TRUMBULL METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2008

Mary Taylor, CPA
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, 2007 through June 30, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 25, 2009

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TRUMBULL METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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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, 2008, 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, 2008, 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 January 15, 2009, 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 important for assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. The accompanying Schedule of Federal Awards Expenditures 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 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The Authority has not presented the Financial Data Schedules (FDS) required by the U.S. Department of Housing and Urban Development for additional analysis, although they are not required to be part of the basic financial statements. The FDS are not available due to revisions in the reporting system that the U.S. Department of Housing and Urban Development is now undertaking.

James G. Zupka, CPA, Inc.

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

January 15, 2009

The Trumbull Metropolitan Housing Authority's ("the Authority") 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, 2008 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 $.12 million (or less than 1 percent) during 2008. Net assets were $24.34 million and $24.22 million for 2007 and 2008, respectively. A $2.15 million net non-operating revenue and equity transfers of $.07 million offset a $2.20 million loss from operations. There was $.56 million of net income from operations results without depreciation, accounting for $2.76 million of operating expenses. The majority of the increase in operating income can be attributed to an increase in operating subsidy and capital grant revenue, and was realized despite an increase in Housing Assistance Payments expense. 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 $1.4 million (or 12 percent) during 2008, and was $11.5 million and $12.9 million for 2007 and 2008, respectively. Revenue from capital grants increased $.27 million, while operating grants and tenant revenue increased by $.81 million

- Total expenses for the primary government decreased by $.12 million (or less than 1 percent). Of this amount, administrative and general and protective services expenses decreased by $.24 million and utilities and maintenance costs decreased by $.30 million. Housing Assistance Payments offset the decrease with a $.31 million increase. Total expenses were $13.11 million and $12.99 million for 2007 and 2008, respectively.

- Net assets for the component units were $21.6 million for 2008, increasing from $20.43 million for 2007. Net assets of the component units amount to approximately 47 percent of the combined net assets for the primary government and component units.

- Revenue for the component units increased by $.6 million (or 16 percent) during 2008, and was $3.7 million and $4.3 million for 2007 and 2008, respectively. Revenue from investments net of interest expense decreased by $.01 million, while revenue from various program grants and other income increased by $.61 million.

- Total expenses for the component units increased by $.1 million (or 3 percent) and were $3.1 million and $3.2 million for 2007 and 2008, respectively. An increase in insurance and protective contract costs account for the majority of the increase.

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 3-11

Basic Financial Statements

Authority-Wide Financial Statements
pages 12-14

Notes to Financial Statements
pages 15-30

Other Required Supplementary Information

Required Supplementary Information
pages 31-34
(other than MD&A)

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority-wide financial statements (see pages 12-14) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority. The Authority-wide financial statements include the financial results of the Authority's component units, discretely reported.

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.

Financial Statements by Major Fund

In general, the Authority's financial statements consist exclusively of enterprise funds. 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 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.

Component Unit Activities - represents resources developed from a variety of activities, to include:

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 Grant- 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.

Table 1 - Statement of Net Assets - Primary Government

	2008 (in Millions) of Dollars	2007 (in Millions) of Dollars
Assets		
Current and Other Assets	$ 3.45	$ 2.57
Capital Assets	21.66	22.65
Total Assets	25.11	25.22
Liabilities and Net Assets		
Liabilities		
Current Liabilities	.66	.69
Long-Term Liabilities	.23	.19
Total Liabilities	.89	.88
Net Assets		
Invested in Capital Assets, Net of Related Debt	21.66	22.65
Restricted	.46	1.10
Unrestricted	2.10	.59
Total Net Assets	24.22	24.34
Total Liabilities and Net Assets	$ 25.11	$ 25.22

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

Major Factors Affecting The Statement of Net Assets

During 2008, total assets decreased by only $.11 million. A $.88 million increase in current assets was offset by a $1.1 million decrease in capital assets, due in part to capital fund projects being closed out and expensed (via depreciation) in 2008. For more detail, see "Capital Assets and Debt Administration" on page 10. Cash reserves increased in 2008 ($2.95 million) compared to 2007 ($2.04 million) due mostly to receiving more operating subsidy and dwelling rents. Total liabilities increased minimally by $.01 million.

