

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED MARCH 31, 2009



Mary Taylor, CPA
Auditor of State

Board of Directors
Tuscarawas Metropolitan Housing Authority
134 2nd Street S.W.
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2008 through March 31, 2009. 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 Tuscarawas Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 28, 2009

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**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED MARCH 31, 2009**

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tuscarawas Metropolitan Housing Authority
New Philadelphia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of the Tuscarawas Metropolitan Housing Authority, Ohio as of and for the year ended March 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, as of March 31, 2009, and the respective changes in financial position, and where applicable, cash flows 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 July 30, 2009, on our consideration of the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over financial reporting and 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.

The Management's Discussion and Analysis on pages 3 through 10 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 an opinion on the financial statements that collectively comprise the Tuscarawas Metropolitan Housing Authority, Ohio's 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 Government and Non-Profit Organizations* and is also not a required part of the basic financial statements of the Tuscarawas Metropolitan Housing Authority, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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


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

July 30, 2009

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

The Tuscarawas Metropolitan Housing Authority’s (the “Authority”) Management’s Discussion and Analysis is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Authority’s financial activity, **c)** identify changes in the Authority’s financial position (its ability to address the next and subsequent fiscal year challenges), and **d)** identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority’s financial statements, which begin on page 11.

Financial Highlights

The current year financial highlights were separated to identify changes in the Tuscarawas Metropolitan Housing Authority and its component units separately.

- During fiscal year 2009, the Authority’s net assets decreased by \$228,861 or 32 percent and the component units decreased by \$34,020 or 67 percent.
- The Authority’s revenue decreased by \$370,523 or 15 percent and its component units revenue decreased by \$469 or 0.32 percent.
- The total expenses of the Authority increased by \$216,625 or 10 percent and the component units expenses decreased by \$846 or 0.47 percent.

Using This Annual Report

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

MD&A

Management’s Discussion and Analysis

Basic Financial Statements

Authority-Wide Financial Statements
Notes to the Basic Financial Statements

Other Required Supplementary Information

Required Supplementary Information - Schedule of Expenditures and Federal Awards

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

The Authority-wide financial statements on pages 11 through 13 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 financial statements of the Authority include component units which are more fully discussed in the Notes to the Financial Statements.

The 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 equal 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 on the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent 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 Fund Net Assets, which is 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 revenues and expenses, such as grant revenue, investment income, and interest expense.

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

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

Finally, a Statement of Cash Flows on page 13 is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Fund Financial Statements

The Authority is accounted for using a single enterprise fund. The enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Some of the programs operated by the Authority are required to be reported separately by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Business-Type Program

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 Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of adjusted household income.

Other Programs In addition to the program above, the Authority also operates the following programs:

- Business Activities - represents non-HUD resources primarily from housing management services.
- Shelter Plus Care Program - provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.
- Community Home Improvement Program - Tuscarawas Metropolitan Housing Authority is under contract with the City of New Philadelphia to oversee a tenant based rental assistance program.

Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

Authority-Wide Statements

The following is a condensed **Statement of Net Assets** compared to the prior year-end. Tuscarawas Metropolitan Housing Authority is engaged only in business-type activities.

Table 1 - Condensed Statement of Net Assets Compared to Prior Year

	2009	2008
<u>Primary Government</u>		
<u>Assets</u>		
Current Assets	\$ 474,697	\$ 730,282
Capital Assets	<u>359,851</u>	<u>362,538</u>
Total Assets	<u>\$ 834,548</u>	<u>\$1,092,820</u>
<u>Liabilities</u>		
Current Liabilities	\$ 47,109	\$ 43,940
Long-term Liabilities	<u>304,532</u>	<u>337,112</u>
Total Liabilities	<u>351,641</u>	<u>381,052</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	92,251	88,938
Restricted Net Assets	194,008	442,342
Unrestricted Net Assets	<u>196,648</u>	<u>180,488</u>
Total Net Assets	<u>482,907</u>	<u>711,768</u>
Total Liabilities and Net Assets	<u>\$ 834,548</u>	<u>\$1,092,820</u>
<u>Component Units</u>		
<u>Assets</u>		
Current Assets	\$ 67,595	\$ 77,083
Capital Assets	1,402,578	1,436,247
Noncurrent Assets	<u>10</u>	<u>10</u>
Total Assets	<u>\$ 1,470,183</u>	<u>\$ 1,513,340</u>
<u>Liabilities</u>		
Current Liabilities	\$ 39,475	\$ 39,873
Long-Term Liabilities	<u>1,515,839</u>	<u>1,524,578</u>
Total Liabilities	<u>1,555,314</u>	<u>1,564,451</u>
<u>Net Assets</u>		
Investment in Capital Assets, net of Related Debt	278,000	303,679
Restricted Net Assets	32,366	37,713
Unrestricted Net Assets	<u>(395,497)</u>	<u>(392,503)</u>
Total Net Assets	<u>(85,131)</u>	<u>(51,111)</u>
Total Liabilities and Net Assets	<u>\$ 1,470,183</u>	<u>\$ 1,513,340</u>

