and \$59,973 for the component units.

H. **Capital Assets**

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

I. **Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid debt instruments, including certificates of deposits with a maturity date of twelve months or less.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**J. Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Compensated absences are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Accordingly, vacation leave and other compensated absences with similar characteristics are accrued as a liability based on the leave accumulated at the balance sheet date. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the leave accumulated at the balance sheet date but adjusted based on trended histories of forfeited hours versus hours for which previously departed employees received payments. In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

**K. Budgetary Accounting**

The Authority annually prepares its budget as prescribed by HUD. This budget is then adopted by the Board of the Authority.

**L. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

A. **Primary Government**

**Deposits**

At fiscal year end, the carrying amount of the primary government's deposits was \$4,879,436 and the bank balance was \$5,148,451. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2013, \$1,235,300 of the primary government's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority or secured by UCC filings. Included in the carrying value of the Authority's deposits is \$1,200 in petty cash.

Custodial credit risk is the risk that, in the event of bank failure, the primary government's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.

**Investments**

The Authority has a formal investment policy; although, the Authority did not have investments at June 30, 2013.

Cash and cash equivalents included in the primary government's cash position at June 30, 2013, are as follows:

|                                      |                               |
|--------------------------------------|-------------------------------|
|                                      | Cash and Cash<br>Equivalents* |
| Cash - Unrestricted                  | \$ 4,265,254                  |
| Cash - Restricted                    | 614,182                       |
| Per GASB Statements No. 3 and No. 40 | <u>\$ 4,879,436</u>           |

\*Includes Petty Cash

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

**B. Component Units**

**Deposits**

At fiscal year end, the carrying amount of the component units' deposits was \$9,362,277, and the bank balance was \$9,381,750. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2013, \$634,705 of the component units' bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Housing Development Corporation ("Corporation") or the Authority. Included in the carrying value of the component units deposits is \$200 in petty cash.

Custodial credit risk is the risk that, in the event of bank failure, deposits may not be returned. Deposits are placed with major local banks as approved by the Corporation's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Corporation or the Authority.

**Investments**

The Authority has a formal investment policy it relies on to manage the investments of the component units; however, the component units had no investments at June 30, 2013.

Cash and cash equivalents included in the component unit's cash position at June 30, 2013, are as follows:

|                                      |                     |
|--------------------------------------|---------------------|
|                                      | Cash and Cash       |
|                                      | <u>Equivalents*</u> |
| Cash - Unrestricted                  | \$ 9,268,592        |
| Cash - Restricted                    | 93,685              |
| Per GASB Statements No. 3 and No. 40 | <u>\$ 9,362,277</u> |

\* Includes Petty Cash

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$614,182 on the financial statements for the primary government represents the following:

|   |                   |
|---|-------------------|
| Excess Cash Advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments | \$ 435,035        |
| Tenant Security Deposits  | 160,472           |
| Family Self-Sufficiency Escrow Balance  | <u>18,675</u>     |
| Total Restricted Cash   | <u>\$ 614,182</u> |

The restricted cash balance of \$99,074 on the financial statements for the component units represents the following:

|                          |                  |
|--------------------------|------------------|
| Tenant Security Deposits | <u>\$ 93,685</u> |
|--------------------------|------------------|

NOTE 4: **NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal awards programs. The Schedule has been prepared on the accrual basis of accounting.

NOTE 5: **INSURANCE COVERAGE**

The Authority is covered for property damage, general liability, auto damage and liability, and public officials' liability through various insurers.

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan for employee health care benefits.

There was no significant reduction in coverages and no claims exceeded insurance coverage during the past three years.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

**NOTE 6: CAPITAL ASSETS**

The following is a summary of the Authority's capital assets:

|   | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|---|-------------------------------|----------------------------|
| <b>Capital Assets Not Depreciated</b>         |                               |                            |
| Land  | \$ 1,156,911                  | \$ 1,174,194               |
| Construction in Progress                      | <u>370,473</u>                | <u>34,605</u>              |
| <b>Total Capital Assets Not Depreciated</b>   | <u>1,527,384</u>              | <u>1,208,799</u>           |
| <b>Capital Assets Being Depreciated</b>       |                               |                            |
| Buildings and Building Improvements           | 70,906,837                    | 17,458,458                 |
| Furniture and Equipment                       | <u>1,904,071</u>              | <u>863,237</u>             |
| <b>Total Capital Assets being Depreciated</b> | 72,810,908                    | 18,321,695                 |
| Less Accumulated Depreciation                 | <u>(52,795,407)</u>           | <u>(11,036,621)</u>        |
| Subtotal Capital Assets Being Depreciated     | <u>20,015,501</u>             | <u>7,285,074</u>           |
| <b>Total Capital Assets</b>                   | <u>\$ 21,542,885</u>          | <u>\$ 8,493,873</u>        |

The following is a summary of changes:

|  | <u>Primary Government</u>       |                     |                      |                                  |
|--|---------------------------------|---------------------|----------------------|----------------------------------|
|  | <u>Balance<br/>July 1, 2012</u> | <u>Additions</u>    | <u>Deletions</u>     | <u>Balance<br/>June 30, 2012</u> |
| <b>Capital Assets Not Being Depreciated</b>              |                                 |                     |                      |                                  |
| Land   | \$ 909,700                      | \$ 247,211          | \$ 0                 | \$ 1,156,911                     |
| Construction in Progress                                 | <u>2,310,538</u>                | <u>939,301</u>      | <u>(2,879,366)</u>   | <u>370,473</u>                   |
| <b>Total Capital Assets Not<br/>Being Depreciated</b>    | <u>3,220,238</u>                | <u>1,186,512</u>    | <u>(2,879,366)</u>   | <u>1,527,384</u>                 |
| <b>Capital Assets Being Depreciated</b>                  |                                 |                     |                      |                                  |
| Buildings and Building Improvements                      | 68,027,470                      | 2,879,367           | 0                    | 70,906,837                       |
| Furniture and Equipment                                  | <u>1,830,014</u>                | <u>149,309</u>      | <u>(75,252)</u>      | <u>1,904,071</u>                 |
| <b>Total Capital Assets Being Depreciated</b>            | <u>69,857,484</u>               | <u>3,028,676</u>    | <u>(75,252)</u>      | <u>72,810,908</u>                |
| <b>Less Accumulated Depreciation:</b>                    |                                 |                     |                      |                                  |
| Buildings and Improvements                               | (48,672,261)                    | (2,506,746)         | 0                    | (51,179,007)                     |
| Furniture and Equipment                                  | <u>(1,596,957)</u>              | <u>(95,622)</u>     | <u>76,179</u>        | <u>(1,616,400)</u>               |
| <b>Total Accumulated Depreciation</b>                    | <u>(50,269,218)</u>             | <u>(2,602,368)</u>  | <u>76,179</u>        | <u>(52,795,407)</u>              |
| Depreciable Assets, Net                                  | <u>19,588,266</u>               | <u>426,308</u>      | <u>927</u>           | <u>20,015,501</u>                |
| <b>Total Capital Assets, Net,<br/>Primary Government</b> | <u>\$ 22,808,504</u>            | <u>\$ 1,612,820</u> | <u>\$(2,878,439)</u> | <u>\$21,542,885</u>              |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

