

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**





# 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, 2009 through June 30, 2010. 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

February 22, 2011

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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

*Certified Public Accountants*

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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 June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Trumbull Metropolitan Housing Authority, Ohio's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2010, on our consideration of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 through 11 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trumbull Metropolitan Housing Authority, Ohio's basic financial statements as a whole. The Statement of Modernization Costs - Completed is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The accompanying 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 not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above mentioned schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The Authority has not presented the Financial Data Schedules (FDS) utilized by the U.S. Department of Housing and Urban Development (HUD) for additional analysis, although not required to be part of the basic financial statements. The FDS are not available as HUD has not completed its review of the date of this report.

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

December 20, 2010

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2010**  
**(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, 2010 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 12). 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 assets decreased by \$.46 million (or 2 percent) during 2010. Net assets were \$21.49 million and \$21.03 million for 2009 and 2010, respectively. A \$.76 million net non-operating revenue offset a \$1.22 million loss from operations. There was a \$1.30 million of net income from operations without consideration of depreciation accounting for \$2.52 million of operating expenses. Except for a small decrease in revenue for Housing Assistance Payments, all categories of operating income increased. An increase in operating subsidy and capital grant revenue account for the dollar majority of the increase. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets.
- Revenue for the primary government increased by \$2.40 million (or 22.90 percent) during 2010, and was \$10.48 million and \$12.88 million for 2009 and 2010, respectively. Revenue from capital grants increased \$.55 million, while operating grants and tenant revenue increased by \$1.70 million and other income and interest income netted an increase of \$.15 million.
- Total expenses for the primary government increased slightly by \$.12 million (or .91 percent). Of this amount, administrative expenses increased by \$.04 million while other expenses including utilities, maintenance costs, tenant services, general and protective services and Housing Assistance Payments increased by \$.32 million. Depreciation decreased by \$.24 million. Total expenses were \$13.22 million and \$13.34 million for 2009 and 2010, 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 non-profit organization, the Trumbull Housing Development Corporation, has been removed as a component unit this year in accordance with the criteria set forth in GASB Statement No. 14 and No. 39. Without the Trumbull Housing Development Corporation, a significant decrease



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in revenue, expenses and net assets of the component units results from 2009 to 2010. The notes to the financial statements provide further explanation of the component units.

- Net assets for the component units were \$12.67 million for 2010, decreasing from \$22.46 million for 2009. Net assets amount to approximately 37.59 percent of the combined net assets for the primary government and component units.
- Revenue for the component units decreased by \$.76 million (or 14.48 percent) during 2010, and was \$5.27 million and \$4.51 million for 2009 and 2010, respectively. Revenue from investments net of interest expense decreased by \$.36 million, while revenue from various program grants and other income decreased by \$.40 million.
- Total expenses for the component units decreased by \$.56 million (or 12.7 percent) and were \$4.37 million and \$3.81 million for 2009 and 2010, 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**

**Basic Financial Statements**

Authority-Wide Financial Statements  
pages 12-14

Notes to Financial Statements

**Other Required Supplementary  
Information**

Required Supplementary Information

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**Management's Discussion and Analysis**  
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**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented (pages 12-14) 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 Assets**, which is similar to a balance sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities equals "Net Assets", 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 Assets is the Unrestricted Net Assets. Unrestricted Net Assets represents the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net assets (formerly equity) are reported in three broad categories:

**Net Assets, Invested in Capital Assets, Net of Related Debt:** This component of net assets 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 Assets:** This component of net assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**Unrestricted Net Assets:** Consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a **Statement of Revenues, Expenses, and Changes in Net Assets** (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 Assets is the "Change in Net Assets", 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.

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**(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 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 the Department of Housing and Urban Development 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 the Department of Housing and Urban Development to assist residents in the process of moving from welfare to work.

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*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 the Department of Housing and Urban Development to provide elderly residents with a support system and connect them with available community resources.

Youth Build Program Grants- grants funded by the Department of Housing and Urban Development and the Department of Labor 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 Assets compared to prior year. The Authority is engaged only in business-type activities.

