

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2004**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Trumbull Metropolitan Housing Authority  
4076 Youngstown Rd. SE  
Warren, OH 44484

We have reviewed the Independent Auditor's Report of the Trumbull Metropolitan Housing Authority, Trumbull County, prepared by James G. Zupka, C.P.A., Inc., for the audit period July 1, 2003 through June 30, 2004. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

April 14, 2005

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TRUMBULL METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2004

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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying basic financial statements of Trumbull Metropolitan Housing Authority (the Authority) as of June 30, 2004 and for the year then ended, as listed in the foregoing table of contents. These basic financial statements are the responsibility of the Trumbull Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the component units of Trumbull Metropolitan Housing Authority (see Note 1C for a description), which statements reflect total assets constituting 54 percent of the total assets at June 30, 2004 and total operating revenues constituting 22 percent of total operating revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of such other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 and report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trumbull Metropolitan Housing Authority and its aggregate discretely presented component units as of June 30, 2004, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2003. The implementation resulted in a change to the Authority's format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 6, 2005 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. That 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.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon. As a result of such limited procedures, we believe that the Management's Discussion and Analysis is not in conformity with accounting principles generally accepted in the United States of America because the Management's Discussion and Analysis does not include the financial data of the component units due to their inclusion in the reporting entity for the first time in the year ended June 30, 2004 financial statements.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining Financial Data Schedules (FDS) are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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

January 6, 2005

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2004**  
**(Unaudited)**

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

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended June 30, 2004 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 11). Please also note that this is the first year in which component units have been reported with the primary government, albeit discreet. Since the financial position and results of the component units are material relative to the primary government, variances from 2003 to 2004 will be material and primarily impacted by including component units in 2004. As a result, the financial information presented below is for the primary government only and allows for a more accurate and meaningful comparison of financial results.

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$2.07 million (or 7.6%) during 2004, due to a loss in Results from Operations of (\$2.73) million and a net non-operating revenue of \$0.66 million. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net assets were \$27.04 million and \$24.97 million for 2003 and 2004, respectively.
- Revenue decreased by \$2.92 million (or 22%) during 2004, and was \$13.32 million and \$10.40 million for 2003 and 2004, respectively. Revenue from operating grants and other sources decreased \$.15 million, while the revenue from capital grants decreased \$2.77 million.
- Despite increasing costs for utilities and insurance, the total expenses of all Authority programs remained constant. Total expenses were \$12.43 million and \$12.43 million for 2003 and 2004, respectively.



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2004**  
**(Unaudited)**

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**USING THIS ANNUAL REPORT**

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

**MD & A**  
**Management Discussion and Analysis -**  
**pages 3-10**

**Basic Financial Statements**  
**Authority-Wide Financial Statements**  
**pages 11-13**  
**Notes to Financial Statements**  
**pages 14-28**

**Other Required Supplementary Information**  
**Required Supplementary Information**  
**pages 29-32**  
**(other than MD&A)**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority-wide financial statements (see pages 11-13) 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.

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

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**(Unaudited)**

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The focus of 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*** (similar to an income statement). This statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as capital grant revenue, investment income, and interest expense.

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

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

**Fund Financial Statements**

The Authority consists of exclusively enterprise funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by private sector accounting.

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
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**THE AUTHORITY'S FUNDS**

**Business Type Funds**

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

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

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

*Economic Development and Supportive Services Program* - a grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

*Drug Elimination Program* - a grant program funded by the Department of Housing and Urban Development that is intended to reduce the use of illegal drugs within the Authority's properties.

*Component Unit Activities* - represents resources developed from a variety of activities.

*ROSS* - a grant program funded by the Department of Housing and Urban Development to assist residents in the process of moving from welfare to work.

*Elderly Service Coordinator Grant* - a grant funded by the Department of Housing and Urban Development to provide elderly residents with a support system and connect them with available community resources.

*Youth Build Program Grant* - a grant funded by the Department of Housing and Urban Development to provide unemployed, at-risk youth with construction skills, a high school education, and basic leadership training while rehabilitating or constructing new housing for people in their communities.

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**AUTHORITY-WIDE STATEMENTS**

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

**Table 1 - Statement of Net Assets**

	2004 (in Millions) of Dollars	2003 (n Millions) of Dollars
<b><u>Assets</u></b>		
Current and Other Assets	\$ .65	\$ 1.93
Capital Assets	<u>24.97</u>	<u>26.93</u>
<b>Total Assets</b>	<u>25.62</u>	<u>28.86</u>
<b><u>Liabilities</u></b>		
Current Liabilities	.41	1.60
Long-Term Liabilities	<u>.24</u>	<u>.22</u>
<b>Total Liabilities</b>	<u>.65</u>	<u>1.82</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	24.97	26.93
Unrestricted	<u>0.00</u>	<u>.11</u>
<b>Total Net Assets</b>	<u>24.97</u>	<u>27.04</u>
<b>Totals</b>	<u>\$ 25.62</u>	<u>\$ 28.86</u>

For mote detailed information see page 11 for the Statement of Net Assets.

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

During 2004, total assets decreased by \$3.24 million and total liabilities decreased by \$1.17 million, primarily due to the significance of the capital fund projects closed out and expensed (via depreciation) in 2004. For more detail, see "Capital Assets and Debt Administration" on page 11.