NOTE 6: **CAPITAL ASSETS** (Continued)

|   | <b>Component Units</b>  |                     |                   | Balance<br>June 30, 2013 |
|---|-------------------------|---------------------|-------------------|--------------------------|
|   | Balance<br>July 1, 2012 | Additions           | Deletions         |                          |
| <b>Capital Assets Not Being Depreciated</b>           |                         |                     |                   |                          |
| Land  | \$ 1,174,194            | \$ 0                | \$ 0              | \$ 1,174,194             |
| Construction in Progress                              | 0                       | 34,605              | 0                 | 34,605                   |
| <b>Total Capital Assets Not Being Depreciated</b>     | <u>1,174,194</u>        | <u>34,605</u>       | <u>0</u>          | <u>1,208,799</u>         |
| <b>Capital Assets Being Depreciated</b>               |                         |                     |                   |                          |
| Buildings and Building Improvements                   | 17,458,458              | 0                   | 0                 | 17,458,458               |
| Furniture and Equipment                               | 866,344                 | 30,444              | (33,551)          | 863,237                  |
| <b>Total Capital Assets Being Depreciated</b>         | <u>18,324,802</u>       | <u>30,444</u>       | <u>(33,551)</u>   | <u>18,321,695</u>        |
| <b>Less Accumulated Depreciation:</b>                 |                         |                     |                   |                          |
| Buildings and Improvements                            | (9,838,415)             | (441,143)           | 0                 | (10,279,558)             |
| Furniture and Equipment                               | (759,344)               | (30,075)            | 32,356            | (757,063)                |
| <b>Total Accumulated Depreciation</b>                 | <u>(10,597,759)</u>     | <u>(471,218)</u>    | <u>32,356</u>     | <u>(11,036,621)</u>      |
| Depreciable Assets, Net                               | <u>7,727,043</u>        | <u>(440,774)</u>    | <u>(1,195)</u>    | <u>7,285,074</u>         |
| <b>Total Capital Assets, Net,<br/>Component Units</b> | <u>\$ 8,901,237</u>     | <u>\$ (406,169)</u> | <u>\$ (1,195)</u> | <u>\$ 8,493,873</u>      |

The depreciation periods for the above asset classes are as follows:

|  |              |
|--|--------------|
| Buildings                              | 40 Years     |
| Building Improvements                  | 15 Years     |
| Furniture and Equipment Dwellings      | 7 Years      |
| Furniture and Equipment Administration | 3 to 7 Years |

NOTE 7: **DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

All full-time Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

**Ohio Public Employees Retirement System** (Continued)

- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, by calling (614) 222-5601 or 1-800-222-7377, or by using the OPERS website at <http://www.opers.org/investments/cafr.shtml>

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14 percent of covered payroll. The Authority's required contributions to OPERS for the years ended June 30, 2013, 2012, and 2011 were \$390,199, \$386,194, and \$400,927, respectively. One hundred percent of the Authority's required contributions were made for the years ended 2013, 2012, and 2011.

NOTE 8: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, by calling 614-222-5601 or 1-800-222-7377, or by using the OPERS website at <http://www.opers.org/investments/cafr.shtml>

B. **Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending June 30, 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Funding Policy** (Continued)

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For the period July 1, 2012 through December 31, 2012, the employer contribution allocated to health care was 4.0 percent, and for the period January 1, 2013 through June 30, 2013, the employer contribution allocated to health care was 1.0 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended June 30, 2013, 2012, and 2011 which were used to fund post-employment benefits were \$69,678, \$110,341, and \$128,869, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 9: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners subject to collective bargaining, when applicable.

Eligible employees earn 10 hours sick leave per month of service. Unused sick leave may be accumulated without limit. Employees who leave the Authority or are terminated are not paid for unused sick leave. However, any employee who retires, dies, or becomes disabled will be paid for unused sick leave based on the employee's years of service and unused sick leave subject to maximum limits based on the employee's years of service. Permanent employees who work full time earn annual leave (i.e., vacation hours) based on the employee's years of service. Annual leave may be accumulated up to 3 times the employee's annual accumulation amount as of July 1 of each year.

At June 30, 2013, based on the vesting method, \$495,817 was accrued by the primary government for unused vacation and sick time. The current portion is \$71,537 and the non-current portion is \$424,280. The additions reflect the dollar value of leave earned and the deletions reflect the dollar value of leave used, forfeited, or otherwise removed as a liability.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

NOTE 9: **COMPENSATED ABSENCES** (Continued)

| <u>Balance</u><br><u>July 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2013</u> |
|---------------------------------------|------------------|------------------|--|
| \$ 467,205                            | \$ 206,689       | \$(178,077)      | \$ 495,817                             |

At June 30, 2013, based on the vesting method, \$82,256 was accrued by the component units for unused vacation and sick time. The current portion is \$10,915 and the non-current portion is \$71,341.

| <u>Balance</u><br><u>July 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2012</u> |
|---------------------------------------|------------------|------------------|--|
| \$ 82,147                             | \$ 34,290        | \$ (34,181)      | \$ 82,256                              |

NOTE 10: **LONG-TERM DEBT**

A. **Primary Government**

The Authority has debt in 2013 equal to \$161,728 related to five properties purchased with Neighborhood Stabilization Program grant funds.