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

	2010 (in Millions) of Dollars	2009 (in Millions) of Dollars
<b><u>Assets</u></b>		
Current and Other Assets	\$ 4.77	\$ 3.33
Capital Assets	17.56	19.09
<b>Total Assets</b>	<b>22.33</b>	<b>22.42</b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Liabilities</u></b>		
Current Liabilities	.79	.58
Long-Term Liabilities	.51	.35
<b>Total Liabilities</b>	<b>1.30</b>	<b>.93</b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	17.39	19.09
Restricted	.40	.26
Unrestricted	3.24	2.14
<b>Total Net Assets</b>	<b>21.03</b>	<b>21.49</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 22.33</b>	<b>\$ 22.42</b>

For more detailed information see page 12 for the Statement of Net Assets.

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

During 2010, total assets decreased slightly by \$.09 million. The increase of \$1.44 million in current assets resulted mostly from an increase in cash due to higher net operating income. A decrease of \$1.53 million in capital assets is due to a higher volume of capital expenses (via depreciation) than capitalized expenditures in 2010. For more detail, see "Capital Assets and Debt Administration" on page 10. Total liabilities increased by \$.37 million due mostly to an increase in trade payables related to capital grant fund expenditures and acquired debt. For more detail, see "Debt Outstanding" on page 11. These changes resulted in an increase of \$1.10 million in unrestricted net assets.

During 2010, total assets for the component units decreased by \$9.59 million. Unrestricted net assets decreased by \$7.26 million. These changes are mostly due to removal of the Trumbull Housing Development Corporation as a component unit in 2010.

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

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

	Millions of Dollars
Unrestricted Net Assets 06/30/09	\$ 2.14
Results of Operations	(1.22)
Adjustments:	
Depreciation (1)	2.52
Adjusted Results from Operations	3.44
Net Change in Restricted Assets	.14
Net Change in Capital Assets of Debt Payments (2)	(.34)
Unrestricted Net Assets 06/30/10	\$ 3.24

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

(2) Capital expenditures represent an outflow of unrestricted net assets, 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 assets provides a clearer change in financial well-being.

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**Management's Discussion and Analysis**  
**for the Year ended June 30, 2010**  
**(Unaudited)**

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

The following table compares the revenues and expenses for the current and previous fiscal year.

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

	2010 (Millions of Dollars)	2009 (Millions of Dollars)
<b>Revenues</b>		
Tenant Revenue - Rents and Other	\$ 1.65	\$ 1.55
Operating Subsidies and Grants	9.63	8.03
Capital Grants	.72	.17
Investment Income	.04	.06
Other Revenues	.84	.67
<b>Total Revenues</b>	<u>12.88</u>	<u>10.48</u>
<b>Expenses</b>		
Administrative	2.71	2.67
Utilities	.97	1.12
Maintenance	2.21	1.79
General	.74	.62
Housing Assistance Payments	4.18	4.25
Depreciation	2.53	2.77
<b>Total Expenses</b>	<u>13.34</u>	<u>13.22</u>
Net Increase (Decrease)	<u>\$ (.46)</u>	<u>\$ (2.74)</u>

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

Tenant rent revenue increased slightly during 2010 in comparison to 2009 due, primarily, to lower utility cost allowances and higher tenant incomes. Operating subsidies were released by HUD evenly throughout calendar years 2009 and 2010, unlike calendar year 2008 when substantially more funding was received in the first six months rather than in the last six months of the calendar year 2008 (the Authority's fiscal year 2009). Also, the primary government received approximately \$1.03 in 2010, compared to approximately \$.88 in 2009 for every dollar it was eligible to receive under HUD's funding formula. Funding for the Housing Choice Voucher Program also increased from 2009 to 2010 by approximately \$.31 million. Housing Assistance Payment (HAP) reserves increased in 2010 by \$.14 million. Capital grants (expenditures) increased from 2009 to 2010 by \$.55 million, mostly due to an increase in the number and size of the capital projects underway. Managing invested reserves resulted in maximized earnings.

Total administrative expenses remained relatively the same from 2009 to 2010 at \$2.7 million. The Authority benefitted not only from a mild winter, but from a special negotiated rate for natural gas and from its day-to-day conservation efforts which resulted in a 13.44 percent decrease in utility

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expenses from 2009 to 2010. Maintenance expenses increased by 23.16 percent due mostly to an increase in expenditures related to previously deferred maintenance. Although lease up levels for the Authority's Housing Choice Voucher Program were higher in 2010 compared to 2009, lower per unit costs this year resulted in a slight decrease of \$.07 million in Housing Assistance Payments from 2010 to 2009.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$17.56 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$1.53 million or 8 percent from the end of last year.

