

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2007**





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Trumbull Metropolitan Housing Authority  
4076 Youngstown Road SE  
Warren, Ohio 44484

We have reviewed the *Independent Auditor's Report* of the Trumbull Metropolitan Housing Authority, Trumbull County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Trumbull Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 25, 2008

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

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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, 2007, 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 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 provides a reasonable basis for our opinion.

In our opinion, based on our audit, 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, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 2, 2008, 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as 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 2, 2008

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2007**  
**(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 account issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended June 30, 2007 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 12). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government. Due to the significance of the component units when compared to the primary government, the financial information is provided for the component units in some instances to provide for a more complete and meaningful discussion of financial results. Regardless, discussion in the MD&A attempts to distinguish between information pertaining to the primary government and that of its component units.

### **FINANCIAL HIGHLIGHTS**

- The primary government's net assets decreased by \$1.24 million (or 5%) during 2007. Net assets were \$25.58 million and \$24.34 million for 2006 and 2007, respectively. \$1.88 million net non-operating revenue and special items of \$.34 million offset a \$3.46 million loss from operations. Depreciation accounted for \$2.65 million of the \$3.46 million loss from operations. The majority of the loss can be attributed to a decrease in operating subsidy and capital grant revenue and an increase in Housing Assistance Payments. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets.
- Revenue for the primary government decreased by \$1.7 million (or 15%) during 2007, and was \$13.3 million and \$11.5 million for 2006 and 2007, respectively. Revenue from capital grants decreased \$.88 million, while operating grants and tenant revenue decreased by \$.82 million.
- Total expenses for the primary government increased by \$1.2 million (or 10%). Of this amount, administrative expenses increased by \$.39 million, Housing Assistance Payments increased by \$.51 million, and utilities and maintenance increased by \$.15 million. Total expenses were \$11.9 million and \$13.1 million for 2006 and 2007, respectively.
- Net assets for the component units were \$20.43 million for 2007, increasing from \$20.19 million for 2006. Net assets amount to approximately 46% of the combined net assets for the primary government and component units.
- Revenue for the component units increased by \$.3 million (or 8%) during 2007, and was \$3.6 million and \$3.9 million for 2006 and 2007, respectively. Revenue from investments increased by \$.1 million, while revenue from various program grants and other income increased by \$.2 million.



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2007**  
**(Unaudited)**

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- Total expenses for the component units increased by \$.1 million (or 3%) and were \$3.1 million and \$3.2 million for 2006 and 2007, respectively. An increase in insurance and protective contract costs account for the majority of the increase.

**USING THIS ANNUAL REPORT**

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

**MD & A**  
**Management Discussion and Analysis -**  
**pages 3-11**

**Basic Financial Statements**  
  
**Authority-Wide Financial Statements**  
**pages 12-14**  
  
**Notes to Financial Statements**  
**pages 15-30**

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**Financial Statements by Major Fund**

In general, the Authority's financial statements consist exclusively of enterprise funds. An enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by private sector accounting.

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
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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:

*Housing Choice Voucher Family Self-Sufficiency Program Coordinator Grant* - a grant program funded by the Department of Housing and Urban Development that promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program with public and private resources to enable participating families to achieve economic independence and self-sufficiency.

*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 - Primary Government**

	2007 (in Millions) of Dollars	2006 (in Millions) of Dollars
<b><u>Assets</u></b>		
Current and Other Assets	\$ 2.57	\$ 2.80
Capital Assets	<u>22.65</u>	<u>23.60</u>
<b>Total Assets</b>	<u>25.22</u>	<u>26.40</u>
<b><u>Liabilities</u></b>		
Current Liabilities	.69	.67
Long-Term Liabilities	<u>.19</u>	<u>.15</u>
<b>Total Liabilities</b>	<u>.88</u>	<u>.82</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	22.65	23.59
Restricted	1.10	.00
Unrestricted	<u>.59</u>	<u>1.99</u>
<b>Total Net Assets</b>	<u>24.34</u>	<u>25.58</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 25.22</u>	<u>\$ 26.40</u>

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

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

During 2007, total assets decreased by \$1.2 million due, in part, to the capital fund projects closed out and expensed (via depreciation) in 2007. For more detail, see "Capital Assets and Debt Administration" on page 10. Cash reserves decreased in 2007 (\$2 million) compared to 2006 (\$2.3 million) due mostly to receiving less operating subsidy. Total liabilities increased minimally by \$.06 million.