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

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

	Millions of Dollars
Unrestricted Net Assets 06/30/03	\$ .114
Results of Operations	(2.033)
Adjustments:	
Depreciation (1)	<u>2.689</u>
Adjusted Results from Operations	.770
Net Change in Capital Assets Net of Debt Payments (2)	(.737)
Prior Period Adjustment - 2003 Audit	<u>(.032)</u>
Unrestricted Net Assets	<u>\$ .001</u>

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- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.
- (2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the Results of Operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

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

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

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

	2004 (Millions of Dollars)	2003 (Millions of Dollars)
<b>Revenues</b>		
Tenant Revenue - Rents and Other	\$ 1.53	\$ 1.47
Operating Subsidies and Grants	8.12	7.78
Capital Grants	.68	3.45
Investment Income	.01	.02
Other Revenues	.06	.60
<b>Total Revenues</b>	<u>10.40</u>	<u>13.32</u>
<b>Expenses</b>		
Administrative	2.62	2.74
Utilities	.88	.92
Maintenance	1.93	2.27
General	.43	.32
Housing Assistance Payments	3.88	3.67
Depreciation	2.69	2.51
<b>Total Expenses</b>	<u>12.43</u>	<u>12.43</u>
Net Increase (Decrease)	<u>\$ (2.03)</u>	<u>\$ .89</u>

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

Tenant revenue increased during 2004 in comparison to 2003 due, in part, to aggressive collection efforts and tenants no longer qualifying for earned income disallowances. Operating subsidies increased slightly, due primarily to HUD's allowance for inflation, while capital grants decreased, due primarily to a lower level of new capital improvement activity and a reduction in the Authority's funding level.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
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Administrative and maintenance expenses decreased by \$.12 million and \$.34 million, respectively, due in part to an overall management effort to reduce costs. Utility expense decreased slightly by \$.04 million. Despite higher utility costs in general, the Authority benefitted from a special negotiated rate for natural gas prices and from its day-to-day conservation efforts. General expense increased slightly by \$.11 million. Although property and casualty insurances increased, the Authority recognized a savings by brokering its health care insurance. Depreciation increased \$.18 million, primarily due to the completion of more capital projects in 2004.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$24.98 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$1.95 million or 7.3% from the end of last year.

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

	Business-Type Activities	
	2004 (Millions of Dollars)	2003 (Millions of Dollars)
Land	\$ .88	\$ .88
Buildings	59.96	55.52
Equipment - Administrative & Dwelling	2.89	2.93
Accumulated Depreciation	(40.19)	(37.57)
Construction in Progress	1.44	5.17
<b>Total</b>	<b>\$ 24.98</b>	<b>\$ 26.93</b>

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 22 of the notes.

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

	Business-Type Activities
Beginning Balance	\$ 26.93
Additions	5.15
Retirements	(4.47)
Depreciation	(2.63)
Ending Balance	<b>\$ 24.98</b>

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Capital expenditures to modernize the Authority's housing developments accounts for \$5.12 million, or 99%, of the additions. Actual cash outlay did not total \$5.15, however, since \$3.7 million was a result of a decrease in construction in progress.

**DEBT OUTSTANDING**

The Authority had no debt (bonds, notes, etc.) outstanding at the end of either 2004 or 2003.

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

	Total 2004	Total 2003
<b>Business-Type</b>		
Primary Government	\$ 0	\$ 0
<b>Total</b>	\$ 0	\$ 0

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 324,094	\$ 12,380,252
Accounts Receivable - Net of Allowance	42,448	2,413,880
Inventories - Net of Allowance	208,036	0
Prepaid Expenses	72,429	79,938
Assets Held for Sale	<u>0</u>	<u>174,712</u>
Total Current Assets	<u>647,007</u>	<u>15,048,782</u>
Non-Current Assets:		
Capital Assets, Not Depreciated	2,317,446	1,252,916
Capital Assets - Net of Accumulated Depreciation	22,655,472	11,224,454
Non-Current Assets:		
Notes and Mortgages Receivable	<u>0</u>	<u>3,091,202</u>
Total Non-Current Assets	<u>24,972,918</u>	<u>15,568,572</u>
<b>Total Assets</b>	<b><u>\$ 25,619,925</u></b>	<b><u>\$ 30,617,354</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
Current Liabilities:		
Accounts Payable	\$ 176,531	\$ 50,795
Current Portion of Long-Term Debt	0	1,659,258
Accrued Wages and Payroll Taxes	68,450	0
Tenant Security Deposits	82,576	81,022
Deferred Credits and Other Liabilities	<u>82,496</u>	<u>33,333</u>
Total Current Liabilities	<u>410,053</u>	<u>1,824,408</u>
Non-Current Liabilities:		
Long-Term Debt Net of Current Portion	0	8,751,202
Other Long-Term Liabilities - Compensated Absences	213,584	116,137
Other Non-Current Liabilities	<u>22,319</u>	<u>0</u>
Total Non-Current Liabilities	<u>235,903</u>	<u>8,867,339</u>
<b>Total Liabilities</b>	<b><u>645,956</u></b>	<b><u>10,691,747</u></b>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	24,972,918	2,066,910
Unrestricted Net Assets	<u>1,051</u>	<u>17,858,697</u>
<b>Total Net Assets</b>	<b><u>24,973,969</u></b>	<b><u>19,925,607</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$25,619,925</u></b>	<b><u>\$30,617,354</u></b>

See accompanying notes to the basic financial statements.



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>OPERATING REVENUES</u></b>		
Program Operating Grants/Subsidies	\$ 8,120,064	\$ 0
Tenant Revenues	1,526,805	963,901
Other Income	57,116	1,743,100
<b>Total Operating Revenues</b>	<b><u>9,703,985</u></b>	<b><u>2,707,001</u></b>
<b><u>OPERATING EXPENSES</u></b>		
Administrative	2,617,565	1,136,977
Utilities	878,768	318,103
Ordinary Maintenance and Operations	1,934,185	616,796
Protective Services	0	5,166
Insurance	296,243	117,971
General	3,061	60,024
Housing Assistance Expenses	3,876,018	0
Casualty Losses	8,027	22,767
Depreciation	2,689,493	528,748
Other Expenses	126,310	7,148
<b>Total Operating Expenses</b>	<b><u>12,429,670</u></b>	<b><u>2,813,700</u></b>
Operating Income (Loss)	<b><u>(2,725,685)</u></b>	<b><u>(106,699)</u></b>
<b><u>NON-OPERATING REVENUE (EXPENSES)</u></b>		
Capital Grants	682,666	0
Interest Income	10,422	331,675
Interest Expense	0	(192,266)
<b>Total Non-Operating Revenue (Expenses)</b>	<b><u>693,088</u></b>	<b><u>139,409</u></b>
Excess (Deficiency) of Revenue Over (Under) Expenses	<b><u>(2,032,597)</u></b>	<b><u>32,710</u></b>
Beginning Net Assets	27,038,494	20,123,601
Special Items	0	(230,704)
Prior Period Adjustments	(31,928)	0
<b>ENDING NET ASSETS</b>	<b><u>\$24,973,969</u></b>	<b><u>\$19,925,607</u></b>