As of year-end, the component units had \$9.66 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 \$.35 million. Capital Expenditures amounted to \$.16 million while depreciation amounted to \$.51 million.

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

	Business-Type Activities	
	2010 (Millions of Dollars)	2009 (Millions of Dollars)
Land	\$ .91	\$ .88
Buildings	69.07	67.21
Equipment - Administrative and Dwelling	1.78	1.80
Accumulated Depreciation	(54.75)	(52.35)
Construction in Progress	.55	1.55
<b>Total</b>	<b>\$ 17.56</b>	<b>\$ 19.09</b>

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

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

	Business-Type Activities
Beginning Balance	\$ 19.09
Additions	1.13
Retirements	(.14)
Depreciation, net of Deleted Capital Assets	(2.52)
Ending Balance	<b>\$ 17.56</b>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2010**  
**(Unaudited)**

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**DEBT OUTSTANDING**

The Authority acquired debt (i.e. deferred loan) in 2010 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 2010 or 2009. The component units, however, had debt equal to \$3.35 million at the end of 2010, compared to \$3.02 at the end of 2009.

A summary of outstanding debt is presented in detail on pages 29 through 31 of the notes.

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

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<b>Business-Type</b>	<u>Total 2010</u>	<u>Total 2009</u>
Primary Government	<u>\$ .16</u>	<u>\$ 0</u>
<b>Total</b>	<u><u>\$ .16</u></u>	<u><u>\$ 0</u></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 ASSETS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash - Unrestricted	\$ 3,735,960	\$ 6,454,556
Cash - Restricted	561,832	88,468
Accounts Receivable - Net of Allowance	219,135	46,870
Inventories - Net of Allowance	140,537	22,836
Prepaid Expenses	117,088	65,477
Assets Held for Sale	<u>0</u>	<u>49,849</u>
<b>Total Current Assets</b>	<u>4,774,552</u>	<u>6,728,056</u>
<b><u>Non-Current Assets</u></b>		
Capital Assets, Not Depreciated	1,460,090	1,223,418
Capital Assets - Net of Accumulated Depreciation	<u>16,095,261</u>	<u>8,434,309</u>
<b>Total Non-Current Assets</b>	<u>17,555,351</u>	<u>9,657,727</u>
<b>TOTAL ASSETS</b>	<u>\$ 22,329,903</u>	<u>\$ 16,385,783</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accounts Payable	\$ 272,440	\$ 100,518
Current Portion of Long-Term Debt	10,976	210,224
Accrued Wages and Payroll Taxes	195,484	24,140
Tenant Security Deposits	134,865	88,468
Deferred Credits and Other Liabilities	<u>174,489</u>	<u>92,466</u>
<b>Total Current Liabilities</b>	<u>788,254</u>	<u>515,816</u>
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion	153,658	3,143,634
Other Long-Term Liabilities - Compensated Absences	<u>354,419</u>	<u>57,348</u>
<b>Total Non-Current Liabilities</b>	<u>508,077</u>	<u>3,200,982</u>
<b>Total Liabilities</b>	<u>1,296,331</u>	<u>3,716,798</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	17,390,717	6,303,869
Restricted Net Assets	404,620	0
Unrestricted Net Assets	<u>3,238,235</u>	<u>6,365,116</u>
<b>Total Net Assets</b>	<u>21,033,572</u>	<u>12,668,985</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 22,329,903</u>	<u>\$ 16,385,783</u>