During 2007, total assets for the component units decreased by \$.3 million, while unrestricted net assets increased by \$.9 million. These changes are mostly due to the aging of capital assets and a decrease in related debt.

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

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

	Millions of Dollars
Unrestricted Net Assets 06/30/06	\$ 1.99
Results of Operations	(1.57)
Adjustments:	
Depreciation (1)	2.65
Adjusted Results from Operations	3.07
Net Change in Restricted Assets	(1.10)
Net Change in Capital Assets of Debt Payments (2)	(1.71)
Prior Period Adjustments	.33
Unrestricted Net Assets	\$.59

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

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in unrestricted net assets provides a clearer change in financial well-being.

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

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

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

	2007 (Millions of Dollars)	2006 (Millions of Dollars)
<b><u>Revenues</u></b>		
Tenant Revenue - Rents and Other	\$ 1.26	\$ 1.31
Operating Subsidies and Grants	8.16	8.93
Capital Grants	1.79	2.67
Investment Income	.09	.02
Other Revenues	<u>.24</u>	<u>.35</u>
<b>Total Revenues</b>	<u>11.54</u>	<u>13.28</u>
<b><u>Expenses</u></b>		
Administrative	2.97	2.58
Utilities	1.10	1.04
Maintenance	1.92	1.83
General	.63	.48
Housing Assistance Payments	3.84	3.33
Depreciation	<u>2.65</u>	<u>2.64</u>
<b>Total Expenses</b>	<u>13.11</u>	<u>11.90</u>
Net Increase (Decrease)	<u>\$ (1.57)</u>	<u>\$ 1.38</u>

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

Although tenant rent revenue decreased slightly during 2007 in comparison to 2006 due, primarily, to higher utility cost allowances, tenant other revenue increased due, in part, to ongoing collection efforts. Operating subsidies decreased significant (approximately \$.67 million) due, primarily, to the primarily government receiving approximately \$.83 for every dollar for which the primary government was eligible under HUD's new funding formula. Funding for the Housing Choice Voucher Program decreased by approximately \$.45 million under HUD's revised funding formula. The significance of this decrease was offset partially by an approximate \$.25 million Youth Build program grant from HUD. Capital grants decreased due, primarily, to a lower level of new capital improvement activity. Managing invested reserves resulted to maximize earnings.

Total administrative and maintenance expenses increased by \$.48 million, due in part to higher overall maintenance contract costs. The Youth Build program grant mentioned above supported higher expenditures in support of program participants. Although the Authority benefitted from a special negotiated rate for natural gas prices and from its day-to-day conservation efforts, utility expense increased by \$.06 million due to market pricing beyond the Authority's control. General expense increased by \$.15 million. A greater number of participants in the Youth Build program accounted for the majority of this increase. Housing Assistance Payments increased by \$.51 million due to higher lease up levels compared to last year.

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**(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the primary government had \$22.65 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$.95 million or 4% from the end of last year.

As of year-end, the component units had \$12.2 million invested in a variety of capital assets. No significant additions or deletions were made during the year although a \$1.5 million decrease in capital assets was equally offset by an increase in other assets due to the recategorizing of certain non-current assets.

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

	Business-Type Activities	
	2007 (Millions of Dollars)	2006 (Millions of Dollars)
Land	\$ .88	\$ .88
Buildings	63.35	61.74
Equipment - Administrative and Dwelling	1.90	1.92
Accumulated Depreciation	(47.04)	(44.42)
Construction in Progress	3.56	3.48
<b>Total</b>	<b>\$ 22.65</b>	<b>\$ 23.60</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**

	Business-Type Activities
Beginning Balance	\$ 23.60
Additions	3.74
Retirements	(2.04)
Depreciation	(2.65)
Ending Balance	<b>\$ 22.65</b>

Capital expenditures to modernize the Authority's public housing developments accounted for the \$1.7 million of additions, net of deductions.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2007**  
**(Unaudited)**

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**DEBT OUTSTANDING**

The Authority had no debt (bonds, notes, etc.) related to its public housing developments outstanding at the end of either 2007 or 2006. The component units, however, had debt equal to \$4.24 million at the end of 2007, compared to \$4.96 at the end of 2006.