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from HUD and Other Governments	\$ 9,066,330	\$ 0
Cash Received from Tenants	1,535,907	965,033
Cash Received from Other Sources	231,946	2,549,732
Cash Payments for Housing Assistance Payments	(3,876,018)	0
Cash Payments for Administrative	(2,618,733)	(1,113,024)
Cash Payments for Other Operating Expenses	(3,336,760)	(3,154,664)
Cash Payments to HUD and Other Governments	<u>(1,052,975)</u>	<u>(2,766,756)</u>
<b>Net Cash (Used) by Operating Activities</b>	<b><u>(50,303)</u></b>	<b><u>(3,519,679)</u></b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Principal Payments on Debt	0	(164,317)
Acquisition of Fixed Assets	(737,754)	(2,931,420)
Debt Proceeds	0	2,750,000
Capital Grants Received	<u>682,666</u>	<u>0</u>
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<b><u>(55,088)</u></b>	<b><u>(345,737)</u></b>
<b><u>Cash Flows from Investing Activities</u></b>		
Investment Income	10,422	331,675
Interest Expense	<u>0</u>	<u>(192,266)</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>10,422</u></b>	<b><u>139,409</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	(94,969)	(3,726,007)
Cash and Cash Equivalents, Beginning	<u>419,063</u>	<u>16,106,259</u>
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 324,094</u></b>	<b><u>\$12,380,252</u></b>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Net Operating Income (Loss)	\$(2,725,685)	\$ (106,699)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	2,689,493	528,748
(Increase) Decrease in:		
Receivables - Net of Allowance	1,130,198	(1,480,904)
Inventory	(47,816)	0
Prepaid Expenses and Other Assets	49,865	(136,665)
Increase (Decrease) in:		
Accounts Payable	(63,801)	(2,006,689)
Other Current Liabilities	(1,052,975)	0
Accrued Wages/Payroll Taxes	(881)	23,953
Intergovernmental Payable	(44,074)	(319,403)
Tenants' Security Deposits	15,670	(1,064)
Deferred Credits/Other Liabilities	<u>(297)</u>	<u>(20,956)</u>
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (50,303)</u></b>	<b><u>\$(3,519,679)</u></b>

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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

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

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

**B. Summary of Significant Accounting Policies**

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

**C. Reporting Entity**

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to insure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Based on application of the criteria set forth in GASB Statement No. 14, the Authority evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the Authority, and whether exclusion would cause the basic financial statements to be misleading or incomplete. Among the factors considered were whether the Authority holds the PCU's corporate power, appoints a voting majority of the PCU's board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the Authority and the PCU.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

C. **Reporting Entity** (Continued)

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

**Discretely Presented Component Units**

The component units column in the combined financial statements identifies the financial data of the Authority's three component units: the Trumbull Housing Development Corporation, the Warren Housing Development Corporation, and the Western Reserve Housing Development Corporation. They are reported separately to emphasize that they are legally separate from the Authority and provide services to clients of the Authority and others.

The Trumbull Housing Development Corporation (the Corporation) is a legally separate, non-profit organization served by a Board comprised of local officials and community representatives. The Corporation was formed in 1982 as an instrumentality of the Authority to manage the assets of the Local Authority fund. The Corporation's purpose is to promote the availability of affordable housing for persons of low to moderate income and to support the programs of the Authority. Separately issued audited financial statements for the Corporation can be obtained from the Authority.

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

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

C. **Reporting Entity** (Continued)

***Discretely Presented Component Units*** (Continued)

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

D. **Fund Accounting**

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

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

E. **Proprietary Fund Types**

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

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

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

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

**G. Investments**

Investments of the primary government are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2004 totaled \$10,422 for the primary government and \$331,675 for the component units.

**H. Fixed Assets**

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

**I. Cash and Cash Equivalents**

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

**J. Compensated Absences**

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

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

**K. Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is adopted by the Board of the Housing Authority and then submitted to the Department of Housing and Urban Development.

**L. Changes in Accounting Policies**

Effective July 1, 2003, the Authority adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*.

GASB Statement No. 34 establishes financial reporting standards for all state and local governments and related entities. GASB Statement No. 34 primarily relates to presentation and disclosure requirements. The impact of this accounting change was related to the format of the financial statements, presentation of net assets, the inclusion of Management's Discussion and Analysis, additional disclosures for capital assets, and the preparation of the statements of cash flows on the direct method.

GASB Statement No. 37 clarifies certain provisions of Statement 34, including the required content of the MD&A, the classification of program revenues, and the criteria for determining major funds. GASB Statement No. 38 modifies, established, and rescinds certain financial statement note disclosures. There was no impact on prior year net assets.

**M. Estimates**

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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NOTE 2: **CASH AND INVESTMENTS**

**A. Primary Government**

HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

Direct Obligations of the Federal Government;  
Obligations of Federal Government Agencies;  
Securities of Government-Sponsored Agencies; and  
Demand and Savings Deposits and Certificates of Deposit.

Investments consist of certificates of deposit and repurchase agreements maturing in seven days or less. Both investments are readily converted into cash but are separated from cash to indicate the intent of management to invest these funds on a long term basis. We have combined cash and investments for purposes of information about deposits held by the Authority.

Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

**Deposits**

- |            |  |
|------------|--|
| Category 1 | Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.   |
| Category 2 | Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.                                     |
| Category 3 | Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name). |

**Investments**

- |            |   |
|------------|---|
| Category 1 | Insured or registered, or securities held by the Authority or its Agent in the Authority's name.  |
| Category 2 | Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.                 |
| Category 3 | Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name. |



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

A. **Primary Government** (Continued)

*Deposits* - At year end, the carrying amount of the Authority's deposits was \$324,094 and the bank balance was \$685,926, the difference representing outstanding checks and other in-transit items. Of the bank balance, \$220,796 was covered by federal depository insurance. The remainder was uninsured but collateralized, with securities held in the name of the Authority by its Trustee.

The Authority's investments consist of negotiable certificates of deposit and therefore under GASB Statement No. 3 do not qualify as investments.

A reconciliation of cash and investments as shown on the combined balance sheet follows:

<u>GASB Statement No. 9</u>	
Cash and Cash Equivalents	\$ 324,094
Investments	<u>0</u>
Total	<u>\$ 324,094</u>

<u>GASB Statement No. 3</u>	
Carrying amount of deposits	\$ 324,094
Carrying amount of investments	<u>0</u>
Total	<u>\$ 324,094</u>

NOTE 3: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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NOTE 4: **INSURANCE COVERAGE**

The Authority is covered for property damage, general liability, law enforcement liability, and public officials liability through the Housing Authority Insurance Company. Vehicles are covered through a separate insurance company. Deductible and coverage limits are summarized below:

	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 10,000	\$ 74,424,108
General Liability	5,000	2,000,000
Vehicle	500	1,000,000
Directors, Officers, and Trustees Liability	0/7,500	2,000,000
Commercial Inland Marine Boiler	1,000/30,200	302,000
Business Services Bond	0	10,000

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

**NOTE 5: CAPITAL ASSETS**

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

	<u>Primary Government</u>	<u>Component Units</u>
<b>Capital Assets Not Depreciated</b>		
Land	\$ 878,365	\$ 1,138,043
Construction in Progress	<u>1,439,081</u>	<u>114,873</u>
<b>Total Capital Assets Not Depreciated</b>	<u>2,317,446</u>	<u>1,252,916</u>
<b>Capital Assets Being Depreciated</b>		
Buildings and Building Improvements	59,956,151	17,808,638
Furniture and Equipment	<u>2,891,510</u>	<u>1,159,716</u>
<b>Total Capital Assets being Depreciated</b>	62,847,661	18,968,354
Less Accumulated Depreciation	<u>(40,192,189)</u>	<u>(7,743,900)</u>
Subtotal Capital Assets Being Depreciated	<u>22,655,472</u>	<u>11,224,454</u>
<b>Total Capital Assets</b>	<u>\$ 24,972,918</u>	<u>\$ 12,477,370</u>

The following is a summary of changes:

	Balance July 1, 2003	<u>Primary Government</u>		Balance June 30, 2004
		<u>Additions</u>	<u>Deletions</u>	
<b>Capital Assets Not Depreciated</b>				
Land	\$ 878,365	\$ 0	\$ 0	\$ 878,365
Construction in Progress	<u>5,166,274</u>	<u>682,667</u>	<u>(4,409,860)</u>	<u>1,439,081</u>
<b>Total Capital Assets Not Depreciated</b>	<u>6,044,639</u>	<u>682,667</u>	<u>(4,409,860)</u>	<u>2,317,446</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Building Improvements	55,515,055	4,441,096	0	59,956,151
Furniture and Equipment	<u>2,930,824</u>	<u>23,851</u>	<u>(63,165)</u>	<u>2,891,510</u>
<b>Total Capital Assets Being Depreciated</b>	58,445,879	4,464,947	(63,165)	62,847,661
Less Accumulated Depreciation	<u>(37,565,704)</u>	<u>(2,689,493)</u>	<u>63,008</u>	<u>(40,192,189)</u>
Subtotal Primary Government	<u>20,880,175</u>	<u>1,775,454</u>	<u>(157)</u>	<u>22,655,472</u>
<b>Total Primary Government</b>	<u>\$ 26,924,814</u>	<u>\$ 2,458,121</u>	<u>\$ (4,410,017)</u>	<u>\$24,972,918</u>
		<u>Component Units</u>		
	Balance July 1, 2003	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2004
<b>Capital Assets Not Depreciated</b>				
Land	\$ 1,136,043	\$ 2,000	\$ 0	\$ 1,138,043
Construction in Progress	<u>88,731</u>	<u>26,142</u>	<u>0</u>	<u>114,873</u>
<b>Total Capital Assets Not Depreciated</b>	<u>1,224,774</u>	<u>28,142</u>	<u>0</u>	<u>1,252,916</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Building Improvements	15,257,269	2,551,369	0	17,808,638
Furniture and Equipment	<u>814,321</u>	<u>351,909</u>	<u>(6,514)</u>	<u>1,159,716</u>
<b>Total Capital Assets Being Depreciated</b>	16,071,590	2,903,278	(6,514)	18,968,354
Less Accumulated Depreciation	<u>(7,221,635)</u>	<u>(528,748)</u>	<u>6,483</u>	<u>(7,743,900)</u>
Subtotal Capital Assets Being Depreciated	<u>8,849,955</u>	<u>2,374,530</u>	<u>(31)</u>	<u>11,224,454</u>
<b>Total Component Units</b>	<u>\$ 10,074,729</u>	<u>\$ 2,402,672</u>	<u>\$ (31)</u>	<u>\$ 12,477,370</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

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

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

NOTE 6: **PENSION PLAN**

**Ohio Public Employees Retirement System**

The Authority participants in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the fiscal year ended June 30, 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries which is being paid by the Authority on behalf of the members. The Authority's contribution rate for pension benefits for 2004 was 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional plan for the years ended June 30, 2004, 2003, and 2002 for members and employer, respectively, were \$230,234 and \$367,016, \$237,925 and \$379,276, and \$210,715 and \$335,901, respectively. Contributions to the combined and member-directed plan for 2004 for members and employer, respectively, were \$2,432 and \$3,877. 100 percent has been contributed to the traditional plan for 2004 and 100 percent for 2003 and 2002. There were no contributions to the combined and member-directed plans for 2003 or 2002.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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**NOTE 7: POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provided post-retirement health care coverage to age and service retirees with ten and more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$231,509. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care plan. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