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Operating Revenues</u></b>		
Program Operating Grants/Subsidies	\$ 9,629,300	\$ 2,094,733
Tenant Revenues	1,649,492	1,072,623
Other Income	<u>836,111</u>	<u>1,278,698</u>
<b>Total Operating Revenues</b>	<u>12,114,903</u>	<u>4,446,054</u>
<b><u>Operating Expenses</u></b>		
Administrative	2,713,201	1,094,152
Utilities	973,123	393,094
Ordinary Maintenance and Operations	2,208,474	518,690
Tenant Services	24,851	33,779
General and Protective Services	627,528	1,028,425
Housing Assistance Payments	4,180,667	0
Other Operating	83,054	128,283
Depreciation	<u>2,525,338</u>	<u>506,971</u>
<b>Total Operating Expenses</b>	<u>13,336,236</u>	<u>3,703,394</u>
Operating Income (Loss)	<u>(1,221,333)</u>	<u>742,660</u>
<b><u>Non-Operating Revenue (Expenses)</u></b>		
Capital Grants	716,808	0
Interest Income	34,391	62,920
Interest Expense	0	(109,206)
Gain (Loss) on Sale of Assets	<u>8,996</u>	<u>445</u>
<b>Total Non-Operating Revenue (Expenses)</b>	<u>760,195</u>	<u>(45,841)</u>
Excess (Deficiency) of Revenue Over (Under) Expenses	(461,138)	696,819
Beginning Net Assets, Restated	21,494,710	11,953,451
Special Items	<u>0</u>	<u>18,715</u>
<b>ENDING NET ASSETS</b>	<u><u>\$21,033,572</u></u>	<u><u>\$12,668,985</u></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 YEAR ENDED JUNE 30, 2010**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from HUD and Other Governments	\$ 9,518,986	\$ 2,656,109
Cash Received from Tenants	1,642,351	1,064,888
Cash Received from Other Sources	838,975	718,414
Cash Payments for Housing Assistance Payments	(4,180,667)	0
Cash Payments for Administrative	(2,688,649)	(1,085,573)
Cash Payments for Other Operating Expenses	<u>(3,741,592)</u>	<u>(2,171,749)</u>
<b>Net Cash (Used) by Operating Activities</b>	<u>1,389,404</u>	<u>1,182,089</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Debt Payments	0	(3,174,026)
Acquisition of Capital and Other Assets	(1,001,819)	(53,142)
Proceeds from Capital Assets Sales	26,623	4,046
Capital Grants Received/Special Items	716,808	18,715
Debt Proceeds	<u>164,634</u>	<u>3,398,678</u>
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<u>(93,754)</u>	<u>194,271</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Investment Income	<u>34,391</u>	<u>62,920</u>
<b>Net Cash Provided by Investing Activities</b>	<u>34,391</u>	<u>62,920</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,330,041	1,439,280
Cash and Cash Equivalents, Beginning	<u>2,967,751</u>	<u>5,103,744</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 4,297,792</u>	<u>\$ 6,543,024</u>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Net Operating Income (Loss)	\$(1,221,333)	\$ 742,660
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	2,525,338	506,971
(Increase) Decrease in:		
Receivables - Net of Allowance	(123,880)	(22,818)
Inventory	(5,140)	37,218
Prepaid Expenses and Other Assets	17,766	1,775
Increase (Decrease) in:		
Accounts Payable	159,761	(113,322)
Non Current Liabilities	5,856	8,579
Accrued Wages/Payroll Taxes	21,747	4,851
Tenants' Security Deposits	4,464	1,092
Deferred Credits/Other Liabilities	<u>4,825</u>	<u>15,083</u>
<b>Net Cash Used by Operating Activities</b>	<u>\$ 1,389,404</u>	<u>\$ 1,182,089</u>

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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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 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*. 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 YEAR ENDED JUNE 30, 2010**  
**(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.

The Trumbull Housing Development Corporation (the Corporation), a legally separate, non-profit organization has been removed from the discretely presented component units presentation in accordance with the criteria set forth in GASB Statements No. 14 and No. 39. Based on guidance set forth in the Governmental Accounting, Auditing and Financial Reporting (GAAFR) Guide, the Beginning Net Assets have been restated to exclude the Corporation's equity.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

**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.

**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.

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

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

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue to apply all applicable pronouncements of the Governmental Accounting Standards Board.

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 2010 totaled \$34,391 for the primary government and \$62,920 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 YEAR ENDED JUNE 30, 2010**  
**(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 YEAR ENDED JUNE 30, 2010**  
**(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 \$4,199,551 and the bank balance was \$4,326,811. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2009, \$933,146 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. Investments held by the Authority at June 30, 2010 are presented below, categorized by investment type and credit quality rating. Credit ratings provide information about the investment's credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All investments mature within one year.