A summary of outstanding debt is presented in detail on pages 27 through 29 of the notes.

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

<b>Business-Type</b>	<b>Total 2007</b>	<b>Total 2006</b>
Primary Government	\$ 0.00	\$ 0.00
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash - Unrestricted	\$ 796,168	\$ 9,777,544
Cash - Restricted	1,247,150	1,499,038
Accounts Receivable - Net of Allowance	201,934	43,451
Inventories - Net of Allowance	205,560	0
Prepaid Expenses	113,553	98,970
Assets Held for Sale	0	96,905
Due from Primary Government	<u>0</u>	<u>48,050</u>
Total Current Assets	<u>2,564,365</u>	<u>11,563,958</u>
Non-Current Assets:		
Capital Assets, Not Depreciated	4,444,833	1,276,833
Capital Assets - Net of Accumulated Depreciation	18,207,605	10,963,512
Other Assets	<u>0</u>	<u>1,332,785</u>
Total Non-Current Assets	<u>22,652,438</u>	<u>13,573,130</u>
<b>Total Assets</b>	<b><u>\$ 25,216,803</u></b>	<b><u>\$ 25,137,088</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
Current Liabilities:		
Accounts Payable	\$ 178,790	\$ 29,857
Intergovernmental Payable	6,890	0
Current Portion of Long-Term Debt	0	725,000
Accrued Wages and Payroll Taxes	232,672	27,646
Tenant Security Deposits	114,603	92,131
Deferred Credits and Other Liabilities	110,727	251,731
Due to Component Units	<u>48,050</u>	<u>0</u>
Total Current Liabilities	<u>691,732</u>	<u>1,126,365</u>
Non-Current Liabilities:		
Long-Term Debt Net of Current Portion	0	3,515,000
Other Long-Term Liabilities - Compensated Absences	<u>186,231</u>	<u>62,470</u>
Total Non-Current Liabilities	<u>186,231</u>	<u>3,577,470</u>
<b>Total Liabilities</b>	<b><u>877,963</u></b>	<b><u>4,703,835</u></b>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	22,652,438	8,000,345
Restricted Net Assets	1,099,161	0
Unrestricted Net Assets	<u>587,241</u>	<u>12,432,908</u>
<b>Total Net Assets</b>	<b><u>24,338,840</u></b>	<b><u>20,433,253</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 25,216,803</u></b>	<b><u>\$25,137,088</u></b>

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>OPERATING REVENUES</u></b>		
Program Operating Grants/Subsidies	\$ 8,160,178	\$ 0
Tenant Revenues	1,256,628	1,218,892
Other Income	<u>243,618</u>	<u>2,112,732</u>
<b>Total Operating Revenues</b>	<u>9,660,424</u>	<u>3,331,624</u>
<b><u>OPERATING EXPENSES</u></b>		
Administrative	2,975,638	847,740
Utilities	1,099,663	419,366
Ordinary Maintenance and Operations	1,916,919	765,887
Tenant Services	31,816	34,437
General and Protective Services	559,273	335,250
Housing Assistance Payments	3,843,935	0
Other Operating	43,247	2,233
Depreciation	<u>2,646,957</u>	<u>570,203</u>
<b>Total Operating Expenses</b>	<u>13,117,448</u>	<u>2,975,116</u>
Operating Income (Loss)	<u>(3,457,024)</u>	<u>356,508</u>
<b><u>NON-OPERATING REVENUE (EXPENSES)</u></b>		
Capital Grants	1,794,308	0
Interest Income	89,524	551,320
Interest Expense	0	(188,161)
Loss on Sale of Assets	<u>(1,738)</u>	<u>0</u>
<b>Total Non-Operating Revenue (Expenses)</b>	<u>1,882,094</u>	<u>363,159</u>
Excess (Deficiency) of Revenue Over (Under) Expenses	<u>(1,574,930)</u>	<u>719,667</u>
Beginning Net Assets	25,581,906	20,186,917
Special Items	325,250	(473,331)
Prior Period Adjustments	<u>6,614</u>	<u>0</u>
<b>ENDING NET ASSETS</b>	<u>\$24,338,840</u>	<u>\$20,433,253</u>