For more detail information, see Statement of Net Assets presented on page 14.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

Major Factors Affecting the Statement of Net Assets

Assets of the Authority decreased by \$258,272 and liabilities decreased by \$29,411. The decrease in assets was mainly due to a decrease in cash as Tuscarawas Metropolitan Housing Authority increased spending on housing assistance payments in the housing choice voucher program despite the current year award amount decreasing. Total liabilities decreased, mainly due to several forfeitures from the FSS Escrow program during the year.

The Assets of the Authority's component units decreased by \$43,157 and the liabilities decreased by \$9,137. The decrease in assets was due to current year depreciation expense and the decrease in liabilities was due to current year debt payment.

Table 2 presents details on the change in Net Assets.

Table 2 - Change in Net Assets			
<u>Primary Government</u>			
	<u>Invested In Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>
Beginning Balance - March 31, 2008	\$ 88,938	\$ 442,342	\$ 180,488
Results of Operation	0	0	(228,861)
Adjustments:			
Current Year Depreciation Expense (1)	(19,324)	0	19,324
Current Year Asset Additions	16,637	0	(16,637)
Current Year Debt Activities, Net	6,000	0	(6,000)
Transfer to Restricted Net Assets	0	(248,334)	248,334
Ending Balance - March 31, 2009	<u>\$ 92,251</u>	<u>\$ 194,008</u>	<u>\$ 196,648</u>
<u>Component Units</u>			
	<u>Invested In Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>
Beginning Balance - March 31, 2008	\$ 303,679	\$ 37,713	\$ (392,503)
Results of Operation	0	0	(34,020)
Adjustments:			
Current Year Depreciation Expense (1)	(50,690)	0	50,690
Capital Expenditure	17,298	0	(17,298)
Loss on Disposal of Capital Asset	(277)	0	277
Current Year Debt Activities, Net	7,990	0	(7,990)
Transfer to Restricted Net Assets	0	(5,347)	5,347
Ending Balance - March 31, 2009	<u>\$ 278,000</u>	<u>\$ 32,366</u>	<u>\$ (395,497)</u>

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

While the result of operations is 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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Assets compared to prior year and compares the revenues and expenses for the current and previously fiscal year. The Authority is engaged in only business-type activities.

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

	2009	2008
<u>Primary Government</u>		
<u>Revenues</u>		
Operating Subsidies	\$ 2,123,665	\$ 2,506,978
Investment Income	2,472	15,067
Other Revenues	57,300	31,915
Total Revenues	<u>2,183,437</u>	<u>2,553,960</u>
<u>Expenses</u>		
Administrative	352,221	352,484
Utilities	3,675	3,270
Maintenance	4,417	4,198
General and Interest Expenses	15,094	14,796
Housing Assistance Payments	2,017,567	1,801,479
Depreciation	19,324	19,446
Total Expenses	<u>2,412,298</u>	<u>2,195,673</u>
Net Increases (Decreases)	<u>\$ (228,861)</u>	<u>\$ 358,287</u>
<u>Component Units</u>		
<u>Revenues</u>		
Total Tenant Revenues	\$ 145,787	\$ 145,421
Investment Income	359	1,194
Total Revenues	<u>146,146</u>	<u>146,615</u>
<u>Expenses</u>		
Administrative	31,869	31,762
Utilities	27,714	29,431
Maintenance	22,704	23,616
General and Interest Expenses	46,912	47,045
Depreciation	50,690	49,158
Loss on Disposal of Capital Asset	277	0
Total Expenses	<u>180,166</u>	<u>181,012</u>
Net Increases (Decreases)	<u>\$ (34,020)</u>	<u>\$ (34,397)</u>

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Assets

The revenue of the Primary Government decreased by \$370,523 for the fiscal year. The decrease was mainly due to a \$394,798 decrease in housing assistance funds received from HUD. The component units' revenue was stable for the fiscal year, only decreasing by \$469.