The Authority's primary government has long-term debt as follows:

|  | <u>Balance at</u><br><u>06/30/2013</u> |
|--|--|
| The Authority entered into a contractual agreement with Trumbull County, Ohio on March 2011, where the Authority initially received a grant for \$36,313 to be used for the purchase of property located at 506 Washington Avenue, Girard, Ohio. The grant has a restriction that the property shall be rehabilitated and rented to low income tenants for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of time measured from March 2011. | \$ 28,412                              |
| The Authority entered into a contractual agreement with Trumbull County, Ohio on May 2011, where the Authority initially received a grant for \$12,574 to be used for the purchase of property located at 674 Grover Avenue, Masury, Ohio. The grant has a restriction that the property shall be rehabilitated and rented to low income tenants for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of time measured from May 2011.         | 9,966                                  |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

NOTE 10: **LONG-TERM DEBT** (Continued)

A. **Primary Government** (Continued)

|   | <u>Balance at</u><br><u>6/30/2013</u> |
|---|---------------------------------------|
| <p>The Authority entered into a contractual agreement with Trumbull County, Ohio on June 2011, where the Authority initially received a grant for \$54,481 to be used for the purchase of property located at 409 Ventura Drive, Youngstown, Ohio. The grant has a restriction that the property shall be rehabilitated and rented to low income tenants for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of time measured from June 2011.</p>     | 43,396                                |
| <p>The Authority entered into a contractual agreement with Trumbull County, Ohio on June 2011, where the Authority initially received a grant for \$49,258 to be used for the purchase of property located at 501 Murray Hill Drive, Youngstown, Ohio. The grant has a restriction that the property shall be rehabilitated and rented to low income tenants for a period of 15 years. In the event of violation of this restriction, the Authority shall pay back the amount equal to the grant amount less the prorated amount of time measured from June 2011.</p> | 39,236                                |
| <p>The Authority entered into a contractual agreement with Trumbull County, Ohio on July 2, 2011, where the Authority initially received a grant for \$50,875 to be used for the purchase of property at 3702-3704 Crestview Street, Warren, Ohio. The grant has a restriction that the property shall be rehabilitated and rented to low income tenants for a period of 15 years. In the event of a violation of this restriction, the Authority shall back the amount equal to the grant amount less the prorated amount of time measured from July 2011.</p>       | <u>40,718</u>                         |
| <p>Total Outstanding Debt</p>   | 161,728                               |
| <p>Less Current Portion</p>   | <u>13,567</u>                         |
| <p>Total Long-Term Debt</p>   | <u><u>\$ 148,161</u></u>              |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

NOTE 10: **LONG-TERM DEBT** (Continued)

A. **Primary Government** (Continued)

A summary of the Primary Government's debt activity in the period is as follows:

| <u>Description</u> | <u>Principal<br/>Balance<br/>06/30/12</u> | <u>Additions</u> | <u>Deletions</u> | <u>Principal<br/>Balance<br/>06/30/13</u> | <u>Current<br/>Portion</u> |
|--------------------|---|------------------|------------------|---|----------------------------|
| Loan Payable       | \$ 175,295                                | \$ 0             | \$ 13,567        | \$ 161,728                                | \$ 13,567                  |

Maturities of the debt over the next five years are as follows:

| <u>Year Ended<br/>June 30</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total<br/>Payments</u> |
|-------------------------------|-------------------|-----------------|---------------------------|
| 2014                          | \$ 13,567         | \$ 0            | \$ 13,567                 |
| 2015                          | 13,567            | 0               | 13,567                    |
| 2016                          | 13,567            | 0               | 13,567                    |
| 2017                          | 13,567            | 0               | 13,567                    |
| 2018                          | 13,567            | 0               | 13,567                    |
| 2019-2023                     | 67,835            | 0               | 67,835                    |
| 2024-2025                     | 26,058            | 0               | 26,058                    |
| Totals                        | <u>\$ 161,728</u> | <u>\$ 0</u>     | <u>\$ 161,728</u>         |

B. **Component Units**

The Authority's component units were obligated on the following notes as of June 30, 2013:

**Commercial Term Loan - Western Reserve HDC**

The commercial term loan with Cortland Savings & Banking Company originated in the principal amount of \$3,000,000. The loan is at a rate equal to two percentage points above the certificate of deposit rate of the pledged collateral, for the term of 156 months, and has no prepayment penalty. The note is secured by an assignment of certificates of deposit at Cortland Savings & Banking Company.

\$ 2,303,027

**Total**

\$ 2,303,027

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

NOTE 10: **LONG-TERM DEBT** (Continued)

**B. Component Units** (Continued)

Total payments, including interest, necessary for over the life of the debt is as follows:

| Year Ended<br><u>June 30</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Totals</u>       |
|------------------------------|---------------------|-------------------|---------------------|
| 2014                         | \$ 235,047          | \$ 52,743         | \$ 287,790          |
| 2015                         | 217,933             | 47,316            | 265,249             |
| 2016                         | 223,169             | 42,080            | 265,249             |
| 2017                         | 228,530             | 36,719            | 265,249             |
| 2018                         | 234,021             | 31,228            | 265,249             |
| 2019-2023                    | <u>1,164,327</u>    | <u>69,211</u>     | <u>1,233,538</u>    |
| Totals                       | <u>\$ 2,303,027</u> | <u>\$ 279,297</u> | <u>\$ 2,582,324</u> |

**Promissory Note**

On March 1, 2002, a promissory note in the amount of \$712,517.27 was written between Warren Housing Development Corporation and Trumbull Housing Development Corporation for the balance due on a retired first mortgage associated with the Ridge property. The note bears a 4 percent interest rate and the scheduled monthly payments of \$3,401.67 are to be paid through November 1, 2022.

|              |                   |
|--------------|-------------------|
|              | <u>\$ 319,626</u> |
| <b>Total</b> | <u>\$ 319,626</u> |

Total payments, including interest, necessary for over the life of the debt in as follows:

| Year Ended<br><u>June 30</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Totals</u>     |
|------------------------------|-------------------|------------------|-------------------|
| 2014                         | \$ 28,558         | \$ 12,262        | \$ 40,820         |
| 2015                         | 29,722            | 11,098           | 40,820            |
| 2016                         | 30,933            | 9,887            | 40,820            |
| 2017                         | 32,193            | 8,627            | 40,820            |
| 2018                         | 33,505            | 7,315            | 40,820            |
| 2019-2023                    | <u>164,715</u>    | <u>15,196</u>    | <u>179,911</u>    |
| Totals                       | <u>\$ 319,626</u> | <u>\$ 64,385</u> | <u>\$ 384,011</u> |

A summary of the Component Units' debt activity in the period is as follows:

|                      | Principal<br>Balance<br><u>06/30/2012</u> | <u>Additions</u> | <u>Deletions</u>   | Principal<br>Balance<br><u>06/30/2013</u> | Due<br>Within<br><u>One Year</u> |
|----------------------|---|------------------|--------------------|---|----------------------------------|
| Commercial Term Loan | \$ 2,497,480                              | \$ 0             | \$(194,453)        | \$ 2,303,027                              | \$235,047                        |
| Promissory Note      | 346,978                                   | 0                | (27,352)           | 319,626                                   | 28,558                           |
| Total                | <u>\$2,844,458</u>                        | <u>\$ 0</u>      | <u>\$(221,805)</u> | <u>\$ 2,622,653</u>                       | <u>\$263,605</u>                 |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

**NOTE 11: RESTRICTED NET POSITION**

The Authority's restricted net assets consist of Housing Choice Voucher funds provided for housing assistance payments in excess of the amount used.