During 2008, total assets for the component units increased by $.29 million. Unrestricted net assets for the component units increased by $.7 million. These changes are mostly due to an increase in cash reserves and a decrease in related debt.

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 06/30/07	$ .59
Results of Operations	(.05)
Adjustments:	
Depreciation (1)	2.76
Adjusted Results from Operations	3.30
Net Change in Restricted Assets	.64
Net Change in Capital Assets of Debt Payments (2)	(1.77)
Prior Period Adjustments	(.08)
Unrestricted Net Assets	$ 2.09

(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.

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

	2008 (Millions of Dollars)	2007 (Millions of Dollars)
Revenues		
Tenant Revenue - Rents and Other	$ 1.37	$ 1.26
Operating Subsidies and Grants	8.86	8.16
Capital Grants	2.07	1.79
Investment Income	.08	.09
Other Revenues	.56	.24
Total Revenues	12.94	11.54
Expenses		
Administrative	2.77	2.97
Utilities	1.05	1.10
Maintenance	1.67	1.92
General	.59	.63
Housing Assistance Payments	4.15	3.84
Depreciation	2.76	2.65
Total Expenses	12.99	13.11
Net Increase (Decrease)	$ (.05)	$ (1.57)

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

Tenant rent revenue increased slightly during 2008 in comparison to 2007 due, primarily, to lower utility cost allowances. Operating subsidies increased significantly, due in part to the primary government receiving approximately $.89 in 2008, compared to approximately $.83 in 2007 for every dollar it was eligible to receive under HUD's funding formula. Funding for the Housing Choice Voucher Program increased slightly by approximately $.15 million under HUD's funding formula. Capital funds grant revenue remained relatively the same from 2007 to 2008 at $2.2 million.

Total administrative and maintenance expenses decreased by $.45 million, due in part to lower overall maintenance contract costs. The Authority benefitted from a special negotiated rate for natural gas prices and from its day-to-day conservation efforts as utility expenses decreased by $.05 million. General expense decreased slightly by $.04 million. Housing Assistance Payments increased by $.31 million due to slightly higher lease up levels and higher per unit costs compared to last year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the primary government had $21.66 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of $1.01 million or 4.5 percent from the end of last year.

As of year-end, the component units had $11.9 million invested in a variety of capital assets, which represents a net decrease of $.34 million or 2.8 percent from the end of last year. Additions to construction in progress related to Youth Build Program rehabilitation projects and furniture and equipment amounting to $.23 million was offset by depreciation of $.57 million.

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

	2008 (Millions of Dollars)	2007 (Millions of Dollars
Land	$ .88	$ .88
Buildings	65.30	63.35
Equipment - Administrative and Dwelling	1.87	1.90
Accumulated Depreciation	(49.69)	(47.04)
Construction in Progress	3.30	3.56
Total	$ 21.66	$ 22.65

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

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

Beginning Balance	$ 22.65
Additions	4.03
Retirements	(2.26)
Depreciation	(2.76)
Ending Balance	$ 21.66

Capital expenditures to modernize the Authority's public housing developments accounted for the $2.1 million of additions, net of deductions.

DEBT OUTSTANDING

The Authority had no debt (bonds, notes, etc.) related to its public housing developments outstanding at the end of either 2008 or 2007. The component units, however, had debt equal to $3.47 million at the end of 2008, compared to $4.24 at the end of 2007.

A summary of outstanding debt is presented in detail on pages 28 and 29 of the notes.