Total expenses for the Primary Government increased by \$216,625 for the fiscal year. This increase was mainly due to additional housing assistance expenses incurred in the amount of \$216,088. The component units expenses decreased for the year by \$846.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

Capital Assets

As of March 31, 2009, the Primary Government had \$359,851 invested in capital assets and the component units had \$1,402,578, as reflected in the following schedule which represents a net decrease (additions, disposals, and depreciation) of \$2,687 for the Authority and \$33,669 for the component units in comparison with prior year.

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

<u>Primary Government</u>		
	<u>2009</u>	<u>2008</u>
Land and Land Rights	\$ 30,000	\$ 30,000
Buildings and Improvements	446,322	429,685
Equipment	52,422	55,419
Accumulated Depreciation	<u>(168,893)</u>	<u>(152,566)</u>
Total	<u>\$ 359,851</u>	<u>\$ 362,538</u>
<u>Component Units</u>		
	<u>2009</u>	<u>2008</u>
Land and Land Rights	\$ 100,000	\$ 100,000
Buildings	1,485,158	1,476,798
Equipment	86,409	77,918
Accumulated Depreciation	<u>(268,989)</u>	<u>(218,469)</u>
Total	<u>\$ 1,402,578</u>	<u>\$ 1,436,247</u>

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 21.

Table 5 - Change in Capital Assets

	<u>Primary Government</u>	<u>Component Units</u>
Beginning Balance - March 31, 2008	\$ 362,538	\$ 1,436,247
Current Year Additions	16,637	17,298
Current Year Disposals	0	(277)
Current Year Depreciation Expense	<u>(19,324)</u>	<u>(50,690)</u>
Ending Balance - March 31, 2009	<u>\$ 359,851</u>	<u>\$ 1,402,578</u>
Current year additions are summarized as follows:		
- Roof	\$ 0	\$ 8,360
- Water Heaters	0	518
- Appliances	0	2,814
- Carpet	0	4,512
- Computer System & Monitor	0	1,094
- Security Wall Project	<u>16,637</u>	<u>0</u>
Total 2009 Additions	<u>\$ 16,637</u>	<u>\$ 17,298</u>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED MARCH 31, 2009
(Unaudited)**

Debt

The debt of the Primary Government was reduced by \$6,000 and the component unit debt decreased by \$7,990 during fiscal year 2009, a reduction of 2 percent and .7 percent respectively. The following is a comparison of the debt outstanding at year end 2009 and year end 2008.

Table 6 - Changes in Debt Outstanding

	<u>Primary Government</u>	<u>Component Units</u>
Beginning Balance - March 31, 2008	\$ 273,600	\$ 1,132,568
Current Year Principal Payments	<u>(6,000)</u>	<u>(7,990)</u>
Ending Balance - March 31, 2009	<u>\$ 267,600</u>	<u>\$ 1,124,578</u>

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recession, and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies, and other costs.

Financial Contact

The individual to be contacted regarding this report is Marty Chumney, Executive Director for the Tuscarawas Metropolitan Housing Authority, at (330) 308-8099. Specific requests may be submitted to the Authority at 134 2nd Street S.W., New Philadelphia, Ohio 44663.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2009