Total Restricted Net Position \$ 435,035

**NOTE 12: LITIGATION**

The Authority is party to various legal proceedings. In the opinion of the Authority, the ultimate disposition of these proceedings will not have a material effect on the Authority's financial position. No provision has been made to the financial statements for the effect, if any, of such contingencies.

**NOTE 13: CONDENSED FINANCIAL STATEMENT INFORMATION - COMPONENT UNITS**

|   | Warren<br>Housing<br>Development<br>Corporation | Western Reserve<br>Housing<br>Development<br>Corporation | <u>Totals</u>       |
|---|---|--|---------------------|
| <b><u>Balance Sheet</u></b>                             |   |  |                     |
| Current Assets  | \$ 9,482,226                                    | \$ 120,880   | \$ 9,603,106        |
| Capital and Other Assets                                | 4,013,894                                       | 4,479,979  | 8,493,873           |
| Current Liabilities                                     | (229,871)                                       | (312,339)  | (542,210)           |
| Non-Current Liabilities                                 | <u>(361,207)</u>                                | <u>(2,069,182)</u>                                       | <u>(2,430,389)</u>  |
| Net Position  | <u>\$12,905,042</u>                             | <u>\$ 2,219,338</u>                                      | <u>\$15,124,380</u> |
| <br>  |   |  |                     |
| <b><u>Revenues, Expenses, and Changes in Equity</u></b> |   |  |                     |
| Operating Revenue                                       | \$ 2,721,830                                    | \$ 872,013   | \$ 3,593,843        |
| Operating Expenses                                      | <u>(2,062,670)</u>                              | <u>(638,009)</u>   | <u>(2,700,679)</u>  |
| <b>Net Operating Income</b>                             | 659,160   | 234,004  | 893,164             |
| Total Non-Operating Revenue                             | <u>46,505</u>                                   | <u>(88,364)</u>  | <u>(41,859)</u>     |
| Excess Revenue Over Expenses                            | <u>\$ 705,665</u>                               | <u>\$ 145,640</u>  | <u>\$ 851,305</u>   |

**NOTE 14: GASB STATEMENT IMPLEMENTATION**

For 2013, the Authority implemented GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(CONTINUED)**

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NOTE 14: **GASB STATEMENT IMPLEMENTATION** (Continued)

The objective of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements Nos. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

The objective of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the Authority; however, there was no effect on beginning net position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority; however, there was no effect on the financial statements of the Authority.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Annual Contributions Contract C-5031**

1. The total amount of modernization costs of the Capital Fund and Replacement Housing Program grants are shown below:

OH12ROO850210 Project OH

|                          |                |
|--------------------------|----------------|
| Funds Approved           | \$ 128,874     |
| Funds Expended           | <u>128,874</u> |
| Excess of Funds Approved | <u>\$ 0</u>    |

|                          |                |
|--------------------------|----------------|
| Funds Advanced           | \$ 128,874     |
| Funds Expended           | <u>128,874</u> |
| Excess of Funds Advanced | <u>\$ 0</u>    |

OH12POO850112 Project OH

|                          |                  |
|--------------------------|------------------|
| Funds Approved           | \$1,548,241      |
| Funds Expended           | <u>1,548,241</u> |
| Excess of Funds Approved | <u>\$ 0</u>      |

|                          |                  |
|--------------------------|------------------|
| Funds Advanced           | \$1,548,241      |
| Funds Expended           | <u>1,548,241</u> |
| Excess of Funds Advanced | <u>\$ 0</u>      |

