

**TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED JUNE 30, 2000**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904



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Board of Commissioners
Trumbull Metropolitan Housing Authority
1977 Niles Road SE
Warren, OH 44484

We have reviewed the independent auditor's report of the Trumbull Metropolitan Housing Authority, Trumbull County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period July 1, 1999 through June 30, 2000. 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.

JIM PETRO
Auditor of State

October 30, 2001

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TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO

JUNE 30, 2000

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J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
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*Member AICPA
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*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Trumbull Metropolitan Housing Authority
Warren, Ohio

We have audited the accompanying balance sheet of the Trumbull Metropolitan Housing Authority, Warren, Ohio, as of and for the year ended June 30, 2000, and the related statements of revenues, expenses, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trumbull Metropolitan Housing Authority as of June 30, 2000, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 2001, on our consideration of Trumbull Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements of Trumbull Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards, 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 financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
August 21, 2001

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
BALANCE SHEET
JUNE 30, 2000

ASSETS

Current Assets

| | |
|--|--------------------------|
| Cash and Cash Equivalents | \$ 1,287,008 |
| Tenant Accounts Receivable- Net of \$ 40,000 Doubtful Accounts | 56,570 |
| Accounts Receivable-HUD | 129,731 |
| Accounts Receivable-Other | 569,736 |
| Accrued Interest Receivable | 340 |
| Investments-Unrestricted | 326,156 |
| Prepaid Expenses | 99,204 |
| Inventory- Net of \$ 58,400 Allowance for Obsolete | <u>136,206</u> |
| Total Current Assets | 2,604,951 |
| Property and Equipment - Net of \$ 30,768,429 Accumulated Depreciation | <u>25,242,574</u> |
| Total Assets | <u>\$ 27,847,525</u> |

LIABILITES AND EQUITY

Current Liabilities

| | |
|-------------------------------------|--------------------------|
| Accounts Payable | \$ 105,896 |
| Accounts Payable- Other Governments | 70,444 |
| Accounts Payable- HUD | 18,871 |
| Tenant Security Deposits | 49,784 |
| Accrued Wages and Payroll Taxes | 23,584 |
| Accrued Compensated Absences | 247,462 |
| Deferred Revenues | 322,679 |
| Other Current Liabilities | <u>242,092</u> |
| Total Current Liabilities | 1,080,812 |
| Noncurrent Liabilites- Other | <u>47,931</u> |
| Total Liabilities | 1,128,743 |
| Total Equity | <u>26,718,782</u> |
| Total Liabilities and Equity | <u>\$ 27,847,525</u> |

The accompanying notes are an integral part of these financial statements.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
 WARREN, OHIO
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2000

| | |
|---|--------------------------|
| <u>Revenue</u> | |
| HUD Grants | \$ 6,417,574 |
| Rental Income | 1,445,232 |
| Investment Income-Unrestricted | 92,267 |
| Fraud Recovery | 396 |
| Other Revenue | <u>8,247</u> |
| Total Revenue | 7,963,716 |
| <u>Expenses (before depreciation)</u> | |
| Housing Assistance Payments | 2,869,579 |
| Administrative Salaries | 803,574 |
| Compensated Absences | 22,499 |
| Employee Benefits | 578,251 |
| Other Administrative Expense | 1,337,618 |
| Material and Labor | 869,203 |
| Contract Services | 759,920 |
| Utilities | 740,795 |
| General Expenses | 135,186 |
| Payment in Lieu of Taxes | 70,444 |
| Severance Pay | 5,933 |
| Bad Debt Expense | <u>38,274</u> |
| Total Expenses | 8,231,276 |
| Income (Loss) before Depreciation & Other Costs | (267,560) |
| Depreciation | 2,099,323 |
| Casualty Loss | (7,564) |
| Extraordinary Maintenance | <u>9,980</u> |
| Operating Income (Loss) | (2,384,427) |
| Equity - Beginning of Year | 53,389,813 |
| Prior Year Adjustments | <u>(25,387,881)</u> |
| Equity as Restated | 28,001,932 |
| Capital Contributions | <u>1,101,277</u> |
| Total Equity - End of Year | <u>\$ 26,718,782</u> |

The accompanying notes are an integral part of these financial statements.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2000