	<u>Primary Government</u>	<u>Component Units</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 242,570	\$ 17,194
Restricted Cash and Cash Equivalents	223,398	44,074
Receivables, Net	8,729	1,958
Prepaid Expenses and Other Assets	<u>0</u>	<u>4,369</u>
Total Current Assets	<u>474,697</u>	<u>67,595</u>
<u>Noncurrent Assets</u>		
Capital Assets:		
Land	30,000	100,000
Building and Equipment	498,744	1,571,567
Less Accumulated Depreciation	<u>(168,893)</u>	<u>(268,989)</u>
Capital Assets, Net	359,851	1,402,578
Other Noncurrent Assets	<u>0</u>	<u>10</u>
Total Noncurrent Assets	<u>359,851</u>	<u>1,402,588</u>
TOTAL ASSETS	<u>\$ 834,548</u>	<u>\$ 1,470,183</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 3,695	\$ 1,201
Accrued Liabilities	37,014	3,747
Intergovernmental Payables	0	14,080
Tenant Security Deposits	0	11,708
Bonds, Notes, and Loans Payable	<u>6,400</u>	<u>8,739</u>
Total Current Liabilities	<u>47,109</u>	<u>39,475</u>
<u>Noncurrent Liabilities</u>		
Bonds, Notes, and Loans Payable	261,200	1,115,839
Accrued Compensated Absences - Noncurrent	13,942	0
Noncurrent Liabilities - Other	<u>29,390</u>	<u>400,000</u>
Total Noncurrent Liabilities	<u>304,532</u>	<u>1,515,839</u>
Total Liabilities	<u>351,641</u>	<u>1,555,314</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	92,251	278,000
Restricted Net Assets	194,008	32,366
Unrestricted Net Assets	<u>196,648</u>	<u>(395,497)</u>
Total Net Assets	<u>482,907</u>	<u>(85,131)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 834,548</u>	<u>\$ 1,470,183</u>

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2009

	<u>Primary Government</u>	<u>Component Units</u>
<u>Operating Revenues</u>		
Tenant Revenue	\$ 0	\$ 145,787
Government Operating Grants	2,123,665	0
Other Revenue	<u>57,300</u>	<u>0</u>
Total Operating Revenues	<u>2,180,965</u>	<u>145,787</u>
<u>Operating Expenses</u>		
Administrative	352,221	31,869
Utilities	3,675	27,714
Maintenance	4,417	22,704
General	2,440	24,285
Housing Assistance Payment	2,017,567	0
Depreciation	<u>19,324</u>	<u>50,690</u>
Total Operating Expenses	<u>2,399,644</u>	<u>157,262</u>
Operating Income (Loss)	<u>(218,679)</u>	<u>(11,475)</u>
<u>Non-Operating Revenues (Expenses)</u>		
Interest and Investment Revenue	2,472	359
Interest Expense	(12,654)	(22,627)
Loss on Disposal of Asset	<u>0</u>	<u>(277)</u>
Total Non-Operating Revenues (Expenses)	<u>(10,182)</u>	<u>(22,545)</u>
Change in Net Assets	(228,861)	(34,020)
Total Net Assets, Beginning of Year	<u>711,768</u>	<u>(51,111)</u>
Net Assets, End of Year	<u>\$ 482,907</u>	<u>\$ (85,131)</u>

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2009

	<u>Primary Government</u>	<u>Component Units</u>
<u>Cash Flows from Operating Activities</u>		
Operating Grants Received	\$ 2,118,601	\$ 0
Tenant Revenue Received	0	146,804
Other Revenue Received	53,646	0
General and Administrative Expenses Paid	(376,836)	(110,671)
Housing Assistance Payments	<u>(2,017,567)</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>(222,156)</u>	<u>36,133</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Retirement of Debt	(6,000)	(7,990)
Interest Paid on Debt	(12,654)	(22,627)
Property and Equipment Purchased, Net	<u>(16,637)</u>	<u>(17,298)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(35,291)</u>	<u>(47,915)</u>
<u>Cash Flows from Investing Activities</u>		
Interest Earned	<u>2,472</u>	<u>359</u>
Net Cash Provided (Used) by Investing Activities	<u>2,472</u>	<u>359</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(254,975)	(11,423)
Cash and Cash Equivalents, Beginning Of Year	<u>720,943</u>	<u>72,691</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 465,968</u>	<u>\$ 61,268</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>		
Net Operating (Loss)	\$ (218,679)	\$ (11,475)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	19,324	50,690
(Increase) Decrease in Accounts Receivable	610	1,017
(Increase) Decrease in Prepaid Assets	0	(2,952)
Increase (Decrease) in Accounts Payable	(1,074)	(2,890)
Increase (Decrease) in Accrued Payable	1,829	238
Increase (Decrease) in FSS Escrow	(25,182)	0
Increase (Decrease) in Tenant Security Deposits	0	1,505
Increase (Decrease) in Compensated Absence	<u>1,016</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>\$ (222,156)</u>	<u>\$ 36,133</u>

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Tuscarawas Metropolitan Housing Authority (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.