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2013**

|   | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | Component<br>Units | 17274<br>YouthBuild<br>Program * | COCC             | Subtotal          | ELIM           | Total             |
|---|--|---|--------------------|----------------------------------|------------------|-------------------|----------------|-------------------|
|   | Project Total  |   |                    |                                  |                  |                   |                |                   |
| 111 Cash- Unrestricted  | 3,111,069  | 78,549                                  | 9,263,933          | 4,660                            | 1,075,634        | 13,533,845        |                | 13,533,845        |
| 113 Cash- Other Restricted  |  | 448,312                                 |                    |                                  | 5,398            | 453,710           |                | 453,710           |
| 114 Cash- Tenant Security Deposits                                    | 159,921  |   | 93,685             |                                  | 551              | 254,157           |                | 254,157           |
| <b>100 Total Cash</b>   | <b>3,270,990</b>   | <b>526,861</b>                          | <b>9,357,618</b>   | <b>4,660</b>                     | <b>1,081,583</b> | <b>14,241,712</b> | <b>-</b>       | <b>14,241,712</b> |
| 122 Accounts Receivable - HUD Other Projects                          |  |   | 2,637              |                                  |                  | 25,062            |                | 25,062            |
| 124 Accounts Receivable - Other Government                            | 806  |   |                    | 70,277                           | 10               | 71,093            |                | 71,093            |
| 125 Accounts Receivable - Miscellaneous                               | 24,451   | 3,082                                   | 66,042             |                                  | 51,167           | 145,232           |                | 145,232           |
| 126 Accounts Receivable - Tenants                                     | 11,344   |   | 2,023              |                                  |                  | 13,367            |                | 13,367            |
| 126.1 Allowance for Doubtful Accounts - Tenants                       | -5,445   |   | -1,975             |                                  |                  | -7,420            |                | -7,420            |
| 127 Notes, Loans, & Mortgages Receivable - Current                    | 2,577  |   | 435                |                                  |                  | 3,012             |                | 3,012             |
| 128 Fraud Recovery  | 6,649  | 19,314                                  | 415                |                                  |                  | 26,378            |                | 26,378            |
| 128.1 Allowance for Doubtful Accounts - Fraud                         | -  | -10,847                                 | -                  |                                  |                  | -10,847           |                | -10,847           |
| <b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b> | <b>40,382</b>  | <b>11,549</b>                           | <b>69,597</b>      | <b>70,277</b>                    | <b>51,177</b>    | <b>265,877</b>    | <b>-</b>       | <b>265,877</b>    |
| 142 Prepaid Expenses and Other Assets                                 | 100,489  | 1,755                                   | 70,207             | 632                              | 24,355           | 197,438           |                | 197,438           |
| 143 Inventories   | 120,863  |   | 31,047             |                                  | 3,479            | 155,389           |                | 155,389           |
| 143.1 Allowance for Obsolete Inventories                              | -3,626   |   | -931               |                                  | -104             | -4,661            |                | -4,661            |
| 144 Inter Program Due From  | 7,710  |   |                    |                                  | 16,705           | 24,415            |                | -24,415           |
| <b>150 Total Current Assets</b>                                       | <b>3,536,808</b>   | <b>540,165</b>                          | <b>9,527,538</b>   | <b>75,569</b>                    | <b>1,177,195</b> | <b>14,880,170</b> | <b>-24,415</b> | <b>14,855,755</b> |
| 161 Land  | 881,423  |   | 1,121,772          | 52,422                           | 275,488          | 2,331,105         |                | 2,331,105         |
| 162 Buildings   | 70,123,941   |   | 17,214,599         | 243,859                          | 782,896          | 88,365,295        |                | 88,365,295        |
| 163 Furniture, Equipment & Machinery- Dwellings                       | 794,709  |   | 337,754            |                                  | 4,642            | 1,137,105         |                | 1,137,105         |
| 164 Furniture, Equipment & Machinery- Administration                  | 585,251  | 66,482                                  | 498,350            | 27,134                           | 449,745          | 1,630,202         |                | 1,630,202         |
| 166 Accumulated Depreciation  | -52,312,402  | -51,126                                 | -11,008,389        | -28,232                          | -431,879         | -63,832,028       |                | -63,832,028       |
| 167 Construction in Progress  | 347,281  |   |                    | 34,605                           | 23,193           | 405,079           |                | 405,079           |
| <b>160 Total Capital Assets, Net of Accumulated Depreciation</b>      | <b>20,420,203</b>  | <b>15,356</b>                           | <b>8,164,086</b>   | <b>329,788</b>                   | <b>1,104,085</b> | <b>30,036,758</b> | <b>-</b>       | <b>30,036,758</b> |
| 180 Total Non-Current Assets  | 20,420,203   | 15,356                                  | 8,164,086          | 329,788                          | 1,104,085        | 30,036,758        |                | 30,036,758        |
| 190 Total Assets  | 23,957,011   | 555,521                                 | 17,691,624         | 405,357                          | 2,281,280        | 44,916,928        | -24,415        | 44,892,513        |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2013**

|  | Project Total     | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | Component<br>Units | 17274<br>YouthBuild<br>Program * | COCC             | Subtotal          | FLIM           | Total             |
|--|-------------------|--|---|--------------------|----------------------------------|------------------|-------------------|----------------|-------------------|
| 312. Accounts Payable <= 90 Days   | 86,913            |  | 176                                     | 53,183             | 14,150                           | 74,655           | 229,077           |                | 229,077           |
| 321. Accrued Wage/Payroll Taxes Payable  | 28,583            | 1,005  | 5,726                                   | 7,855              | 1,288                            | 72,147           | 116,604           |                | 116,604           |
| 322. Accrued Compensated Absences - Current Portion                              | 35,006            |  | 8,198                                   | 10,615             | 301                              | 28,333           | 82,453            |                | 82,453            |
| 333. Accounts Payable - Other Government   | 87,842            |  |   | 13,316             | 2,528                            |                  | 103,686           |                | 103,686           |
| 341. Tenant Security Deposits  | 159,921           |  |   | 93,685             |                                  | 551              | 254,157           |                | 254,157           |
| 342. Deferred Revenues   | 48,065            |  | 16,533                                  | 58,816             | 22,869                           | 18,040           | 164,323           |                | 164,323           |
| 343. Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds |                   |  |   | 263,605            |                                  | 13,567           | 277,172           |                | 277,172           |
| 345. Other Current Liabilities   | 7,152             |  | 13,277                                  |                    |                                  | 5,798            | 26,227            |                | 26,227            |
| 347. Inter Program - Due To  |                   | 24,415   |   |                    |                                  |                  | 24,415            | -24,415        | -                 |
| <b>310 Total Current Liabilities</b>   | <b>453,482</b>    | <b>25,420</b>  | <b>43,910</b>                           | <b>501,075</b>     | <b>41,136</b>                    | <b>213,091</b>   | <b>1,278,114</b>  | <b>-24,415</b> | <b>1,253,699</b>  |
| 351. Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue          |                   |  |   | 2,339,048          |                                  | 148,161          | 2,507,209         |                | 2,507,209         |
| 353. Non-current Liabilities - Other   | 398,011           |  |   |                    |                                  | 13,459           | 411,470           |                | 411,470           |
| 354. Accrued Compensated Absences - Non Current                                  | 201,489           | 715  | 41,633                                  | 70,139             | 1,202                            | 180,443          | 495,621           |                | 495,621           |
| <b>350 Total Non-Current Liabilities</b>   | <b>599,500</b>    | <b>715</b>   | <b>41,633</b>                           | <b>2,429,187</b>   | <b>1,202</b>                     | <b>342,063</b>   | <b>3,414,300</b>  | <b>-</b>       | <b>3,414,300</b>  |
| <b>300 Total Liabilities</b>   | <b>1,052,982</b>  | <b>26,135</b>  | <b>85,543</b>                           | <b>2,930,262</b>   | <b>42,338</b>                    | <b>555,154</b>   | <b>4,692,414</b>  | <b>-24,415</b> | <b>4,667,999</b>  |
| 508.1. Invested In Capital Assets, Net of Related Debt                           | 20,420,203        | 3,240  | 15,356                                  | 5,541,433          | 329,788                          | 942,356          | 27,252,376        |                | 27,252,376        |
| 511.1. Restricted Net Assets   | -                 |  | 435,035                                 |                    |                                  |                  | 435,035           |                | 435,035           |
| 512.1. Unrestricted Net Assets   | 2,483,826         | -3,240   | 19,587                                  | 9,219,929          | 33,231                           | 783,770          | 12,537,103        |                | 12,537,103        |
| <b>513 Total Equity/Net Assets</b>   | <b>22,904,029</b> | <b>-</b>   | <b>469,978</b>                          | <b>14,761,362</b>  | <b>363,019</b>                   | <b>1,726,126</b> | <b>40,224,514</b> | <b>-</b>       | <b>40,224,514</b> |
| <b>600 Total Liabilities and Equity/Net Assets</b>                               | <b>23,957,011</b> | <b>26,135</b>  | <b>555,521</b>                          | <b>17,691,624</b>  | <b>405,357</b>                   | <b>2,281,280</b> | <b>44,916,928</b> | <b>-24,415</b> | <b>44,892,513</b> |