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

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considering extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

NOTE 8: **COMPENSATED ABSENCES**

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

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

At June 30, 2004, based on the vesting method, \$367,378 was accrued by the Authority for unused vacation and sick time. The current portion is \$37,657 and the non-current portion is \$329,721.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

NOTE 9: **LONG-TERM DEBT**

The Authority's component units were obligated on the following notes as of June 30, 2004:

	2004
<b><u>Refunding Bonds, Series 2002 (Section 8 Assisted Projects)</u></b>	
Bond issued by Warren Housing Development Corporation dated March 1, 2002 and due January 1, 2009. Bank One, NA is the bond trustee. Annual installments due and applicable rates of interest for the bond issue is as follows:	
Due January 1, 2005	\$590,000 at 3.15%
Due January 1, 2006	\$610,000 at 3.40%
Due January 1, 2007	\$640,000 at 3.75%
Due January 1, 2008	\$670,000 at 3.95%
Due January 1, 2009	\$240,000 at 4.15%
 The bonds were issued for the refinancing of the original debt used to finance the development of The Elms, Heaton House, West Park Manor, and Forest Ridge Apartments located throughout Trumbull County, Ohio.	 \$ 2,750,000
<b><u>Adjustable Rate Demand Economic Development Revenue Bonds, Series 2003</u></b>	
Bonds issued by Western Reserve Housing Development Corporation dated April 1, 2003 and due April 1, 2023. Huntington National Bank is the bond trustee. Quarterly installments of approximately \$20,000 are due in the first five years and of approximately \$55,000 for the remaining 15 years. The bonds were issued to acquire, renovate, and equip and administration building for lease to the Authority, which uses the facility as its central administration building.	3,555,000
<b><u>Trumbull Housing Development Corporation</u></b>	
Western Reserve Housing Development Corporation is using these funds to renovate and equip the administration building it acquired to lease to the Authority which uses the facility as its central administration building. The terms of repayment will be finalized upon completion of the renovations which are still not completed at June 30, 2004.	
Debt service, as of June 30, 2004, is based upon anticipated repayment terms of monthly installments in the amount of \$8,000 for 6 years at a fixed rate of 4.00 percent, effective July 1, 2005. An additional \$500,000 outstanding is due payable to Trumbull Housing Development Corporation upon sale of the Central Office Building located at 1977 Niles Road in Warren, Ohio, the payment of which is considered as part of the fiscal year 2005 requirements.	2,480,357
<b><u>Trumbull Housing Development Corporation</u></b>	
Warren Housing Development Corporation executed this note dated March 28, 2002 and due February 1, 2020. The note is payable in monthly installments of \$12,916.63, including interest at a fixed rate of 8.00%. The note was issued in conjunction with the refinancing of the debt for the Forest Ridge apartments.	712,517

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

2004

**Trumbull Housing Development Corporation**

0% financing provided to Warren Housing Development Corporation used in conjunction with the refinancing for the Heaton House and West Park Manor projects. The amount is payable upon redemption of certificates of deposits held by Warren Housing Development Corporation scheduled on July 22, 2004 and

April 1, 2005 in the amounts of \$622,197 and \$285,389 respectively.

**Total**

912,586

\$10,410,460

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

**Refund Bonds, Series 2002 (Section 8 Assisted Projects)**

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2005	\$ 590,000	\$ 99,750	\$ 689,750
2006	610,000	81,165	691,165
2007	640,000	60,425	700,425
2008	670,000	36,425	706,425
2009	240,000	9,960	249,960
Remaining at 6/30/04	<u>2,750,000</u>	<u>287,725</u>	<u>3,037,725</u>

**Adjustable Rate Demand Economic Development Revenue Bonds, Series 2003**

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2005	\$ 55,000	\$ 40,406	\$ 95,406
2006	75,000	40,740	115,740
2007	75,000	39,855	114,855
2008	75,000	38,969	113,969
2009	200,000	37,170	237,170
2010-2014	1,100,000	147,352	1,247,352
2015-2019	1,100,000	82,452	1,182,452
2020-2023	875,000	19,249	894,249
Remaining at 6/30/04	<u>3,555,000</u>	<u>446,193</u>	<u>4,001,193</u>

**Trumbull Housing Development Corporation - Western Reserve Housing Development**

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2005	\$ 0	\$ 0	\$ 0
2006	2,090,943	25,414	2,116,357
2007	81,915	14,085	96,000
2008	85,252	10,748	96,000
2009	88,725	7,275	96,000
2010-2011	133,522	4,083	137,605
Remaining at 6/30/04	<u>2,480,357</u>	<u>61,605</u>	<u>2,541,962</u>



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

**Trumbull Housing Development Corporation - Warren Housing Development Corporation**  
**(formerly Forest Ridge Housing Development Corporation)**

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2005	\$ 101,673	\$ 53,275	\$ 154,948
2006	110,112	41,487	151,599
2007	119,250	36,106	155,356
2008	129,148	25,851	154,999
2009	139,868	15,132	155,000
2010-2014	<u>112,467</u>	<u>3,782</u>	<u>116,249</u>
Remaining at 6/30/04	<u>712,517</u>	<u>175,633</u>	<u>888,150</u>

**Trumbull Housing Development Corporation - Warren Housing Development Corporation**  
**(formerly Hub/Nil Housing Development Corporation)**

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2005	\$ 912,586	\$ 0	\$ 912,586
Remaining at 6/30/04	<u>912,586</u>	<u>0</u>	<u>912,586</u>

The combined principal and interest requirements are as follows:

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2005	\$ 1,659,258	\$ 193,431	\$ 1,852,689
2006	2,886,055	188,806	3,074,861
2007	916,165	150,471	1,066,636
2008	959,400	111,993	1,071,393
2009	668,593	69,537	738,130
2010-2014	1,345,989	155,217	1,501,206
2015-2019	1,100,000	82,452	1,182,452
2020-2023	<u>875,000</u>	<u>19,249</u>	<u>894,249</u>
Remaining at 6/30/04	<u>\$10,410,460</u>	<u>\$ 971,156</u>	<u>\$11,381,616</u>

NOTE 10: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material operating lease commitments or material capital or construction commitments at June 30, 2004.