**Interest Rate Risk**

The Authority's investment policy limits investments to 3 years, but does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

**Concentration of Credit Risk**

The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, all deposits exceeding the FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

A. **Primary Government** (Continued)

**Concentration of Credit Risk** (Continued)

At June 30, 2010, the Authority had the following investments:

<u>Description</u>	<u>Total Fair Value/ Carrying Value</u>	<u>Credit Quality Rating</u>
Repurchase Agreement	\$ 98,241	Not Rated

A reconciliation of cash and investments as shown on the statement of net assets at June 30, 2010 to the deposits and investments included in this note is as follows:

	<u>2010</u>
Cash and Cash Equivalents	\$ 3,735,960
Cash and Investments - Restricted:	
Current Assets	561,832
Non-Current Assets	<u>0</u>
Total	<u>\$ 4,297,792</u>
Carrying Amount of Deposits	\$ 4,199,551
Carrying Amount of Investments	<u>98,241</u>
Total	<u>\$ 4,297,792</u>

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

**B. Component Units**

**Deposits**

At fiscal year end, the carrying amount of the component units' deposits was \$6,543,024, and the bank balance was \$6,594,994. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2010, \$641,187 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 did not have investments at June 30, 2010.

Cash and cash equivalents included in the component unit's cash position at June 30, 2010, are as follows:

	Cash and Cash Equivalents*	Investments
Cash - Unrestricted	\$ 6,454,556	\$ 0
Cash - Restricted	88,468	0
Per GASB Statement No. 3	\$ 6,543,024	\$ 0

\* Includes Petty Cash

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$561,832 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	\$ 404,620
Tenant Security Deposits	134,865
Public Housing Family Self-Sufficiency Escrow Balance	<u>22,347</u>
Total Restricted Cash	<u>\$ 561,832</u>

The restricted cash balance of \$88,468 on the financial statements for the component units represents the following:

Tenant Security Deposits	\$ 88,468
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NOTE 4: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards Expenditures 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 YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**NOTE 6: CAPITAL ASSETS**

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

	<u>Primary Government</u>	<u>Component Units</u>
<b>Capital Assets Not Depreciated</b>		
Land	\$ 905,839	\$ 1,174,194
Construction in Progress	<u>554,251</u>	<u>49,224</u>
<b>Total Capital Assets Not Depreciated</b>	<u>1,460,090</u>	<u>1,223,418</u>
<b>Capital Assets Being Depreciated</b>		
Buildings and Building Improvements	69,067,795	17,328,264
Furniture and Equipment	<u>1,784,470</u>	<u>799,356</u>
<b>Total Capital Assets being Depreciated</b>	<u>70,852,265</u>	<u>18,127,620</u>
Less Accumulated Depreciation	<u>(54,757,004)</u>	<u>(9,693,311)</u>
Subtotal Capital Assets Being Depreciated	<u>16,095,261</u>	<u>8,434,309</u>
<b>Total Capital Assets</b>	<u>\$ 17,555,351</u>	<u>\$ 9,657,727</u>

The following is a summary of changes:

	<u>Primary Government</u>				
	<u>Balance July 1, 2009</u>	<u>Amount Reclassified</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 878,365	\$ 0	\$ 27,474	\$ 0	\$ 905,839
Construction in Progress	<u>1,553,487</u>	<u>(1,853,204)</u>	<u>853,968</u>	<u>0</u>	<u>554,251</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,431,852</u>	<u>(1,853,204)</u>	<u>881,442</u>	<u>0</u>	<u>1,460,090</u>
<b>Capital Assets Being Depreciated</b>					
Buildings and Building Improvements	67,214,591	1,853,204	0	0	69,067,795
Furniture and Equipment	<u>1,799,542</u>	<u>0</u>	<u>120,377</u>	<u>(135,449)</u>	<u>1,784,470</u>
<b>Total Capital Assets Being Depreciated</b>	<u>69,014,133</u>	<u>1,853,204</u>	<u>120,377</u>	<u>(135,449)</u>	<u>70,852,265</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and Improvements	(50,570,785)	0	(2,470,659)	0	(53,041,444)
Furniture and Equipment	<u>(1,778,703)</u>	<u>0</u>	<u>(54,679)</u>	<u>117,822</u>	<u>(1,715,560)</u>
<b>Total Accumulated Depreciation</b>	<u>(52,349,488)</u>	<u>0</u>	<u>(2,525,338)</u>	<u>117,822</u>	<u>(54,757,004)</u>
Depreciable Assets, Net	<u>16,664,645</u>	<u>1,853,204</u>	<u>(2,404,961)</u>	<u>(17,627)</u>	<u>16,095,261</u>
<b>Total Capital Assets, Net, Primary Government</b>	<u>\$ 19,096,497</u>	<u>\$ 0</u>	<u>\$(1,523,519)</u>	<u>\$ (17,627)</u>	<u>\$ 17,555,351</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