Reporting Entity

The Tuscarawas Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. 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 subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

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

Reporting Entity (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

The accompanying financial statements present the Authority's primary government and the two component units, Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC, which the Authority exercises significant influence.

Component Units

The component units are reported in the Authority's financial statements as shown below:

Discretely Presented Component Unit

Tuscarawas Affordable Housing Service Corp.

Brief Description and Relationship

A not-for-profit (IRS section 501 (c) (3)) corporation created for the purpose of providing low and moderate income housing. Tuscarawas Metropolitan Housing Authority staff operates and manages the units. Four of the five Board Members are the same for both Agencies.

Discretely Presented Component Unit

Tuscarawas Affordable Housing One, LLC

Brief Description and Relationship

A limited liability corporation created for the purpose of ownership and management of Clay Village Apartments. Its officers are THMA Executive Director, Assistant Director and one Board Member. Tuscarawas Affordable Housing One, LLC's fiscal is a December 31, year end. The financial statements reflected in this report are for the fiscal year ending December 31, 2008.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

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

Basis of Presentation

The Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD 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.

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.

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. The Authority has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC also use the full accrual basis of accounting.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

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

Description of Programs

The following are the various programs which are included in the single enterprise fund:

A. *Housing Choice Voucher Program*

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

B. *Shelter Plus Care Program*

The Shelter Plus Care Program - provides rental assistance for-hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.

C. *Business Activities*

Represents non-HUD resources primarily from housing management services.

D. *Component Units*

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

E. *Community Home Improvement Program*

Tuscarawas Metropolitan Housing Authority is under contract with the City of New Philadelphia to oversee tenant based rental assistance program.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ending March 31, 2009 totaled \$2,472. The interest income earned by Component Units for the fiscal year ending December 31, 2008 totaled \$359.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Depreciation is computed using the straight-line method over the following estimated useful lives:

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

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

Capital Assets (Continued)

Buildings	30 years
Building Improvements	10 years
Furniture, Equipment and Machinery	3-7 years

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets - net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Restricted Cash

Restricted cash balance as of March 31, 2009 represents cash on hand for the following:

	<u>Primary Government</u>	<u>Component Units</u>
FSS Escrow Funds held for Tenants	\$ 29,390	\$ 0
Reserve for Taxes and Insurance	0	6,336
Reserve for Replacements	0	26,030
Tenant Security Deposit	0	11,708
Cash on Hand Advances from HUD to be used For Tenants Housing Assistance Payments	<u>194,008</u>	<u>0</u>
Total Restricted Cash	<u>\$ 223,398</u>	<u>\$ 44,074</u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

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

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics 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.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

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 basic 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**

Deposits

State statutes classify monies held by the Authority into three categories.

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

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

Deposits (Continued)

- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two periods of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year ended March 31, 2009, the carrying amount of the Authority's deposits totaled \$465,968 and its bank balance was \$467,452. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of March 31, 2009, \$217,452 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the 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 all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Component Unit

The carrying amount of the Component Unit deposits was \$61,268 at March 31, 2009. It includes savings accounts and all certificates of deposit with original maturities of three months or less.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

NOTE 3: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2009 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 4: CAPITAL ASSETS