\* YouthBuild is reported as a program of the component units in the consolidated financial statements

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
ENTITY WIDE EXPENSE AND REVENUE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|   | Project Total    | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | Component<br>Units | 17.274<br>YouthBuild<br>Program * | COCC             | Subtotal          | ELIM              | Total             |
|---|------------------|--|---|--------------------|-----------------------------------|------------------|-------------------|-------------------|-------------------|
| 70300 Net Tenant Rental Revenue                       | 1,678,413        |  |   | 1,006,229          |                                   | 2,165            | 2,686,807         |                   | 2,686,807         |
| 70400 Tenant Revenue - Other                          | 58,239           |  |   | 39,101             |                                   | 4,075            | 101,415           |                   | 101,415           |
| <b>70500 Total Tenant Revenue</b>                     | <b>1,736,652</b> | -  | -                                       | <b>1,045,330</b>   | -                                 | <b>6,240</b>     | <b>2,788,222</b>  | -                 | <b>2,788,222</b>  |
| 70600 HUD/PHA Operating Grants                        | 3,751,498        | 93,934   | 5,147,204                               |                    |                                   |                  | 8,992,636         |                   | 8,992,636         |
| 70610 Capital Grants                                  | 260,582          |  |   |                    |                                   |                  | 260,582           |                   | 260,582           |
| 70710 Management Fee                                  |                  |  |   |                    |                                   | 940,169          | 940,169           | -940,169          | -                 |
| 70720 Asset Management Fee                            |                  |  |   |                    |                                   | 146,630          | 146,630           | -146,630          | -                 |
| 70730 Book Keeping Fee                                |                  |  |   |                    |                                   | 182,114          | 182,114           | -182,114          | -                 |
| 70750 Other Fees                                      |                  |  |   |                    |                                   | 109,144          | 109,144           | -                 | 109,144           |
| <b>70700 Total Fee Revenue</b>                        | <b>-</b>         | <b>-</b>   | <b>-</b>                                | <b>-</b>           | <b>-</b>                          | <b>1,378,057</b> | <b>1,378,057</b>  | <b>-1,268,913</b> | <b>109,144</b>    |
| 70800 Other Government Grants                         |                  |  |   |                    |                                   |                  | 2,151,039         |                   | 2,151,039         |
| 71100 Investment Income - Unrestricted                | 11,613           |  |   | 1,673,880          | 477,159                           |                  | 76,182            |                   | 76,182            |
| 71400 Fraud Recovery                                  |                  |  |   | 59,973             |                                   | 4,596            | 21,248            |                   | 21,248            |
| 71500 Other Revenue                                   | 25,954           |  |   | 335,627            | 61,846                            | 601,089          | 1,175,430         |                   | 1,175,430         |
| 71600 Gain or Loss on Sale of Capital Assets          | 904              |  |   |                    |                                   |                  | 904               |                   | 904               |
| 72000 Investment Income - Restricted                  |                  |  |   |                    |                                   |                  | 2,328             |                   | 2,328             |
| <b>70000 Total Revenue</b>                            | <b>5,787,203</b> | <b>93,934</b>  | <b>5,321,714</b>                        | <b>3,114,810</b>   | <b>539,005</b>                    | <b>1,989,982</b> | <b>16,846,648</b> | <b>-1,268,913</b> | <b>15,577,735</b> |
| 91100 Administrative Salaries                         | 563,262          | 34,708   | 260,754                                 | 278,704            | 43,975                            | 664,342          | 1,845,745         |                   | 1,845,745         |
| 91200 Auditing Fees                                   | 9,710            |  | 2,183                                   | 16,686             |                                   | 6,144            | 34,723            |                   | 34,723            |
| 91300 Management Fee                                  | 798,377          |  | 141,792                                 |                    |                                   |                  | 940,169           | -940,169          | -                 |
| 91310 Book-keeping Fee                                | 93,495           |  | 88,619                                  |                    |                                   |                  | 182,114           | -182,114          | -                 |
| 91400 Advertising and Marketing                       | 8,573            |  | 413                                     | 6,276              | 4,611                             | 2,937            | 22,810            |                   | 22,810            |
| 91500 Employee Benefit contributions - Administrative | 321,107          | 17,243   | 152,568                                 | 137,824            | 33,151                            | 306,986          | 968,879           |                   | 968,879           |
| 91600 Office Expenses                                 | 84,132           | 1,768  | 15,912                                  | 73,973             | 14,379                            | 241,555          | 431,719           |                   | 431,719           |
| 91700 Legal Expense                                   |                  |  | 1,117                                   | 956                |                                   |                  | 2,073             |                   | 2,073             |
| 91800 Travel  |                  |  |   |                    | 3,074                             |                  | 3,074             |                   | 3,074             |
| 91900 Other   | 3,970            |  | 153                                     | 1,532              | 51,540                            | 5,543            | 62,738            |                   | 62,738            |
| <b>91000 Total Operating - Administrative</b>         | <b>1,882,626</b> | <b>53,719</b>  | <b>663,511</b>                          | <b>515,951</b>     | <b>150,730</b>                    | <b>1,227,507</b> | <b>4,494,044</b>  | <b>-1,122,283</b> | <b>3,371,761</b>  |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|   | Project Total    | 14,870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14,871<br>Housing<br>Choice<br>Vouchers | Component<br>Units | 17,274<br>YouthBuild<br>Program * | COCC           | Subtotal         | ELIM     | Total            |
|---|------------------|--|---|--------------------|-----------------------------------|----------------|------------------|----------|------------------|
| 92000 Asset Management Fee                                      | 146,630          |  |   |                    |                                   |                | 146,630          | -146,630 | -                |
| 92400 Tenant Services - Other                                   | 12,969           | 39,192   |   | 35,208             |                                   |                | 87,369           |          | 87,369           |
| <b>92500 Total Tenant Services</b>                              | <b>12,969</b>    | <b>39,192</b>  | <b>-</b>                                | <b>35,208</b>      | <b>-</b>                          | <b>-</b>       | <b>87,369</b>    | <b>-</b> | <b>87,369</b>    |
| 93100 Water   | 118,577          |  |   | 53,090             | 88                                | 663            | 172,418          |          | 172,418          |
| 93200 Electricity   | 347,143          |  |   | 206,720            | 235                               | 39,880         | 593,978          |          | 593,978          |
| 93300 Gas   | 251,457          |  |   | 56,633             | 779                               | 19,268         | 328,137          |          | 328,137          |
| 93600 Sewer   | 139,186          |  |   | 60,055             | 502                               | 5,215          | 204,958          |          | 204,958          |
| <b>93000 Total Utilities</b>                                    | <b>856,363</b>   | <b>-</b>   | <b>-</b>                                | <b>376,498</b>     | <b>1,604</b>                      | <b>65,026</b>  | <b>1,299,491</b> | <b>-</b> | <b>1,299,491</b> |
| 94100 Ordinary Maintenance and Operations - Labor               | 654,404          |  | 2,975                                   | 218,563            |                                   | 67,076         | 943,018          |          | 943,018          |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 209,803          |  |   | 40,431             | 13,687                            | 13,104         | 277,025          |          | 277,025          |
| 94300 Ordinary Maintenance and Operations Contracts             | 539,209          |  | 4,969                                   | 182,213            | 22,703                            | 29,574         | 798,668          |          | 798,668          |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     | 339,319          |  | 100                                     | 142,130            |                                   | 40,172         | 541,721          |          | 541,721          |
| <b>94000 Total Maintenance</b>                                  | <b>1,782,735</b> | <b>-</b>   | <b>8,044</b>                            | <b>583,337</b>     | <b>36,390</b>                     | <b>149,926</b> | <b>2,560,432</b> | <b>-</b> | <b>2,560,432</b> |
| 95200 Protective Services - Other Contract Costs                | 28,089           |  |   | 16,275             |                                   | 23,091         | 67,455           |          | 67,455           |
| <b>95000 Total Protective Services</b>                          | <b>28,089</b>    | <b>-</b>   | <b>-</b>                                | <b>16,275</b>      | <b>-</b>                          | <b>23,091</b>  | <b>67,455</b>    | <b>-</b> | <b>67,455</b>    |
| 96110 Property Insurance  | 106,507          |  |   | 45,994             | 866                               | 6,955          | 160,322          |          | 160,322          |
| 96120 Liability Insurance                                       | 93,464           |  | 2,512                                   | 31,474             | 388                               | 19,700         | 147,538          |          | 147,538          |
| 96130 Workmen's Compensation                                    | 9,097            | 308  | 2,232                                   | 4,018              | 213                               | 3,866          | 19,734           |          | 19,734           |
| <b>96100 Total Insurance Premiums</b>                           | <b>209,068</b>   | <b>308</b>   | <b>4,744</b>                            | <b>81,486</b>      | <b>1,467</b>                      | <b>30,521</b>  | <b>327,594</b>   | <b>-</b> | <b>327,594</b>   |
| 96200 Other General Expenses                                    | 3,272            |  | 17,727                                  | 27,992             | 291,068                           | 636            | 340,695          |          | 340,695          |
| 96210 Compensated Absences                                      | 6,192            | 715  | 9,262                                   | -394               | 508                               | 12,441         | 28,724           |          | 28,724           |
| 96300 Payments in Lieu of Taxes                                 | 78,154           |  |   | 6,516              | 2,187                             |                | 86,857           |          | 86,857           |
| 96400 Bad debt - Tenant Rents                                   | 21,384           |  | 21,798                                  | 7,699              |                                   |                | 50,881           |          | 50,881           |
| 96800 Severance Expense   |                  |  |   | 2,550              |                                   | 12,111         | 14,661           |          | 14,661           |
| <b>96000 Total Other General Expenses</b>                       | <b>109,002</b>   | <b>715</b>   | <b>48,787</b>                           | <b>44,563</b>      | <b>293,763</b>                    | <b>25,188</b>  | <b>521,818</b>   | <b>-</b> | <b>521,818</b>   |