NOTE 11: **LITIGATION**

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

**NOTE 12: CHANGES IN ACCOUNTING PRINCIPLES, RECLASSIFICATIONS, AND CHANGES IN PRIOR YEAR'S FUND EQUITY**

**Changes in Accounting Principles**

For fiscal year 2004, the Authority implemented GASB Statement No. 34. The implementation had no effect on the total enterprise fund equity; however, it did affect the classification of the equity which is now into two categories - Invested in Capital Assets, Net of Related Debt and Unrestricted Net Assets.

**Prior Period Adjustment**

A restatement of the Public Housing program equity balance was necessary to offset an overstatement of fixed assets at June 30, 2003 in the amount of \$4,100. A restatement of the Section 8 Housing Choice Voucher program equity balance was needed to reflect changes made to the Annual Contributions Earned calculation for fiscal year end June 30, 2003 by HUD when approving the Year End Settlement submission in the amount of \$27,828.

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

	<u>Trumbull Housing Development Corporation</u>	<u>Warren Housing Development Corporation</u>	<u>Western Reserve Housing Development Corporation</u>	<u>Totals</u>
<b><u>Balance Sheet</u></b>				
Current Assets	\$ 9,622,100	\$ 3,820,922	\$ 1,605,760	\$ 15,048,782
Capital Assets	1,314,149	5,981,399	5,181,822	12,477,370
Other Assets	3,091,202	0	0	3,091,202
Current Liabilities	25,526	1,769,367	29,515	1,824,408
Non-Current Liabilities	8,074	2,811,724	6,047,541	8,867,339
Net Assets	13,993,851	5,221,230	710,526	19,925,607
<b><u>Revenues, Expenses, and Change in Equity</u></b>				
Operating Revenue	128,100	2,321,287	257,614	2,707,001
Operating Expenses	480,162	1,998,262	335,276	2,813,700
Net Operating Income (Loss)	(352,062)	323,025	(77,662)	(106,699)
Net Non-Operating Revenue Over Expenses	207,200	(32,290)	(35,501)	139,409
Excess of Revenue Over Expenses	(144,862)	290,735	(113,163)	32,710

**TRUMBULL HOUSING AUTHORITY**  
**Supplemental Financial Data Schedule**  
**Statement of Net Assets by Program**  
**As of June 30, 2004**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthbuild Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>ASSETS</b>									
<b>Current Assets</b>									
111	Cash - Unrestricted	\$20,796	\$0	\$96,861	\$0	\$43,256	\$0	\$10,978,660	\$11,139,573
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$1,311,176	\$1,311,176
112	Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$9,394	\$9,394
113	Cash - Other Restricted	\$0	\$0	\$61,384	\$0	\$19,221	\$0	\$81,022	\$161,627
114	Cash - Tenant Security Deposits	\$0	\$0	\$82,576	\$0	\$0	\$0	\$0	\$82,576
100	Total Cash	\$20,796	\$0	\$240,821	\$0	\$62,477	\$0	\$12,380,252	\$12,704,346
122	Accounts Receivable - HUD Other Projects	\$0	\$272	\$0	\$0	\$0	\$5,073	\$0	\$5,345
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$79,019	\$79,019
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$4,426	\$0	\$1,991	\$0	\$2,325,434	\$2,331,851
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$39,151	\$0	\$0	\$0	\$11,116	\$50,267
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$22,237)	\$0	\$0	\$0	(\$6,095)	(\$28,332)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$15,504	\$0	\$0	\$0	\$4,406	\$19,910
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	(\$1,732)	\$0	\$0	\$0	\$0	(\$1,732)
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$272	\$35,112	\$0	\$1,991	\$5,073	\$2,413,880	\$2,456,328
142	Prepaid Expenses and Other Assets	\$0	\$0	\$60,124	\$0	\$12,305	\$0	\$79,938	\$152,367
143	Inventories	\$0	\$0	\$219,036	\$0	\$0	\$0	\$0	\$219,036
143.1	Allowance for Obsolete Inventories	\$0	\$0	(\$11,000)	\$0	\$0	\$0	\$0	(\$11,000)
144	Interprogram Due From	\$0	\$0	\$5,073	\$0	\$16,402	\$0	\$0	\$21,475
145	Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$174,712	\$174,712
150	Total Current Assets	\$20,796	\$272	\$549,166	\$0	\$93,175	\$5,073	\$15,048,782	\$15,717,264
<b>Capital Assets</b>									
161	Land	\$0	\$0	\$874,365	\$0	\$4,000	\$0	\$1,138,043	\$2,016,408
162	Buildings	\$0	\$0	\$55,267,152	\$0	\$286,525	\$4,402,474	\$17,808,638	\$77,764,789
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$1,529,335	\$0	\$0	\$0	\$394,677	\$1,924,012
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$1,222,246	\$0	\$139,929	\$0	\$765,039	\$2,127,214
166	Accumulated Depreciation	\$0	\$0	(\$39,867,718)	\$0	(\$177,722)	(\$146,749)	(\$7,743,900)	(\$47,936,089)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$0	\$1,439,081	\$114,873	\$1,553,954
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$19,025,380	\$0	\$252,732	\$5,694,806	\$12,477,370	\$37,450,288
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$3,091,202	\$3,091,202
180	Total Non-Current Assets	\$0	\$0	\$19,025,380	\$0	\$252,732	\$5,694,806	\$15,568,572	\$40,541,490
190	Total Assets	\$20,796	\$272	\$19,574,546	\$0	\$345,907	\$5,699,879	\$30,617,354	\$56,258,754