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

	Total 2008	Total 2007
Primary Government	$ 0.00	$ 0.00
Total	$ 0.00	$ 0.00

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, 2008

	Primary Government	Component Units
ASSETS		
Current Assets		
Cash - Unrestricted	$ 2,279,706	$ 11,381,928
Cash - Restricted	669,721	1,499,337
Accounts Receivable - Net of Allowance	165,852	106,172
Inventories - Net of Allowance	188,257	20,445
Prepaid Expenses	147,064	85,378
Assets Held for Sale	0	92,500
Total Current Assets	3,450,600	13,185,760
Non-Current Assets		
Capital Assets, Not Depreciated	4,185,457	1,430,016
Capital Assets - Net of Accumulated Depreciation	17,470,732	10,473,869
Other Assets	0	336,801
Total Non-Current Assets	21,656,189	12,240,686
TOTAL ASSETS	$ 25,106,789	$ 25,426,446
LIABILITIES AND FUND EQUITY		
Liabilities		
Current Liabilities:		
Accounts Payable	$ 119,334	$ 67,428
Intergovernmental Payable	27,132	0
Current Portion of Long-Term Debt	0	390,000
Accrued Wages and Payroll Taxes	200,288	1,570
Tenant Security Deposits	125,945	93,789
Deferred Credits and Other Liabilities	184,950	174,482
Total Current Liabilities	657,649	727,269
Non-Current Liabilities:		
Long-Term Debt Net of Current Portion	0	3,075,000
Other Long-Term Liabilities - Compensated Absences	234,858	39,086
Total Non-Current Liabilities	234,858	3,114,086
Total Liabilities	892,507	3,841,355
Net Assets		
Invested in Capital Assets, Net of Related Debt	21,656,189	8,438,885
Restricted Net Assets	464,954	0
Unrestricted Net Assets	2,093,139	13,146,206
Total Net Assets	24,214,282	21,585,091
TOTAL LIABILITIES AND NET ASSETS	$ 25,106,789	$25,426,446

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, 2008

	Primary Government	Component Units
Operating Revenues		
Program Operating Grants/Subsidies	$ 8,860,935	$ 67,428
Tenant Revenues	1,374,900	1,276,368
Other Income	562,238	2,656,316
Total Operating Revenues	10,798,073	4,000,112
Operating Expenses		
Administrative	2,772,799	1,109,770
Utilities	1,050,419	387,390
Ordinary Maintenance and Operations	1,672,833	570,966
Tenant Services	25,413	33,253
General and Protective Services	503,159	571,315
Housing Assistance Payments	4,148,927	0
Other Operating	62,140	26,905
Depreciation	2,760,342	572,228
Total Operating Expenses	12,996,032	3,271,827
Operating Income (Loss)	(2,197,959)	728,285
Non-Operating Revenue (Expenses)		
Capital Grants	2,066,576	0
Interest Income	80,463	486,687
Interest Expense	0	(139,289)
Gain (Loss) on Sale of Assets	1,721	796
Total Non-Operating Revenue (Expenses)	2,148,760	348,194
Excess (Deficiency) of Revenue Over (Under) Expenses	(49,199)	1,076,479
Beginning Net Assets	24,338,840	20,433,253
Equity Transfers	(75,359)	75,359
ENDING NET ASSETS	$24,214,282	$21,585,091

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, 2008

	Primary Government	Component Units
Cash Flows from Operating Activities		
Cash Received from HUD and Other Governments	$ 8,880,634	$ 67,428
Cash Received from Tenants	1,411,525	1,213,647
Cash Received from Other Sources	647,803	2,628,775
Cash Payments for Housing Assistance Payments	(4,148,927)	0
Cash Payments for Administrative	(2,829,243)	(1,159,230)
Cash Payments for Other Operating Expenses	(3,364,991)	(1,554,706)
Net Cash (Used) by Operating Activities	596,801	1,195,914
Cash Flows from Capital and Related Financing Activities		
Principal Payments on Debt	0	(775,000)
Acquisition of Capital Assets	(2,108,771)	(235,888)
Sale of Capital Assets	346,399	916
Capital Grants Received	2,066,576	995,984
Equity Transfer	(75,359)	75,359
Net Cash Provided by Capital and Other Related Financing Activities	228,845	61,371
Cash Flows from Investing Activities		
Investment Income	80,463	486,687
Interest Expense	0	(139,289)
Net Cash Provided by Investing Activities	80,463	347,398
Net Increase (Decrease) in Cash and Cash Equivalents	906,109	1,604,683
Cash and Cash Equivalents, Beginning	2,043,318	11,276,582
Cash and Cash Equivalents, Ending	$ 2,949,427	$12,881,265
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Net Operating Income (Loss)	$(2,197,959)	$ 728,285
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	2,760,342	572,228
(Increase) Decrease in:		
Receivables - Net of Allowance	36,082	(14,671)
Inventory	17,303	(16,040)
Prepaid Expenses and Other Assets	(33,511)	13,592
Increase (Decrease) in:		
Accounts Payable	(59,456)	37,571
Non Current Liabilities	48,627	(23,384)
Accrued Wages/Payroll Taxes	(32,384)	(26,076)
Intergovernmental Payable	20,242	0
Tenants' Security Deposits	11,342	1,658
Deferred Credits/Other Liabilities	26,173	(77,249)
Net Cash Used by Operating Activities	$ 596,801	$ 1,195,914