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|   | Project Total     | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | Component<br>Units | 17.274<br>YouthBuild<br>Program * | COCC             | Subtotal          | ELIM              | Total             |
|---|-------------------|--|---|--------------------|-----------------------------------|------------------|-------------------|-------------------|-------------------|
| 96720 Interest on Notes Payable (Short and Long Term)                         |                   |  |   | 101,832            |                                   |                  | 101,832           |                   | 101,832           |
| 96700 Total Interest Expense and Amortization Cost                            | -                 | -  | -                                       | 101,832            | -                                 | -                | 101,832           | -                 | 101,832           |
| <b>96900 Total Operating Expenses</b>   | <b>5,027,482</b>  | <b>93,934</b>  | <b>725,086</b>                          | <b>1,754,950</b>   | <b>483,934</b>                    | <b>1,521,259</b> | <b>9,606,665</b>  | <b>-1,268,913</b> | <b>8,337,752</b>  |
| <b>97000 Excess of Operating Revenue over Operating Expenses</b>              | <b>759,721</b>    | <b>-</b>   | <b>4,596,628</b>                        | <b>1,359,860</b>   | <b>55,051</b>                     | <b>468,723</b>   | <b>7,239,983</b>  | <b>-</b>          | <b>7,239,983</b>  |
| 97100 Extraordinary Maintenance   | 146,949           |  |   | 92,393             |                                   | 30,015           | 269,357           |                   | 269,357           |
| 97200 Casualty Losses - Non-capitalized                                       | 6,897             |  |   | -5                 | 1                                 |                  | 6,893             |                   | 6,893             |
| 97300 Housing Assistance Payments   |                   |  | 4,748,262                               |                    |                                   |                  | 4,748,262         |                   | 4,748,262         |
| 97400 Depreciation Expense  | 2,522,701         |  | 7,733                                   | 461,198            | 10,017                            | 71,934           | 3,073,583         |                   | 3,073,583         |
| <b>90000 Total Expenses</b>   | <b>7,704,029</b>  | <b>93,934</b>  | <b>5,481,081</b>                        | <b>2,308,536</b>   | <b>493,972</b>                    | <b>1,623,208</b> | <b>17,704,760</b> | <b>-1,268,913</b> | <b>16,435,847</b> |
| 10010 Operating Transfer In   | 105,758           |  |   |                    |                                   |                  | 105,758           |                   | 105,758           |
| 10020 Operating transfer Out  | -105,758          |  |   |                    |                                   |                  | -105,758          |                   | -105,758          |
| 10080 Special Items (Net Gain/Loss)   | -                 |  |   | -                  |                                   | -                | -                 |                   | -                 |
| 10091 Inter Project Excess Cash Transfer In                                   | 582,030           |  |   |                    |                                   |                  | 582,030           | -582,030          | -                 |
| 10092 Inter Project Excess Cash Transfer Out                                  | -582,030          |  |   |                    |                                   |                  | -582,030          | 582,030           | -                 |
| <b>10100 Total Other financing Sources (Uses)</b>                             | <b>-</b>          | <b>-</b>   | <b>-</b>                                | <b>-</b>           | <b>-</b>                          | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b> | <b>-1,916,826</b> | <b>-</b>   | <b>-159,367</b>                         | <b>806,274</b>     | <b>45,033</b>                     | <b>366,774</b>   | <b>-858,112</b>   | <b>-</b>          | <b>-858,112</b>   |
| 11030 Beginning Equity  | 24,820,855        |  | 629,345                                 | 13,955,088         | 317,986                           | 1,359,352        | 41,082,626        |                   | 41,082,626        |
| 11170 Administrative Fee Equity   |                   |  | 34,943                                  |                    |                                   |                  | 34,943            |                   | 34,943            |
| 11180 Housing Assistance Payments Equity                                      |                   |  | 435,035                                 |                    |                                   |                  | 435,035           |                   | 435,035           |
| 11190 Unit Months Available   | 14,612            |  | 11,820                                  | 4,488              | 0                                 | 36               | 30,956            | -                 | 30,956            |
| 11210 Number of Unit Months Leased  | 12,547            |  | 11,814                                  | 4,455              | 0                                 | 36               | 28,852            | -                 | 28,852            |