NOTE 6: CAPITAL ASSETS (Continued)

	<b>Component Units</b>				Balance June 30, 2010
	Balance July 1, 2009	Amount Reclassified	Additions	Deletions	
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 1,065,723	\$ 108,471	\$ 0	\$ 0	\$ 1,174,194
Construction in Progress	240,559	(233,170)	41,835	0	49,224
<b>Total Capital Assets Not Being Depreciated</b>	<u>1,306,282</u>	<u>(124,699)</u>	<u>41,835</u>	<u>0</u>	<u>1,223,418</u>
<b>Capital Assets Being Depreciated</b>					
Buildings and Building Improvements	17,203,565	124,699	0	0	17,328,264
Furniture and Equipment	806,610	0	11,307	(18,561)	799,356
<b>Total Capital Assets Being Depreciated</b>	<u>18,010,175</u>	<u>124,699</u>	<u>11,307</u>	<u>(18,561)</u>	<u>18,127,620</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and Improvements	(8,525,183)	0	(435,928)	0	(8,961,111)
Furniture and Equipment	(676,117)	0	(71,043)	14,960	(732,200)
<b>Total Accumulated Depreciation</b>	<u>(9,201,300)</u>	<u>0</u>	<u>(506,971)</u>	<u>14,960</u>	<u>(9,693,311)</u>
Depreciable Assets, Net	<u>8,808,875</u>	<u>124,699</u>	<u>(495,664)</u>	<u>(3,601)</u>	<u>8,434,309</u>
<b>Total Capital Assets, Net, Component Units</b>	<u>\$10,115,157</u>	<u>\$ 0</u>	<u>\$ (453,829)</u>	<u>\$ (3,601)</u>	<u>\$ 9,657,727</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

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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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.
- 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 or by calling (614) 222-5601 or 1-800-222-7377.

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, 2010, 2009, and 2008 were \$368,408, \$358,026, and \$356,864 respectively. Of the Authority's required contributions for the year ended June 30, 2010, \$4,560 was to the Combined Plan and \$4,365 was to the Member-Directed Plan. 100 percent of the Authority's required contribution was made for the years ended 2010, 2009 and 2008.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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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.

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, or by calling 614-222-5601 or 1-800-222-7377.

**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.



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, 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.

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 2010 and 2009, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. 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 year ended June 30, 2010, which were used to fund post-employment benefits were \$144,732.

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.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

At June 30, 2010, based on the vesting method, \$435,058 was accrued by the primary government for unused vacation and sick time. The current portion is \$80,639 and the non-current portion is \$354,419. 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.

<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
\$ 422,109	\$ 244,473	\$(231,524)	\$ 435,058

At June 30, 2010, based on the vesting method, \$68,951 was accrued by the component units for unused vacation and sick time. The current portion is \$11,603 and the non-current portion is \$57,348.

<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
\$ 63,803	\$ 38,746	\$ (33,598)	\$ 68,951

NOTE 10: **LONG-TERM DEBT**

A. **Primary Government**

The Authority acquired debt (i.e. deferred loan) in 2010 equal to \$153,658 related to five properties purchased with Neighborhood Stabilization Program grant funds. The debt is not related to its public housing developments.

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

<p>The PHA entered into a contractual agreement with Trumbull County, Ohio on March 2010, where the Authority received a grant for \$36,626 to be used for the purchase of property located at 506 Washington Avenue, Gerard, 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 2010.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;"><u>Balance at</u> <u>06/30/10</u></td> </tr> <tr> <td style="text-align: right;">\$ 36,626</td> </tr> </table>	<u>Balance at</u> <u>06/30/10</u>	\$ 36,626
<u>Balance at</u> <u>06/30/10</u>			
\$ 36,626			

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

A. **Primary Government** (Continued)

The PHA entered into a contractual agreement with Trumbull County, Ohio on May 2010, where the Authority received a grant for \$14,788 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 2010. 14,788

The PHA entered into a contractual agreement with Trumbull County, Ohio on June 2010, where the Authority received a grant for \$60,905 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 2010. 60,905

The PHA entered into a contractual agreement with Trumbull County, Ohio on June 2010, where the Authority received a grant for \$52,315 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 2010. 52,315

Total Outstanding Debt	164,634
Less Current Portion	<u>10,976</u>
Total Long-Term Debt	<u>\$ 153,658</u>