See accompanying notes to the basic financial statements.

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 evaluated 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.

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

C. **Reporting Entity** (Continued)

The primary government of the Authority 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 three component units: the Trumbull Housing Development Corporation, the Warren Housing Development Corporation, and the Western Reserve Housing Development Corporation. They are reported separately to emphasize that they are legally separate from the Authority 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 Trumbull 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 1980 to manage the assets of the Local Authority fund. The Corporation's purpose is to promote the availability of affordable housing for persons of low to moderate income and to support affordable housing programs, including those of the Authority. Separately issued audited financial statements for the Corporation can be obtained from the Authority.

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.

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

C. **Reporting Entity** (Continued)

Discretely Presented Component Units (Continued)
Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

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.

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 2008 totaled $80,463 for the primary government and $609,942 for the component units. Investments at June 30, 2008, consisted of only certificates of deposit.

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 deposit.

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.

NOTE 2: **DEPOSITS AND INVESTMENTS**

A. **Primary Government**

Deposits
At fiscal year end, the carrying amount of the Authority's deposits was $2,949,427 and the bank balance was $2,875,584. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures,* as of June 30, 2008, $300,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority. Included in the carrying value of the Authority's deposits is $650 in petty cash.

Custodial credit risk is the risk that, in the event of bank failure, the Authority'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; however, the Authority's investments were limited to certificates of deposit at June 30, 2008.

Interest Rate Risk
The Authority's investment policy limits investments to 5 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.

Credit Risk
Any deposits of the Authority exceeding the $100,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

Concentration of Credit Risk
The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, as was mentioned in the preceding, all deposits exceeding the $100,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

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

A. **Primary Government** (Continued)

Cash and cash equivalents included in the Authority's cash position at June 30, 2008, are as follows:

	Cash and Cash Equivalents*	Investments
Cash - Unrestricted	$ 2,279,706	$ 0
Cash - Restricted	669,721	0
Per GASB Statement No. 3	$ 2,949,427	$ 0

* Includes Petty Cash

B. **Component Units**

Deposits
At fiscal year end, the carrying amount of the Authority's component units' deposits was $12,881,265, and the bank balance was $13,147,518. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2008, $615,850 of the component units' bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority.

Custodial credit risk is the risk that, in the event of bank failure, the Authority'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; however, the Authority's component units' investments were limited to certificates of deposit at June 30, 2008.

Interest Rate Risk
The Authority's investment policy limits investments to 5 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.

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

B. **Component Units** (Continued)

Credit Risk
Any deposits of the component units exceeding the $100,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

Concentration of Credit Risk
The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, as was mentioned in the preceding, all deposits exceeding the $100,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

Cash and cash equivalents included in the Authority's cash position at June 30, 2008, are as follows:

	Cash and Cash Equivalents*	Investments
Cash - Unrestricted	$ 11,381,928	$ 0
Cash - Restricted	1,499,337	0
Per GASB Statement No. 3	$12,881,265	$ 0

* Includes Petty Cash

NOTE 3: **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 4: **INSURANCE COVERAGE**

The Authority is covered for property damage, general liability, auto damage and liability, and public officials liability through various insurers. Deductible and coverage limits are summarized below:

	Deductible	Coverage Limits
Property	$ 10,000	$ 146,787,850
General Liability	5,000	2,000,000
Vehicle	500/0	ACV/1,000,000
Directors, Officers, and Trustees Liability	0/7,500	2,000,000
Blanket Position Bond	0	25,000

NOTE 4: **INSURANCE COVERAGE** (Continued)

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.