Cash Flows from Operating Activities

| | |
|--|------------------|
| Operating Income (Loss) | \$ (2,384,427) |
| Adjustments to reconcile Operating Income(Loss) to Net Cash Provided By Operating Activities: | |
| Depreciation | 2,099,323 |
| Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows: | |
| Tenant Accounts Receivable- Net | 52,012 |
| Accounts Receivable- Misc | (369,600) |
| Accounts Receivable- HUD | (129,731) |
| Accrued Interest Receivable | 1,331 |
| Investments- Unrestricted | 156,304 |
| Prepaid Expenses | (99,204) |
| Inventory | (40,262) |
| Accounts Payable- Vendor | (72,644) |
| Accounts Payable-HUD | (60,172) |
| Accounts Payable- Other | (19,977) |
| Accrued Wages & Taxes Payable | 23,584 |
| Accrued Compensated Absences | 247,462 |
| Tenant Security Deposits | 5,974 |
| Deferred Revenues | <u>(346,954)</u> |
| Total Adjustments | <u>1,447,446</u> |
| Net Cash (Used) Provided By Operating Activities | <u>(936,981)</u> |

Cash Flows from Investing Activities

| | |
|--|------------------|
| Change in Property and Equipment | <u>(681,909)</u> |
| Net Cash (Used) Provided By Investing Activities | <u>(681,909)</u> |

Cash Flows from Financing Activities

| | |
|--|---------------------|
| Contributed Capital | <u>1,101,277</u> |
| Net Cash (Used) Provided by Financing Activities | <u>1,101,277</u> |
| Increase (Decrease) In Cash and Cash Equivalents | (517,613) |
| Cash and Cash Equivalents - Beginning of Year | <u>1,804,621</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 1,287,008</u> |

The accompanying notes are an integral part of these financial statements.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Trumbull Metropolitan Housing Authority (TMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Trumbull Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining that the reporting entity did not have any component units.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

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 Financial Accounting Standards Board 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.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

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

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables - Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

Property and Equipment

Property and Equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred.

Useful Lives

| | |
|-----------------------|----------|
| Buildings | 40 Years |
| Building Improvements | 15 Years |
| Equipment | 7 Years |
| Autos | 5 Years |

Depreciation is recorded on the straight-line method.

Capitalization of Interest

The Department of Housing and Urban Development's policy is not to capitalize interest in the construction or purchase of fixed assets.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

NOTE 2 - CASH AND INVESTMENTS

Cash

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

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

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 current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 2 - CASH AND INVESTMENTS, continued

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralize with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The following show the Authority's deposits (bank balances) in each category:

- Category 1 . . . \$ 351,926 was covered by federal depository insurance.
- Category 2 . . . \$ 1,235,987 was covered by specific collateral pledged by the financial institution in the name of the Authority.

Book Balances at June 30, 2000, were as follows:

| | Cash | Investments | Total |
|-------------------------------|---------------------|-------------------|---------------------|
| Low Rent Public Housing | \$ 120,524 | \$ 326,156 | \$ 446,680 |
| Section 8 New Construction | 51,925 | | 51,925 |
| Section 8 Rental Certificates | 746,611 | | 746,611 |
| Section 8 Rental Vouchers | 367,948 | - | 367,948 |
| | <u>\$ 1,287,008</u> | <u>\$ 326,156</u> | <u>\$ 1,613,164</u> |

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to ma maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of conformation of transfer from the custodian.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 2 - CASH AND INVESTMENTS, Continued

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

The Authority's nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2000, by class is as follows:

| | |
|--------------------------------------|----------------------|
| Land | \$ 878,365 |
| Buildings and Buildings Improvements | 51,581,612 |
| Furniture, Equipment- Dwelling | 1,581,166 |
| Furniture, Equipment- Administrative | 868,581 |
| Construction in Progress | <u>1,101,279</u> |
| Total | 56,011,003 |
| Less Accumulated Depreciation | <u>(30,768,429)</u> |
| Net Property and Equipment | <u>\$ 25,242,574</u> |

NOTE 4 - ADMINISTRATIVE FEE

The Authority receives and "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts. The rates are as follows:

- A. Certificates and Vouchers
 - Units per month x \$ 34.93/unit - July through September
 - Units per month x \$ 36.18/unit - October through June

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 5 - ALLOCATION OF COSTS

The Authority allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.