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

<u>Description</u>	<u>Principal Balance 06/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Principal Balance 06/30/10</u>	<u>Current Portion</u>
Loan Payable	\$ 0	\$ 164,634	\$ 0	\$ 164,634	\$ 10,976

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

A. **Primary Government** (Continued)

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

<u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2011	\$ 10,976	\$ 0	\$ 10,976
2012	10,976	0	10,976
2013	10,976	0	10,976
2014	10,976	0	10,976
2015	10,976	0	10,976
2016-2020	54,880	0	55,880
2021-2025	54,874	0	54,874
Totals	<u>\$ 164,634</u>	<u>\$ 0</u>	<u>\$ 164,634</u>

B. **Component Units**

The Authority's component units were obligated on the following notes as of June 30, 2010:

**Commercial Term Loan**

Bonds were issued by the Western Reserve Housing Development Corporation (the Corporation) dated April 1, 2003 and due April 1, 2023 backed by a letter of credit (LOC). In February 2010, the Corporation was notified by the LOC bank of their intention not renew the agreement. Therefore the Corporation refinanced the outstanding debt in full on March 31, 2010 with a commercial term loan from Cortland Savings & Banking Company. The debt refinancing releases the Corporation from all commitments related to the Bond.

The commercial term loan with Cortland Savings & Banking Company is 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.

**Total** \$ 2,955,180

<u>Fiscal Year Requirements</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 184,890	\$ 108,524	\$ 293,414
2012	190,482	102,932	293,414
2013	199,070	94,344	293,414
2014	206,876	86,538	293,414
2015	214,979	78,435	293,414
2016-2020	1,207,641	259,429	1,467,070
Thereafter	751,242	55,647	806,889
Totals	<u>\$ 2,955,180</u>	<u>\$ 785,849</u>	<u>\$ 3,741,029</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

**B. Component Units** (Continued)

**Promissory Note**

On March 1, 2020, 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.

**Total** \$ 398,678

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

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 25,334	\$ 15,486	\$ 40,820
2012	26,366	14,454	40,820
2013	27,440	13,380	40,820
2014	28,558	12,262	40,820
2015	29,723	11,097	40,820
2016-2019	167,790	36,310	204,100
Thereafter	<u>93,467</u>	<u>4,714</u>	<u>98,181</u>
Totals	<u>\$ 398,678</u>	<u>\$ 107,703</u>	<u>\$ 506,381</u>

*This space intentionally left blank.*

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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

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

	Principal Balance 06/30/2009	Additions	Deletions	Principal Balance 06/30/2010	Due Within One Year
Bonds	\$3,020,000	\$ 0	\$(3,020,000)	\$ 0	\$ 0
Commercial Term Loan	0	3,000,000	(44,820)	2,955,180	184,890
Promissory Note	0	398,678	0	398,678	25,334
Total	<u>\$3,020,000</u>	<u>\$3,398,678</u>	<u>\$(3,064,820)</u>	<u>\$3,353,858</u>	<u>\$ 210,224</u>

NOTE 11: **RESTRICTED NET ASSETS**

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 Assets \$ 404,620

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**

	Western Reserve Housing Development Corporation	Warren Housing Development Corporation	Totals
<b><u>Balance Sheet</u></b>			
Current Assets	\$ 266,581	\$6,461,475	\$ 6,728,056
Capital and Other Assets	4,706,658	4,951,069	9,657,727
Current Liabilities	(262,571)	(253,245)	(515,816)
Non-Current Liabilities	(2,770,912)	(430,070)	(3,200,982)
Net Assets	(1,939,756)	(10,729,229)	(12,668,985)
<b><u>Revenues, Expenses, and Change in Equity</u></b>			
Operating Revenue	\$ 1,782,761	\$2,663,293	\$ 4,446,054
Operating Expenses	(1,674,686)	(2,028,708)	(3,703,394)
Net Operating Income (Loss)	108,075	634,585	742,660
Net Non-Operating Revenue			
Over Expenses	(92,340)	46,499	(45,841)
Excess of Revenue Over Expenses	15,735	681,084	696,819

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

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**NOTE 14: CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2010, the Authority implemented GASB Statement No. 51, *Accounting and Reporting for Intangible Assets*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

The implementation of GASB Statements No. 51, No. 55, No. 56, and No. 58 did not affect the presentation of the financial statements of the Authority.