NOTE 5: **CAPITAL ASSETS**

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

	Primary Government	Component Units
Capital Assets Not Depreciated		
Land	$ 878,365	$ 1,232,300
Construction in Progress	3,307,092	197,716
Total Capital Assets Not Depreciated	4,185,457	1,430,016
Capital Assets Being Depreciated		
Buildings and Building Improvements	65,295,574	19,252,731
Furniture and Equipment	1,866,608	956,134
Total Capital Assets being Depreciated	67,162,182	20,208,865
Less Accumulated Depreciation	(49,691,451)	(9,734,996)
Subtotal Capital Assets Being Depreciated	17,470,731	10,473,869
Total Capital Assets	$ 21,656,188	$ 11,903,885

The following is a summary of changes:

Primary Government

	Balance July 1, 2007	Amount Reclassed	Additions	Deletions	Balance June 30, 2008
Capital Assets Not Being Depreciated					
Land	$ 878,365	$ 0	$ 0	$ 0	$ 878,365
Construction in Progress	3,566,468	(139,141)	1,657,234	(1,777,469)	3,307,092
Total Capital Assets Not Being Depreciated	4,444,833	(139,141)	1,657,234	(1,777,469)	4,185,457
Capital Assets Being Depreciated					
Buildings and Building Improvements	63,347,308	0	1,948,266	0	65,295,574
Furniture and Equipment	1,901,280	0	419,880	(454,552)	1,866,608
Total Capital Assets Being Depreciated	65,248,588	0	2,368,146	(454,552)	67,162,182
Less Accumulated Depreciation:					
Buildings and Improvements	(43,837,632)	(1,431,027)	(2,700,016)	0	(47,968,675)
Furniture and Equipment	(3,203,351)	1,431,027	(60,326)	109,874	(1,722,776)
Total Accumulated Depreciation	(47,040,983)	0	(2,760,342)	109,874	(49,691,451)
Depreciable Assets, Net	18,207,605	0	(392,196)	(344,678)	17,470,731
Total Capital Assets, Net, Primary Government	$ 22,652,438	$ (139,141)	$ 1,265,038	$(2,122,147)	$ 21,656,188

NOTE 5: **CAPITAL ASSETS** (Continued)

Component Units

	Balance July 1, 2006	Amount Reclassed	Additions	Deletions	Balance June 30, 2008
Capital Assets Not Being Depreciated					
Land	$ 1,231,300	$ 0	$ 1,000	$ 0	$ 1,232,300
Construction in Progress	45,533	0	152,183	0	197,716
Total Capital Assets Not Being Depreciated	1,276,833	0	153,183	0	1,430,016
Capital Assets Being Depreciated					
Buildings and Building Improvements	19,252,731	0	0	0	19,252,731
Furniture and Equipment	900,042	0	82,705	(26,613)	956,134
Total Capital Assets Being Depreciated	20,152,773	0	82,705	(26,613)	20,208,865
Less Accumulated Depreciation:					
Buildings and Improvements	(8,539,166)	0	(465,631)	0	(9,004,797)
Furniture and Equipment	(650,095)	0	(106,597)	26,493	(730,199)
Total Accumulated Depreciation	(9,189,261)	0	(572,228)	26,493	(9,734,996)
Depreciable Assets, Net	10,963,512	0	(489,523)	(120)	10,473,869
Total Capital Assets, Net, Component Units	$12,240,345	$ 0	$ (336,340)	$ (120)	$11,903,885

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

Buildings	40 Years
Building Improvements	15 Years
Furniture and Equipment Dwellings	5 to 7 Years
Furniture and Equipment Administration	3 to 7 Years

NOTE 6: DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans.