**NOTE:** For the basic financial statement presentation, interprogram balances are eliminated.

**TRUMBULL HOUSING AUTHORITY**  
**Supplemental Financial Data Schedule**  
**Statement of Net Assets by Program**  
**As of June 30, 2004**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthbuild Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
312	Accounts Payable <= 90 Days	\$0	\$0	\$52,733	\$0	\$296	\$0	\$50,795	\$103,824
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$68,450	\$0	\$0	\$0	\$0	\$68,450
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$19,819	\$0	\$4,118	\$0	\$13,720	\$37,657
331	Accounts Payable - HUD PHA Programs	\$4,394	\$0	\$0	\$0	\$60,887	\$0	\$0	\$65,281
333	Accounts Payable - Other Government	\$0	\$0	\$58,221	\$0	\$0	\$0	\$0	\$58,221
341	Tenant Security Deposits	\$0	\$0	\$82,576	\$0	\$0	\$0	\$81,022	\$163,598
342	Deferred Revenues	\$0	\$0	\$58,287	\$0	\$0	\$0	\$19,613	\$77,900
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$1,659,258	\$1,659,258
345	Other Current Liabilities	\$0	\$272	\$0	\$0	\$0	\$0	\$0	\$272
347	Interprogram Due To	\$16,402	\$0	\$0	\$0	\$0	\$5,073	\$0	\$21,475
310	<b>Total Current Liabilities</b>	\$20,796	\$272	\$340,086	\$0	\$65,301	\$5,073	\$1,824,408	\$2,255,936
<b>Noncurrent Liabilities</b>									
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$8,751,202	\$8,751,202
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$188,278	\$0	\$25,306	\$0	\$116,137	\$329,721
353	Noncurrent Liabilities - Other	\$0	\$0	\$3,098	\$0	\$19,221	\$0	\$0	\$22,319
350	Total Noncurrent Liabilities	\$0	\$0	\$191,376	\$0	\$44,527	\$0	\$8,867,339	\$9,103,242
300	<b>Total Liabilities</b>	\$20,796	\$272	\$531,462	\$0	\$109,828	\$5,073	\$10,691,747	\$11,359,178
<b>NET ASSETS</b>									
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$19,025,380	\$0	\$252,732	\$5,694,806	\$2,066,910	\$27,039,828
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$0	\$0	\$17,704	\$0	(\$16,653)	\$0	\$17,858,697	\$17,859,748
513	Total Equity/Net Assets	\$0	\$0	\$19,043,084	\$0	\$236,079	\$5,694,806	\$19,925,607	\$44,899,576
600	Total Liabilities and Equity/Net Assets	\$20,796	\$272	\$19,574,546	\$0	\$345,907	\$5,699,879	\$30,617,354	\$56,258,754

**NOTE:** For the basic financial statement presentation, interprogram balances are eliminated.

**TRUMBULL HOUSING AUTHORITY**  
**Supplemental Financial Data Schedule**  
**Statement of Net Assets by Program**  
**As of June 30, 2004**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthbuild Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>REVENUE</b>									
703	Net Tenant Rental Revenue	\$0	\$0	\$1,432,484	\$0	\$0	\$0	\$950,787	\$2,383,271
704	Tenant Revenue - Other	\$0	\$0	\$94,321	\$0	\$0	\$0	\$13,114	\$107,435
705	Total Tenant Revenue	\$0	\$0	\$1,526,805	\$0	\$0	\$0	\$963,901	\$2,490,706
706	HUD PHA Operating Grants	\$280,268	\$134,267	\$2,795,399	\$139,999	\$4,106,262	\$663,869	\$0	\$8,120,064
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$682,666	\$0	\$682,666
711	Investment Income - Unrestricted	\$17	\$0	\$9,879	\$0	\$526	\$0	\$331,675	\$342,097
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$3,590	\$0	\$0	\$3,590
715	Other Revenue	\$0	\$0	\$41,323	\$0	\$12,203	\$0	\$1,743,100	\$1,796,626
700	Total Revenue	\$280,285	\$134,267	\$4,373,406	\$139,999	\$4,122,581	\$1,346,535	\$3,038,676	\$13,435,749
<b>EXPENSES</b>									
911	Administrative Salaries	\$0	\$0	\$601,302	\$0	\$249,893	\$100,000	\$641,494	\$1,592,689
912	Auditing Fees	\$250	\$0	\$11,189	\$0	\$2,984	\$0	\$12,144	\$26,567
915	Employee Benefit Contributions - Administrative	\$0	\$0	\$334,000	\$0	\$97,835	\$0	\$304,868	\$736,703
916	Other Operating - Administrative	\$16,152	\$134,267	\$370,787	\$139,999	\$47,885	\$511,022	\$178,471	\$1,398,583
931	Water	\$0	\$0	\$75,571	\$0	\$0	\$0	\$31,876	\$107,447
932	Electricity	\$0	\$0	\$352,625	\$0	\$0	\$0	\$186,928	\$539,553
933	Gas	\$0	\$0	\$340,534	\$0	\$0	\$0	\$64,541	\$405,075
938	Other Utilities Expense	\$0	\$0	\$110,038	\$0	\$0	\$0	\$34,758	\$144,796
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$785,045	\$0	\$0	\$0	\$233,342	\$1,018,387
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$192,152	\$0	\$0	\$0	\$44,045	\$236,197
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$587,328	\$0	\$0	\$0	\$251,673	\$839,001
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$369,660	\$0	\$0	\$0	\$87,736	\$457,396
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$5,166	\$5,166
961	Insurance Premiums	\$0	\$0	\$245,001	\$0	\$51,242	\$0	\$117,971	\$414,214
962	Other General Expenses	\$0	\$0	\$635	\$0	\$2,426	\$0	\$60,024	\$63,085
963	Payments in Lieu of Taxes	\$0	\$0	\$58,221	\$0	\$0	\$0	\$0	\$58,221
964	Bad Debt - Tenant Rents	\$0	\$0	\$54,423	\$0	\$0	\$0	\$7,148	\$61,571
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$192,266	\$192,266
968	Severance Expense	\$0	\$0	\$13,666	\$0	\$0	\$0	\$0	\$13,666
969	Total Operating Expenses	\$16,402	\$134,267	\$4,502,177	\$139,999	\$452,265	\$611,022	\$2,454,451	\$8,310,583
970	Excess Operating Revenue over Operating Expenses	\$263,883	\$0	(\$128,771)	\$0	\$3,670,316	\$735,513	\$584,225	\$5,125,166