NOTE 6 - RETIREMENT AND OTHER BENEFIT PLANS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer deferred benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2000 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Authority's contributions to P.E.R.S. for the years ending June 30, 2000 were as follows:

| | Contribution | % |
|---------|--------------|--------|
| 6/30/00 | \$ 442,370 | 13.55% |
| 6/30/99 | \$ 423,017 | 13.55% |
| 6/30/98 | \$ 410,956 | 13.55% |

All required contributions were made prior to each of those fiscal year ends.

PERS of Ohio provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. The 2000 employer contribution rate for state employers was 10.84 % of covered payroll : 4.3 % was the portion that was used to fund health care for the year, under the new calculation methodology effective January 1, 1998. Under the prior method, which was actuarially based, accrued liabilities and normal cost rates were computed to determine the amount of employer contributions necessary to fund OPEB.

OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely. The number of benefit recipients eligible for OPEB at June 30, 2000, was 401,339.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 7- COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All members of the bargaining unit shall accrue sick leave credits at the rate of ten (10) hours per month. Sick leave may be accumulated without limit and may be used in increments of one (1) hour. All full time bargaining unit employees shall be entitled to annual leave with pay subject to the terms of the contract.

All permanent salaried employees will earn 10 hours sick leave per month. Unused sick leave may be accumulated without limit. At the time of separation, employees shall not be paid the value of unused sick leave.

All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At June 30, 2000, \$ 247,462 was accrued by the Authority for unused vacation time.

NOTE 8 - INSURANCE

The Housing Authority maintains comprehensive insurance coverage with private carriers for health care, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

NOTE 9 - CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2000 the Authority was not involved in litigation which would have a material effect on the financial statements.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

NOTE 10 - CHANGE IN BASIS OF ACCOUNTING

Effective July 1, 1999, the Authority adopted the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP).

Equity as of July 1, 1999 has been decreased by \$ 25,387,881, retroactively to reflect this change in accounting.

The prior period adjustment of \$ 25,387,881 decreasing equity is made up of the following amounts:

| | |
|------------------------|-----------------------------|
| \$ (6,323,034) | Write-Off soft costs |
| (224,962) | Compensated Absences |
| (29,404,374) | Fixed Assets & Depreciation |
| 9,648,148 | Write-Off Dbt |
| <u>916,341</u> | Other |
| <u>\$ (25,387,881)</u> | |

TRUMBULL METROPOLITAN HOUSING AUTHORITY
 WARREN, OHIO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2000

| <u>Federal Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Expenditures For The Year Ended</u> |
|---|------------------------------------|--|
| <u>U.S. Department of Housing and Urban Development</u> | | |
| Direct Programs: | | |
| Low Rent Public Housing | 14.850 | \$ <u>2,259,640</u> |
| Drug Elimination Grant Program | 14.854 | <u>278,418</u> |
| Comprehensive Grant Program | 14.852 | <u>1,520,645</u> |
| Economic Development and Supportive Services Program | 14.864 | <u>232,996</u> |
| Section 8 Tenant Based Cluster: | | |
| Rental Certificates Program | 14.857 | 1,156,423 |
| Rental Vouchers Program | 14.855 | 1,705,887 |
| Section 8 Project Based Program | | |
| New Construction Program | 14.182 | <u>364,842</u> |
| Sub-Total | | <u>3,227,152</u> |
| Total Federal Assistance | | \$ <u>7,518,851</u> |

See Independent Auditors' Report

TRUMBULL METROPOLITAN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Balance Sheet