\* YouthBuild is reported as a program of the component units in the consolidated financial statements

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| <b>Federal Grantor/<br/>Pass Through Grantor/<br/>Program Title</b>             | <b>Federal<br/>CFDA<br/>Number</b> | <b>Funds<br/>Expended</b> |
|---|------------------------------------|---------------------------|
| <b><u>U.S. Department of Housing and Urban Development</u></b>                  |                                    |                           |
| <i>Direct Programs</i>  |                                    |                           |
| Public Housing Operating Subsidy  | 14.850                             | \$ 3,751,499              |
| Public Housing Capital Fund   | 14.872                             | 260,582                   |
| Housing Choice Voucher Program  | 14.871                             | 5,147,204                 |
| Resident Opportunity and Support Services                                       | 14.870                             | 93,934                    |
| <b>Total U.S. Department of Housing and Urban Development</b>                   |                                    | <b>9,253,219</b>          |
| <b><u>U.S. Department of Labor</u></b>  |                                    |                           |
| <i>Direct Program</i>   |                                    |                           |
| Youthbuild - Administered by Western Reserve Housing<br>Development Corporation | 17.274                             | 373,078                   |
| <b>Total U.S. Department of Labor</b>   |                                    | <b>373,078</b>            |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                     |                                    | <b>\$ 9,626,297</b>       |

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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NOTE 1: **PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the federal grant activity of the Trumbull Metropolitan Housing Authority. This Schedule has been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2: **COMPONENT UNIT**

Federal expenditures for the component unit, Warren Housing Development Corporation, were reported separately in the Corporation's OMB Circular A-133 single audit report. A summary of the amount reported is presented below:

| <b><u>Federal Grantor/Program Title</u></b>                    | <b><u>CFDA<br/>Number</u></b> | <b><u>Federal<br/>Expenditures</u></b> |
|--|-------------------------------|--|
| <b><u>U.S. Department of Housing and Urban Development</u></b> |                               |  |
| Section 8 New Construction                                     | 14.182                        | \$ 1,640,472                           |
| Service Coordinator Grant                                      | 14.191                        | <u>33,408</u>                          |
| <b>Total Federal Expenditures</b>                              |                               | <b><u>\$ 1,673,880</u></b>             |

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Trumbull Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Trumbull Metropolitan Housing Authority, Ohio's basic financial statements, and have issued our report thereon dated December 16, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trumbull Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trumbull Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trumbull Metropolitan Housing Authority, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trumbull Metropolitan Housing Authority, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**James G. Zupka,**  
**CPA, President**  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2013.12.31 13:25:03 -05'00'

December 16, 2013

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on Compliance for Each Major Federal Program**

We have audited the Trumbull Metropolitan Housing Authority, Ohio's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Trumbull Metropolitan Housing Authority, Ohio's major federal programs for the year ended June 30, 2013. The Trumbull Metropolitan Housing Authority, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Trumbull Metropolitan Housing Authority, Ohio's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trumbull Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Trumbull Metropolitan Housing Authority, Ohio's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the Trumbull Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of the Trumbull Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA,  
President  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2013.12.31 13:25:26 -05'00'

December 16, 2013

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2013**

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**1. SUMMARY OF AUDITOR'S RESULTS**

|            |  |  |
|------------|--|--|
| 2013(i)    | Type of Financial Statement Opinion  | Unmodified                                 |
| 2013(ii)   | Were there any material control weaknesses reported at the financial statement level (GAGAS?)                  | No   |
| 2013(ii)   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No   |
| 2013(iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                        | No   |
| 2013(iv)   | Were there any material internal control weaknesses reported for major federal programs?                       | No   |
| 2013(iv)   | Were there any significant deficiencies in internal control reported for major federal programs?               | No   |
| 2013(v)    | Type of Major Programs' Compliance Opinion   | Unmodified                                 |
| 2013(vi)   | Are there any reportable findings under .510(a)?   | No   |
| 2013(vii)  | Major Programs (list):<br><br>Public Housing Operating Subsidy - CFDA #14.850<br>Youthbuild - CFDA #17.274     |  |
| 2013(viii) | Dollar Threshold: Type A\B Programs  | Type A: >\$300,000<br>Type B: > all others |
| 2013(ix)   | Low Risk Auditee?  | Yes  |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF PRIOR YEAR FINDINGS  
JUNE 30, 2013**

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The audit report for the prior year ended June 30, 2012 contained no findings or citations.

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# Dave Yost • Auditor of State

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 11, 2014**