**TRUMBULL HOUSING AUTHORITY**  
**Supplemental Financial Data Schedule**  
**Statement of Net Assets by Program**  
**As of June 30, 2004**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthbuild Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$8,027	\$0	\$0	\$0	\$22,767	\$30,794
973	Housing Assistance Payments	\$263,883	\$0	\$0	\$0	\$3,612,135	\$0	\$0	\$3,876,018
974	Depreciation Expense	\$0	\$0	\$2,507,457	\$0	\$35,287	\$146,749	\$528,748	\$3,218,241
900	Total Expenses	\$280,285	\$134,267	\$7,017,661	\$139,999	\$4,099,687	\$757,771	\$3,005,966	\$15,435,636
1001	Operating Transfers In	\$0	\$0	\$52,847	\$0	\$0	\$0	\$0	\$52,847
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	(\$52,847)	\$0	(\$52,847)
1008	Special Items (net gain/loss)	\$0	\$0	\$0	\$0	\$0	\$0	(\$230,704)	(\$230,704)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$52,847	\$0	\$0	(\$52,847)	(\$230,704)	(\$230,704)
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$0	(\$2,591,408)	\$0	\$22,894	\$535,917	(\$197,994)	(\$2,230,591)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$1,038,749	\$1,038,749
1103	Beginning Equity	\$0	\$0	\$19,636,442	\$0	\$241,013	\$7,161,039	\$20,123,601	\$47,162,095
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$1,998,050	\$0	(\$27,828)	(\$2,002,150)	\$0	(\$31,928)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$223,419	\$0	\$0	\$0	\$4,070,294	\$0	\$0	\$4,293,713
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$96,855	\$0	\$0	\$96,855
1115	Contingency Reserve, ACC Program Reserve	\$91,259	\$0	\$0	\$0	\$4,167,149	\$0	\$0	\$4,258,408
1116	Total Annual Contributions Available	\$314,678	\$0	\$0	\$0	\$8,334,298	\$0	\$0	\$8,648,976
1120	Unit Months Available	720	0	16,332	0	10,033	0	4,200	31,285
1121	Number of Unit Months Leased	720	0	13,275	0	10,033	0	4,144	28,172

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Funds Expended</b>
<b><u>From U.S. Department of HUD</u></b>		
<b><u>Direct Programs</u></b>		
<b><u>U.S. Department of HUD</u></b>		
<b><u>PHA Owned Housing:</u></b>		
Low Rent Public Housing	14.850	\$ 2,795,399
Capital Fund Program	14.872	1,346,535
Drug Elimination	14.854	<u>139,999</u>
Total for PHA Owned Housing Program		<u>4,281,933</u>
 <b><u>Section 8 Tenant Based Clusters:</u></b>		
<b><u>Housing Assistance Payments:</u></b>		
Housing Choice - Vouchers	14.871	<u>4,106,262</u>
Total for Section 8 Tenant Based Clusters		<u>4,106,262</u>
 <b><u>Section 8 Project Based Programs:</u></b>		
Project Based - Section 8 New Construction	14.182	<u>280,268</u>
Subtotal Section 8 Project Based Programs		<u>280,268</u>
 <b><u>Opportunities for Youth</u></b>		
YouthBuild Program	14.243	<u>134,267</u>
Subtotal Opportunities for Youth		<u>134,267</u>
<b><i>Total U.S. Department of HUD</i></b>		<u>8,802,730</u>
 <b>TOTAL ALL PROGRAMS</b>		 <u>\$ 8,802,730</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION/DEVELOPMENT COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2004**

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**Annual Contributions Contract C-5031**

1. The total amount of modernization costs of the comprehensive grant is shown below:

<u>Project OH</u>	Capital Grant OH12POO8510101
Funds Approved	\$ 2,762,314
Funds Expended	<u>2,762,314</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 2,762,314
Funds Expended	<u>2,762,314</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

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

**Annual Contributions Contract C-5031**

1. The total amount of modernization costs of the comprehensive grant is shown below:

<u>Project OH</u>	Capital Grant OH12POO8510102
Funds Approved	\$ 2,635,456
Funds Expended	<u>2,635,456</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 2,635,456
Funds Expended	<u>2,635,456</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

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



**JAMES G. ZUPKA, C.P.A., INC.**  
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**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 Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the basic financial statements of the Trumbull Metropolitan Housing Authority as of and for the year ended June 30, 2004, and have issued our report thereon dated January 6, 2005. The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003. This results in a change to the Authority's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 solely for the information and use of the Board of Directors, management, Auditor of State and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

January 6, 2005

**JAMES G. ZUPKA, C.P.A., INC.**  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
*OMB CIRCULAR A-133***

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Trumbull Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended June 30, 2004. Trumbull Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Trumbull Metropolitan Housing Authority'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trumbull Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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, 2004.

### **Internal Control Over Compliance**

The management of the 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 Trumbull Metropolitan Housing 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 solely for the information and use of the Board of Directors, management, Auditor of State, and Federal awarding agencies and is not intended to be used by anyone other than these specified parties.

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

January 6, 2005

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2004**

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

2004(i)	Type of Financial Statement Opinion	Unqualified
2004(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2004(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2004(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2004(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2004(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2004(v)	Type of Major Programs' Compliance Opinion	Unqualified
2004(vi)	Are there any reportable findings under .510?	No
2004(vii)	Major Programs (list): Capital Fund Program - CFDA #14.872 Housing Choice Voucher - CFDA #14.871	
2004(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: > all others
2004(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.





**Auditor of State  
Betty Montgomery**

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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  
JUNE 9, 2005**