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from HUD and Other Governments	\$ 8,158,611	\$ 125,932
Cash Received from Tenants	1,239,989	1,196,287
Cash Received from Other Sources	252,113	2,239,895
Cash Payments for Housing Assistance Payments	(3,843,935)	0
Cash Payments for Administrative	(2,931,894)	(826,874)
Cash Payments for Other Operating Expenses	<u>(3,638,453)</u>	<u>(1,529,009)</u>
<b>Net Cash (Used) by Operating Activities</b>	<b><u>(763,569)</u></b>	<b><u>1,206,231</u></b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Principal Payments on Debt	0	(715,000)
Acquisition of Fixed Assets	(1,705,612)	(451,627)
Special Items Receivable	325,250	(473,331)
Capital Grants Received	<u>1,794,308</u>	<u>0</u>
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<b><u>413,946</u></b>	<b><u>(1,639,958)</u></b>
<b><u>Cash Flows from Investing Activities</u></b>		
Investment Income	89,524	551,320
Interest Expense	<u>0</u>	<u>(188,161)</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>89,524</u></b>	<b><u>363,159</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	(260,099)	(70,568)
Cash and Cash Equivalents, Beginning	<u>2,303,417</u>	<u>11,347,150</u>
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 2,043,318</u></b>	<b><u>\$ 11,276,582</u></b>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Net Operating Income (Loss)	\$(3,457,024)	\$ 356,508
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	2,646,957	570,203
(Increase) Decrease in:		
Receivables - Net of Allowance	(25,096)	(22,605)
Inventory	4,394	0
Prepaid Expenses and Other Assets	3,834	87,315
Increase (Decrease) in:		
Accounts Payable	51,007	17,840
Non Current Liabilities	(42,140)	16,290
Accrued Wages/Payroll Taxes	39,114	4,576
Intergovernmental Payable	6,890	0
Tenants' Security Deposits	19,218	(1,179)
Deferred Credits/Other Liabilities	<u>(10,723)</u>	<u>177,283</u>
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (763,569)</u></b>	<b><u>\$ 1,206,231</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, 2007**

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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, 2007**  
**(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 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, and to promote the common good and general welfare of the City of Warren, Ohio, its inhabitants and surrounding territories and their inhabitants. Separately issued audited financial statements for the Corporation can be obtained from the Authority.

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(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, 2007**  
**(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 2007 totaled \$89,524 for the primary government and \$551,320 for the component units. Investments at June 30, 2007, consisted of only certificates of deposit.

**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.

**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, 2007**  
**(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 then adopted by the Board of the Authority.

**L. Estimates**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

**A. Primary Government**

**Deposits**

At fiscal year end, the carrying amount of the Authority's deposits was \$2,043,318 and the bank balance was \$1,607,781. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2007, \$200,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority. Included in the carrying value of the Authority's deposits is \$650 in petty cash.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

A. **Primary Government** (Continued)

**Investments**

The Authority has a formal investment policy; however, the Authority's investments were limited to certificates of deposits at June 30, 2007.

**Interest Rate Risk**

The Authority's investment policy limits investments to 5 years but does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

**Credit Risk**

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

**Concentration of Credit Risk**

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

Cash and cash equivalents included in the Authority's cash position at June 30, 2007, are as follows:

	<u>Cash and Cash</u>	<u>Investments</u>
	<u>Equivalents*</u>	
Cash - Unrestricted	\$ 796,168	\$ 0
Cash - Restricted	1,247,150	0
Per GASB Statement No. 3	<u>\$ 2,043,318</u>	<u>\$ 0</u>

\* Includes Petty Cash

B. **Component Units**

**Deposits**

At fiscal year end, the carrying amount of the Authority's component units' deposits was \$11,276,582 and the bank balance was \$11,684,134. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2007, \$300,000 of the component units' bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

B. **Component Units** (Continued)

**Deposits** (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.

**Investments**

The Authority has a formal investment policy; however, the Authority's component units' investments were limited to certificates of deposits at June 30, 2007.