| | As of June 30, 2000 | | | | | TOTAL |
|---|-------------------------------|--------------------------|--|-------------------------------------|---------------------------------|-------|
| | Low Rent Public Housing | Comp Grant Program | Section 8 New Construction Program | Section 8 Rental Certificates | Section 8 Rental Vouchers | |
| ASSETS | 14,850 | 14,859 | 14,182 | 14,857 | 14,855 | |
| Current Assets | 120,524 | 51,925 | 746,611 | 367,948 | 1,287,008 | |
| Cash-unrestricted | 120,524 | 51,925 | 746,611 | 367,948 | 1,287,008 | |
| Total cash | | | | | | |
| Accounts and notes receivables | | | | | | |
| Accounts receivable-HUD other projects | 120,506 | 30,843 | 44,106 | 85,625 | 129,731 | |
| Accounts receivable-miscellaneous | 96,570 | | 418,387 | | 569,736 | |
| Accounts receivable-tenants-dwelling rent | (40,000) | | | | 96,570 | |
| Allowance for doubtful accounts-dwelling rent | 340 | | | | (40,000) | |
| Accrued interest receivable | | | | | 340 | |
| Total receivables, net of allowances for uncollectibles | 177,416 | 30,843 | 462,493 | 85,625 | 756,377 | |
| Current Investments | 326,156 | | | | 326,156 | |
| Investments-Unrestricted | 99,204 | | | | 99,204 | |
| Prepaid expenses and other assets | 194,606 | | | | 194,606 | |
| Inventories | (58,400) | | | | (58,400) | |
| Allowance for obsolete inventories | 561,566 | | | | 561,566 | |
| Total investments | 859,506 | 82,768 | 1,209,104 | 453,573 | 2,604,951 | |
| Total current assets | | | | | | |
| Noncurrent assets | 874,365 | | 4,000 | | 878,365 | |
| Land | 51,574,512 | | 7,100 | | 51,581,612 | |
| Buildings | 1,581,166 | | | | 1,581,166 | |
| Furniture, equipment and machinery-dwelling | 770,243 | | 95,362 | 2,976 | 868,581 | |
| Furniture, equipment and machinery-admin | (30,690,236) | (1) | (75,216) | (2,976) | (30,768,429) | |
| Accumulated depreciation | | 1,101,279 | | | 1,101,279 | |
| Construction in progress | 24,110,050 | 1,101,278 | 31,246 | | 25,242,574 | |
| Total fixed assets, net of accum. depreciation | | | | | | |
| Total non-current assets | 24,110,050 | 1,101,278 | 31,246 | | 25,242,574 | |
| Total assets | 24,969,556 | 1,101,278 | 82,768 | 1,240,350 | 27,847,526 | |

See Independent Auditors' Report

TRUMBULL METROPOLITAN HOUSING AUTHORITY
 Supplemental Financial Data Schedule
 Balance Sheet, Continued

As of June 30, 2000

| | Low Rent Public Housing <u>14,850</u> | Comp Grant Program <u>14,859</u> | Section 8 New Construction Program <u>14,182</u> | Section 8 Rental Certificates <u>14,857</u> | Section 8 Rental Vouchers <u>14,855</u> | <u>TOTAL</u> |
|---|--|---|---|--|--|-------------------|
| LIABILITIES AND EQUITY | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable< 90 days | 58,151 | | 14,865 | 13,515 | 1,176 | 87,707 |
| Accounts payable>90 days | 23,584 | | 18,189 | | | 18,189 |
| Accrued wages/payroll taxes payable | | | | | | 23,584 |
| Accrued vacation pay | 210,801 | | | 15,031 | 21,630 | 247,462 |
| Accounts payable-HUD PHA Program | | | 18,871 | | | 18,871 |
| Accounts payable-other government | 70,444 | | | | | 70,444 |
| Tenant Security Deposits | 49,784 | | | | | 49,784 |
| Deferred Revenues | 55,284 | | 30,843 | 10,560 | 225,992 | 322,679 |
| Other current liabilities | <u>242,092</u> | | | | | <u>242,092</u> |
| Total current liabilities | <u>710,140</u> | <u>-</u> | <u>82,768</u> | <u>39,106</u> | <u>248,798</u> | <u>1,080,812</u> |
| Non-current liabilities | | | | | | |
| Non-current liabilities-other | <u>47,931</u> | | | | | <u>47,931</u> |
| Total non-current liabilities | <u>47,931</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>47,931</u> |
| Total Liabilities | <u>758,071</u> | <u>-</u> | <u>82,768</u> | <u>39,106</u> | <u>248,798</u> | <u>1,128,743</u> |
| Equity | | | | | | |
| Net HUD PHA contributions | <u>24,110,050</u> | <u>1,101,278</u> | | | | <u>25,211,328</u> |
| Undesignated fund balance/retained earnings | <u>101,435</u> | | | <u>1,201,244</u> | <u>204,775</u> | <u>1,507,454</u> |
| Total equity | <u>24,211,485</u> | <u>1,101,278</u> | <u>-</u> | <u>1,201,244</u> | <u>204,775</u> | <u>26,718,782</u> |
| Total liabilities & equity | <u>24,969,556</u> | <u>1,101,278</u> | <u>82,768</u> | <u>1,240,350</u> | <u>453,573</u> | <u>27,847,525</u> |