- The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan.
- The Member-Directed Plan is a defined contribution plan in which the member invests both member and employee 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 is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the tradition plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional and combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

Effective January 1, 2007, the members of all three plans were required to contribute 9.50 percent of their annual covered salaries; the percent of contributions increased to 10.00 percent effective January 1, 2008. The Authority's contribution rate for pension benefits was 7.85 percent of covered payroll through December 31, 2007; effective January 1, 2008, the percent increased to 8.50 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the Traditional and Combined plans for the years ended June 30, 2008, 2007, and 2006 were $209,413, $245,669, and $267,944, respectively. 100 percent has been contributed for 2008, 2007, and 2006. Contributions to the Member-Directed Plan for 2008 were $3,982.

NOTE 7: POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

In addition to the pension benefit obligation described above, the Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed plan do not qualify for post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14.00 percent of covered payroll; 5.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 6 percent for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

As of December 31, 2007, the number of active contributing participants in the Traditional Pension and Combined plans totaled 374,979. Actual employer contributions for 2008 which were used to fund postemployment benefits were $147,451. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS' net assets available for payment of benefits at December 31, 2006 (the latest information available) was $12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $30.7 billion and $18.7 billion, respectively.

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)
On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Member and employer contribution rates increased as of January 1, 2007 and January 1, 2008, which will allow funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of heath care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 8: **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, 2008, based on the vesting method, $308,305 was accrued by the Authority for unused vacation and sick time. The current portion is $73,448 and the non-current portion is $234,857.

Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
$ 277,639	$ 77,643	$ (46,977)	$ 308,305

NOTE 9: LONG-TERM DEBT

The Authority's component units were obligated on the following notes as of June 30, 2008:

Refunding Bonds, Series 2002 (Section 8 Assisted Projects)
Bond issued by Warren Housing Development Corporation dated March 1, 2002 and due January 1, 2009. The Bank of New York is the bond trustee. Annual installments due and applicable rates of interest for the bond issue is as follows:

Due January 1, 2009 — $240,000 at 4.15%

The bonds were issued for the refinancing of the original debt used to finance the development of The Elms, Heaton House, West Park Manor, and Forest Ridge Apartments located throughout Trumbull County, Ohio.	$ 240,000
Adjustable Rate Demand Economic Development Revenue Bonds, Series 2003 Bonds issued by Western Reserve Housing Development Corporation dated April 1, 2003 and due April 1, 2023. Huntington National Bank is the bond trustee. Quarterly installments of approximately $20,000 are due in the first five years and approximately $55,000 for the remaining 15 years. The bonds were issued to acquire, renovate, and equip an administration building for lease to the Authority, which uses the facility as its central administration building.	3,225,000
Total	$ 3,465,000

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

Refund Bonds, Series 2002 (Section 8 Assisted Projects)

Fiscal Year Requirements	Principal Amount	Interest Amount	Total
2009	$ 240,000	$ 9,960	$ 249,960
Remaining at June 30, 2008	$ 240,000	$ 9,960	$ 249,960

Adjustable Rate Demand Economic Development Revenue Bonds, Series 2003

Fiscal Year Requirements	Principal Amount	Interest Amount	Total
2009	$ 150,000	$ 79,444	$ 229,444
2010	220,000	80,280	300,280
2011	220,000	74,268	294,268
2012	220,000	68,255	288,255
2013-2017	1,100,000	251,089	1,351,089
2018-2022	1,100,000	100,777	1,200,777
2023	215,000	2,152	217,152
Remaining at June 30, 2008	3,225,000	656,265	3,881,265

NOTE 9: **LONG-TERM DEBT** (Continued)

The combined principal and interest requirements are as follows:

Fiscal Year Requirements	Principal Amount	Interest Amount	Total
2009	$ 390,000	$ 89,404	$ 479,404
2010	220,000	80,280	300,280
2011	220,000	74,268	294,268
2012	220,000	68,255	288,255
2013-2017	1,100,000	251,089	1,351,089
2018-2022	1,100,000	100,777	1,200,777
2023	215,000	2,152	217,152
Remaining at June 30, 2008	$ 3,465,000	$ 666,225	$ 4,131,225