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

	Primary Government			Balance March 31, 2009
	Balance March 31, 2008	Additions	Deletions	
Capital Assets Not Being Depreciated:				
Land	\$ 30,000	\$ 0	\$ 0	\$ 30,000
Total Capital Assets Not Being Depreciated:	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
Capital Assets Being Depreciated:				
Buildings	421,128	16,637	0	437,765
Furniture, Machinery and Equipment	55,419	0	(2,997)	52,422
Leasehold Improvements	8,557	0	0	8,557
Total Capital Assets Being Depreciated	<u>485,104</u>	<u>16,637</u>	<u>(2,997)</u>	<u>498,744</u>
Accumulated Depreciation:				
Buildings	(97,947)	(15,799)	0	(113,746)
Furniture, Machinery and Equipment	(50,767)	(2,669)	2,997	(50,439)
Leasehold Improvements	(3,852)	(856)	0	(4,708)
Total Accumulated Depreciation	<u>(152,566)</u>	<u>(19,324)</u>	<u>2,997</u>	<u>(168,893)</u>
Total Capital Assets Being Depreciated, Net	<u>332,538</u>	<u>(2,687)</u>	<u>0</u>	<u>329,851</u>
Total Capital Assets, Net	<u>\$ 362,538</u>	<u>\$ (2,687)</u>	<u>\$ 0</u>	<u>\$ 359,851</u>
	Component Unit			Balance 12/31/08
	Balance 01/01/08	Additions	Deletions	
Capital Assets Not Being Depreciated:				
Land	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Total Capital Assets Not Being Depreciated	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Capital Assets Being Depreciated:				
Buildings	1,476,798	8,360	0	1,485,158
Furniture, Machinery, and Equipment	77,918	8,938	(447)	86,409
Total Capital Assets Being Depreciated	<u>1,554,716</u>	<u>17,298</u>	<u>(447)</u>	<u>1,571,567</u>
Accumulated Depreciation:				
Buildings	(179,545)	(39,144)	0	(218,689)
Furniture, Machinery and Equipment	(38,924)	(11,546)	170	(50,300)
Total Accumulated Depreciation	(218,469)	(50,690)	170	(268,989)
Total Capital Assets Being Depreciated, Net	<u>1,336,247</u>	<u>(33,392)</u>	<u>(277)</u>	<u>1,302,578</u>
Total Capital Assets, Net	<u>\$ 1,436,247</u>	<u>\$ (33,392)</u>	<u>\$ (277)</u>	<u>\$ 1,402,578</u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

NOTE 5: DEFINED BENEFIT PENSION PLANS - PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employees retirement system administered by the Public Employee Retirement Board. OPERS provides basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan - A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan - A defined 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-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan - A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits 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.

Plan members are required to contribute 10 percent for their annual covered salary to fund pension obligations. The 2008 employer pension contribution rate for Authority was 14 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended March 31, 2009, 2008, and 2007 amounted to \$26,588, \$26,232, and \$26,156 respectively. The full amount has been contributed for all three years.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

NOTE 6: **POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

A. Plan Description

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 healthcare 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 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 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 800-222-7377.

B. Funding Policy

The Ohio Revised Code provided 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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, 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. 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 2008, the portion of employer contributions allocated to health care was 7.00 percent of covered payroll. Actual Authority contributions for 2008 which were used to fund post-employment benefits were \$56,687. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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 7: **CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2008, the Authority implemented GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”, and GASB Statement No. 50 “*Pension Disclosures*”. GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The implementation of GASB Statements No. 49 and No. 50 did not affect the presentation of the financial statements of the Authority.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

NOTE 8: LONG-TERM OBLIGATIONS

Tuscarawas Metropolitan Housing Authority (Primary Government)

In the fiscal year ending March 31, 2003, the Authority issued a \$300,000 mortgage revenue bond, for a 30 year period, series 2002, for the purpose of paying part of the cost of a construction of an office addition to the administration building. In addition the bonds issued were also used to refinance the existing mortgage loan of \$89,974 for the purchase of the administration building. The outstanding principal amount shall bear interest at the rate of 4.625 percent, calculated on a basis of actual number of days and a 365 day year.

The project was fully completed in February 2004 and the loan commenced on November 1, 2003.

The following is a summary of changes in long-term obligations debt for the year ended March 31, 2009:

<u>Description</u>	<u>Balance</u> <u>03/31/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>03/31/09</u>	<u>Due Within</u> <u>One Year</u>
Mortgage Payable	\$ 273,600	\$ 0	\$ 6,000	\$ 267,600	\$ 6,400
Compensated Absences	37,697	2,548	1,532	38,713	24,771
Total Primary Government	<u>\$ 311,297</u>	<u>\$ 2,548</u>	<u>\$ 7,532</u>	<u>\$ 306,313</u>	<u>\$ 31,171</u>

Debt maturities are as follows:

<u>Period</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 6,400	\$ 12,376	\$ 18,776
2011	6,600	12,080	18,680
2012	6,900	11,775	18,675
2013	7,200	11,456	18,656
2014	7,600	11,123	18,723
2015-2019	43,400	50,029	93,429
2020-2024	54,400	39,017	93,417
2025-2029	68,200	25,211	93,411
2030-2034	66,900	7,909	74,809
Total	<u>\$ 267,600</u>	<u>\$ 180,976</u>	<u>\$ 448,576</u>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)**

NOTE 8: **LONG-TERM OBLIGATIONS** (Continued)

Tuscarawas Affordable Housing One, LLC (Component Unit)

On December 9, 2002, Tuscarawas Affordable Housing One, LLC assumed an outstanding loan balance of \$1,163,986 from an original loan of \$1,197,000 from Clay Village, Ltd. Partnership for the purchase of Clay Village Apartment building.

The mortgage note is collateralized by the land, building and improvements, equipment and furnishings. The note bears interest at the rate of 9 percent per annum. Principal and interest are payable in monthly installments of \$9,132 reduced to \$2,554 (effective 1 percent interest rate) by USDA - Rural Development interest subsidy program through 2037. The mortgage liability is limited to the underlying value of the collateral pledged.

Under the loan agreement with USDA - Rural Development, the project is required to make monthly reserve for replacement deposits, and is subject to operating and returns to owner restrictions.

The following is a summary of debt maturity for the next five years as reported on the Tuscarawas Affordable Housing One, LLC audit report:

<u>Year</u>	<u>Amount</u>
2009	\$ 8,739
2010	9,559
2011	10,456
2012	11,437
2013	12,510
Thereafter	<u>1,071,877</u>
Total	<u>\$ 1,124,578</u>

NOTE 9: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

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

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2009**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Housing Choice Voucher Program	14.871	\$ 2,068,657
Shelter Plus Care Program	14.238	<u>51,354</u>
Total Public Housing Programs		<u>2,120,011</u>
<u>Pass Through Program from the City of New Philadelphia</u>		
Community Housing Improvement Program	14.239	<u>3,654</u>
Total Pass Through Program		<u>3,654</u>
Total U.S. Department of Housing and Urban Development		<u>2,123,665</u>
Total Federal Awards Expenditures		<u>\$ 2,123,665</u>

This schedule is prepared on the accrual basis of accounting.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Directors
Tuscarawas Metropolitan Housing
New Philadelphia, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited the basic financial statements of the Tuscarawas Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2009, and have issued our report thereon dated July 30, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tuscarawas 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 on the effectiveness of the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tuscarawas 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 Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the Tuscarawas Metropolitan Housing Authority, Ohio's internal control.

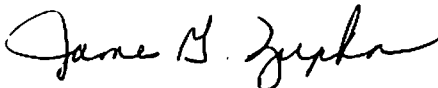
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Tuscarawas Metropolitan Housing Authority, Ohio's internal control.

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 Tuscarawas 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 the management, Board of Directors, 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

July 30, 2009

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

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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
Tuscarawas Metropolitan Housing Authority
New Philadelphia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of the Tuscarawas Metropolitan Housing Authority, Ohio, 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 each of its major federal programs for the year ended March 31, 2009. The Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Tuscarawas Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the Tuscarawas Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

Internal Control Over Compliance

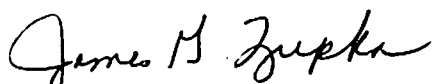
The management of the Tuscarawas Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio'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 the 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 the management, the Board of Directors, and federal awarding agencies and pass-through entities 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

July 30, 2009

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
MARCH 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

2009(i)	Type of Financial Statement Opinion	Unqualified
2009(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2009(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2009(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2009(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2009(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2009(v)	Type of Major Programs' Compliance Opinion	Unqualified
2009(vi)	Are there any reportable findings under .510?	No
2009(vii)	Major Programs (list):	
	Housing Choice Voucher Program - CFDA #14.871	
2009(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2009(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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR YEAR FINDINGS
MARCH 31, 2009**

The audit report for the prior year ended March 31, 2008 contained no findings or citations. Management letter comments were corrected in 2008.



Mary Taylor, CPA
Auditor of State

METROPOLITAN HOUSING AUTHORITY

TUSCARAWAS 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
OCTOBER 8, 2009**