**NOTE 15: BEGINNING NET ASSETS FOR THE DISCRETELY PRESENTED COMPONENT UNITS**

Trumbull Housing Development Corporation has been removed from the discretely presented component units presentation in accordance with criteria set forth in GASB Statements No. 14 and No. 39.

Component Units

Ending Net Assets at June 30, 2009	\$22,457,619
Less Portion of Component Units' Net Assets at June 30, 2009 Contributed by Trumbull Housing Development Corporation	<u>(10,504,168)</u>
Beginning Net Assets July 1, 2009	<u>\$11,953,451</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010**

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**Annual Contributions Contract C-5031**

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

OH12ROO850106 Project OH

Funds Approved	\$ 158,287
Funds Expended	<u>158,287</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

Funds Advanced	\$ 158,287
Funds Expended	<u>158,287</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

OH12POO850107 Project OH

Funds Approved	\$ 2,082,681
Funds Expended	<u>2,082,681</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

Funds Advanced	\$ 2,082,681
Funds Expended	<u>2,082,681</u>
Excess (Deficiency) 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  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Funds Expended</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<b><u>Direct Programs</u></b>		
<b><u>PHA Owned Housing:</u></b>		
Public Housing Operating Subsidy	14.850	\$ 3,808,724
Total for PHA Owned Housing Program		<u>3,808,724</u>
<b><u>CFP Cluster:</u></b>		
Public Housing Capital Fund Stimulus (Formula)		
Recovery Act Funded	14.885	278,078
Public Housing Capital Fund	14.872	<u>1,318,859</u>
Total CFP Cluster		<u>1,596,937</u>
<b><u>Section 8 Tenant:</u></b>		
Housing Assistance Payments:		
Housing Choice - Vouchers	14.871	<u>4,883,190</u>
Total Section 8 Tenant		<u>4,883,190</u>
Resident Opportunity and Support Services	14.870	<u>57,257</u>
Total Resident Opportunity and Support Services		<u>57,257</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>10,346,108</u>
<b><u>U.S. Depart of Labor</u></b>		
<b><u>Direct Program</u></b>		
Youthbuild - Administered by Western Reserve Housing Development Corporation	17.274	<u>376,898</u>
<b>Total U.S. Department of Labor</b>		<u>376,898</u>
<b>TOTAL ALL PROGRAMS</b>		<u>\$ 10,723,006</u>

**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 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 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, 2010, which collectively comprise the Trumbull Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated December 20, 2010. 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 of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Trumbull Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Trumbull Metropolitan Housing Authority, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trumbull Metropolitan Housing Authority, Ohio's internal control over financial reporting.

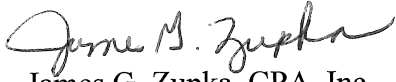
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Trumbull Metropolitan Housing Authority, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trumbull Metropolitan Housing Authority, Ohio's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, the Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

December 20, 2010

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
5240 East 98<sup>th</sup> Street  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Trumbull Metropolitan Housing Authority with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect of Trumbull Metropolitan Housing Authority's major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Trumbull Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Trumbull Metropolitan Housing Authority, Ohio's compliance based on our audit.

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. 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'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. Our audit does not provide a legal determination of the Trumbull Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the Trumbull Metropolitan Housing Authority, Ohio complied, in all material respects, with the 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, 2010.

### **Internal Control Over Compliance**

The management of the Trumbull Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Trumbull Metropolitan Housing Authority, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Trumbull Metropolitan Housing 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, the Auditor of State, and federal awarding agencies and is not intended to be used by anyone other than these specified parties.



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

December 20, 2010

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2010**

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

2010(i)	Type of Financial Statement Opinion	Unqualified
2010(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS?)	No
2010(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2010(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2010(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2010(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2010(v)	Type of Major Programs' Compliance Opinion	Unqualified
2010(vi)	Are there any reportable findings under .510?	No
2010(vii)	Major Programs (list):  <div style="margin-left: 40px;">Capital Fund Stimulus (Formula) Recovery Act Funded - CFDA#14.885 Capital Fund Program - CFDA#14.872 Low Rent Public Housing - CFDA#14.850</div>	
2010(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$321,690 Type B: > all others
2010(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**  
**STATUS PRIOR YEAR FINDINGS**  
**JUNE 30, 2010**

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The audit report for the prior year ended June 30, 2009 contained no findings or citations.







# 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  
MARCH 8, 2011