NOTE 10: **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 11: **CONDENSED FINANCIAL STATEMENT INFORMATION - COMPONENT UNITS**

	Western Reserve Housing Development Corporation	Warren Housing Development Corporation	Trumbull Housing Development Corporation	Eliminations/ Adjustments	Totals
Balance Sheet					
Current Assets	$ 277,370	$ 4,675,243	$ 8,724,735	$(491,588)	$ 13,185,760
Capital and Other Assets	4,729,971	5,494,466	2,016,250	(1)	12,240,686
Current Liabilities	(344,875)	(399,073)	(51,887)	68,566	(727,269)
Non-Current Liabilities	(3,075,682)	(457,251)	(4,175)	423,022	(3,114,086)
Net Assets	(1,586,784)	(9,313,385)	(10,684,923)	1	(21,585,091)
Revenues, Expenses, and Change in Equity					
Operating Revenue	1,209,054	2,548,506	241,248	1,304	4,000,112
Operating Expenses	1,009,177	1,763,362	537,887	(38,599)	3,271,827
Net Operating Income (Loss)	199,877	785,144	(296,639)	39,903	728,285
Net Non-Operating Revenue Over Expenses	(110,831)	106,248	352,776	1	348,194
Excess of Revenue Over Expenses	89,046	891,392	56,137	39,904	1,076,479

TRUMBULL METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED JUNE 30, 2008

Annual Contributions Contract C-5031

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

OH12ROO850103 Project OH	
Funds Approved	$ 98,593
Funds Expended	98,593
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 98,593
Funds Expended	98,593
Excess (Deficiency) of Funds Advanced	$ 0
OH12ROO850104 Project OH	
Funds Approved	$ 115,371
Funds Expended	115,371
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 115,371
Funds Expended	115,371
Excess (Deficiency) of Funds Advanced	$ 0
OH12POO850105 Project OH	
Funds Approved	$ 2,103,668
Funds Expended	2,103,668
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 2,103,668
Funds Expended	2,103,668
Excess (Deficiency) of Funds Advanced	$ 0

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, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Funds Expended
From U.S. Department of Housing and Urban Development		
Direct Programs		
PHA Owned Housing:		
Low Rent Public Housing	14.850	$ 4,653,978
Capital Fund Program	14.872	2,216,584
Total for PHA Owned Housing Program		6,870,562
Section 8 Tenant Based Clusters:		
Housing Assistance Payments:		
Housing Choice - Vouchers	14.871	4,000,460
Total for Section 8 Tenant Based Clusters		4,000,460
Resident Opportunity and Support Services	14.870	56,489
Total for Resident Opportunity and Support Services		56,489
Total U.S. Department of Housing and Urban Development		10,927,511
TOTAL ALL PROGRAMS		$ 10,927,511

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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, 2008, which collectively comprise the Trumbull Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated January 15, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Trumbull Metropolitan Housing Authority, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Trumbull Metropolitan Housing Authority, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the Trumbull Metropolitan Housing Authority, Ohio's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Trumbull Metropolitan Housing Authority, Ohio's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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

January 15, 2009

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND 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 U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The Trumbull Metropolitan Housing Authority, Ohio's major federal program is 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 its major federal program 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, *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'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 requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

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, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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1. SUMMARY OF AUDITOR'S RESULTS

2008(i)	Type of Financial Statement Opinion	Unqualified
2008(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS?)	No
2008(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2008(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2008(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2008(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2008(v)	Type of Major Programs' Compliance Opinion	Unqualified
2008(vi)	Are there any reportable findings under .510?	No
2008(vii)	Major Programs (list): Low Rent Public Housing - CFDA #14.850	
2008(viii)	Dollar Threshold: Type A\B Programs	Type A: >$327,825 Type B: > all others
2008(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.

Mary Taylor, CPA
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
APRIL 7, 2009

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