**Interest Rate Risk**

The Authority's investment policy limits investments to 5 years but does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

**Credit Risk**

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

**Concentration of Credit Risk**

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

*Concentration of Credit Risk* (Continued)

Cash and cash equivalents included in the Authority's cash position at June 30, 2007, are as follows:

	Cash and Cash Equivalents*	Investments
Cash - Unrestricted	\$ 9,777,544	\$ 0
Cash - Restricted	1,499,038	0
Per GASB Statement No. 3	\$11,276,582	\$ 0

\* Includes Petty Cash

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

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

NOTE 4: **INSURANCE COVERAGE**

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

	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 10,000	\$ 107,835,975
General Liability	5,000	2,000,000
Vehicle	500/0	ACV/1,000,000
Directors, Officers, and Trustees Liability	0/7,500	2,000,000
Blanket Position Bond	0	25,000

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan for employee health care benefits.

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

**NOTE 5: CAPITAL ASSETS**

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

	Primary Government	Component Units
<b>Capital Assets Not Depreciated</b>		
Land	\$ 878,365	\$ 1,231,300
Construction in Progress	3,566,468	45,533
<b>Total Capital Assets Not Depreciated</b>	<b>4,444,833</b>	<b>1,276,833</b>
 <b>Capital Assets Being Depreciated</b>		
Buildings and Building Improvements	63,347,308	19,252,731
Furniture and Equipment	1,901,280	900,042
<b>Total Capital Assets being Depreciated</b>	<b>65,248,588</b>	<b>20,152,773</b>
Less Accumulated Depreciation	(47,040,983)	(9,189,261)
Subtotal Capital Assets Being Depreciated	18,207,605	10,963,512
<b>Total Capital Assets</b>	<b>\$ 22,652,438</b>	<b>\$ 12,240,345</b>

The following is a summary of changes:

	Primary Government				
	Balance July 1, 2006	Amount Reclassified	Additions	Deletions	
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 878,365	\$ 0	\$ 0	\$ 0	\$ 878,365
Construction in Progress	3,480,636	0	2,108,260	(2,022,428)	3,566,468
<b>Total Capital Assets Not Being Depreciated</b>	<b>4,359,001</b>	<b>0</b>	<b>2,108,260</b>	<b>(2,022,428)</b>	<b>4,444,833</b>
 <b>Capital Assets Being Depreciated</b>					
Buildings and Building Improvements	61,737,184	0	1,610,124	0	63,347,308
Furniture and Equipment	1,919,575	0	9,656	(27,951)	1,901,280
<b>Total Capital Assets Being Depreciated</b>	<b>63,656,759</b>	<b>0</b>	<b>1,619,780</b>	<b>(27,951)</b>	<b>65,248,588</b>
Less Accumulated Depreciation -					
Buildings and Improvements	(41,370,874)	0	(2,466,758)	0	(43,837,632)
Furniture and Equipment	(3,049,364)	0	(180,199)	26,212	(3,203,351)
Subtotal Accumulated Depreciation	(44,420,238)	0	(2,646,957)	26,212	(47,040,983)
Depreciable Assets, Net	19,236,521	0	(1,027,177)	(1,739)	18,207,605
<b>Total Capital Assets, Net, Primary Government</b>	<b>\$ 23,595,522</b>	<b>\$ 0</b>	<b>\$ 1,081,083</b>	<b>\$ (2,024,167)</b>	<b>\$ 22,652,438</b>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

NOTE 5: CAPITAL ASSETS (Continued)