See Independent Auditors' Report

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2000

| | Low Rent Public Housing Program | Drug Elimination Grant Program | New Construction Program | Rental Certificates Program | Housing Choice Voucher Program | Comp Grant Program | EDSS Program | Total |
|--|--|---|--------------------------------|-----------------------------------|---|--------------------------|-----------------|----------------|
| REVENUE | | | | | | | | |
| HUD Grants | \$ 2,259,640 | \$ 278,418 | \$ 364,842 | \$ 1,156,423 | \$ 1,705,887 | \$ 419,368 | \$ 232,996 | \$ 6,417,574 |
| Rental Income | 1,445,232 | | | 45,954 | 12,503 | | | 92,267 |
| Investment Income-Unrestricted | 33,312 | | 498 | 396 | | | | 396 |
| Fraud Recovery | | | | | 142 | | | 8,247 |
| Other Revenue | 8,105 | | | | | | | |
| Total Revenue | 3,746,289 | 278,418 | 365,340 | 1,202,773 | 1,718,532 | 419,368 | 232,996 | 7,963,716 |
| EXPENSES | | | | | | | | |
| HAP | | | | | | | | |
| Administrative Salaries | 563,020 | | 350,475 | 1,023,865 | 1,495,239 | | | 2,869,579 |
| Compensated Absences | 19,166 | | | 98,627 | 141,927 | | | 803,574 |
| Employee Benefits | 509,651 | | | 1,367 | 1,966 | | | 22,499 |
| Other Administrative Expense | 335,830 | | 14,865 | 28,126 | 40,474 | | | 578,251 |
| Material and Labor | 869,027 | | | 17,814 | 38,327 | 419,368 | | 1,337,618 |
| Contract Services | 755,254 | | | 72 | 104 | | | 869,203 |
| Utilities | 740,795 | | | 1,913 | 2,753 | | | 759,920 |
| General Expenses | 129,862 | | | 1,878 | 3,646 | | | 740,795 |
| Payments in Lieu of Taxes | 70,444 | | | | | | | 135,186 |
| Severance Expense | 5,933 | | | | | | | 70,444 |
| Bad Debt Expense | 38,274 | | | | | | | 5,933 |
| Total Expenses | 4,037,256 | 278,418 | 365,340 | 1,173,462 | 1,724,436 | 419,368 | 232,996 | 8,231,276 |
| Income (Loss) before Depreciation & Other Costs | (290,967) | | | 29,311 | (5,904) | | | (267,560) |
| Depreciation | 2,094,309 | | | 5,014 | | | | 2,099,323 |
| Casualty Losses | (7,564) | | | | | | | (7,564) |
| Extraordinary Maintenance | 9,980 | | | | | | | 9,980 |
| Net Income (Loss) | \$ (2,387,692) | \$ - | \$ - | \$ 24,297 | \$ (5,904) | \$ - | \$ - | \$ (2,369,299) |

See Independent Auditors' Report

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Trumbull Metropolitan Housing Authority
Warren, Ohio

We have audited the financial statements of Trumbull Metropolitan Housing Authority, Warren, Ohio, as of and for the year ended June 30, 2000, and have issued our report thereon dated August 21, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Trumbull Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trumbull Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
August 21, 2001

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Trumbull Metropolitan Housing Authority
Warren, Ohio

Compliance

We have audited the compliance of 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 each of its major federal programs for the year ended June 30, 2000. Trumbull Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Trumbull Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. 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 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 on Trumbull Metropolitan Housing Authority's compliance with those requirements.

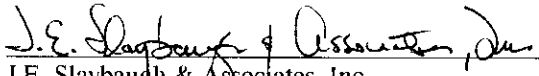
In our opinion, Trumbull Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of Trumbull Metropolitan Housing Authority 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 Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
August 21, 2001

TRUMBULL METROPOLITAN HOUSING AUTHORITY
WARREN, OHIO

SCHEDULE OF FINDINGS

JUNE 30, 2000

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Trumbull Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Trumbull Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 - Low Rent Public Housing Program
 - Cluster- Tenant Based Section 8 Programs
 - Project Based Section 8 Program- New Construction
 - Comprehensive Grant Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Trumbull Metropolitan Housing Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
NOVEMBER 8, 2001**