	<u>Component Units</u>				
	Balance July 1, 2006	Amount Reclassified	Additions	Deletions	Balance June 30, 2007
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 1,231,300	\$ 0	\$ 0	\$ 0	\$ 1,231,300
Construction in Progress	937,926	(937,926)	45,533	0	45,533
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,169,226</u>	<u>(937,926)</u>	<u>45,533</u>	<u>0</u>	<u>1,276,833</u>
<b>Capital Assets Being Depreciated</b>					
Buildings and Building Improvements	19,244,069	0	8,662	0	19,252,731
Furniture and Equipment	909,877	0	2,575	(12,410)	900,042
<b>Total Capital Assets Being Depreciated</b>	<u>20,153,946</u>	<u>0</u>	<u>11,237</u>	<u>(12,410)</u>	<u>20,152,773</u>
Less Accumulated Depreciation -					
Buildings and Improvements	(8,002,413)	0	(536,753)	0	(8,539,166)
Furniture and Equipment	(629,055)	0	(33,450)	12,410	(650,095)
Subtotal Accumulated Depreciation	<u>(8,631,468)</u>	<u>0</u>	<u>(570,203)</u>	<u>12,410</u>	<u>(9,189,261)</u>
Depreciable Assets, Net	<u>11,522,478</u>	<u>0</u>	<u>(558,966)</u>	<u>0</u>	<u>10,963,512</u>
<b>Total Capital Assets, Net, Component Units</b>	<u>\$ 13,691,704</u>	<u>\$ (937,926)</u>	<u>\$ (513,433)</u>	<u>\$ 0</u>	<u>\$ 12,240,345</u>

The reclassified amounts in the Authority's component units were for amounts expended by the respective component unit that eventually will be paid for and reimbursed by other program grants. Because of that, these amounts were reclassified as Other Assets at June 30, 2007.

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and 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 tradition plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

Effective January 1, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries; the percent of contributions increased to 9.5 percent effective January 1, 2007. The Authority's contribution rate for pension benefits was 9.2 percent of covered payroll through December 31, 2006; effective January 1, 2007, the percent decreased to 8.85 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2007, 2006, and 2005 were \$245,669, \$267,944, and \$258,893, respectively, 100 percent has been contributed for 2007, 2006, and 2005. Contributions to the member directed plan for 2007 was \$4,048.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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**NOTE 7: POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined plan; however, health care benefits are not statutorily guaranteed. 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 OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 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, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care 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.

At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$129,045. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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**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, 2007, based on the vesting method, \$375,240 was accrued by the Authority for unused vacation and sick time. The current portion is \$126,539 and the non-current portion is \$248,701.

**NOTE 9: LONG-TERM DEBT**

The Authority's component units were obligated on the following notes as of June 30, 2007:

	2007
<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. The Bank of New York is the bond trustee. Annual installments due and applicable rates of interest for the bond issue is as follows:	
Due January 1, 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. \$ 910,000



**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

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

Bonds issued by Western Reserve Housing Development Corporation dated April 1, 2003 and due April 1, 2023. Huntington National Bank is the bond trustee. Quarterly installments of approximately \$20,000 are due in the first five years and approximately \$55,000 for the remaining 15 years. The bonds were issued to acquire, renovate, and equip an administration building for lease to the Authority, which uses the facility as its central administration building.

\$ 3,330,000

**Total** \$ 4,240,000

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>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Requirements</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
2008	\$ 670,000	\$ 36,425	\$ 706,425
2009	<u>240,000</u>	<u>9,960</u>	<u>249,960</u>
Remaining at June 30, 2007	<u>910,000</u>	<u>46,385</u>	<u>956,385</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Requirements</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
2008	\$ 55,000	\$ 58,481	\$ 113,481
2009	200,000	74,581	274,581
2010	220,000	69,550	289,550
2011	220,000	64,341	284,341
2012	220,000	59,132	279,132
2013-2017	1,100,000	217,527	1,317,527
2018-2022	1,100,000	87,307	1,187,307
2023	<u>215,000</u>	<u>1,865</u>	<u>216,865</u>
Remaining at June 30, 2007	<u>3,330,000</u>	<u>632,784</u>	<u>3,962,784</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

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>
2008	\$ 725,000	\$ 94,906	\$ 819,906
2009	440,000	84,541	524,541
2010	220,000	69,550	289,550
2011	220,000	64,341	284,341
2012	220,000	59,132	279,132
2013-2017	1,100,000	217,527	1,317,527
2018-2022	1,100,000	87,307	1,187,307
2023	215,000	1,865	216,865
Remaining at June 30, 2007	<u>\$ 4,240,000</u>	<u>\$ 679,169</u>	<u>\$ 4,919,169</u>

**NOTE 10: LITIGATION**

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

**NOTE 11: SPECIAL ITEMS**

The Authority reported Special Items for the Component Units in the amount of \$(473,331). Comprising that were expenditures amounting to \$452,400 made to support programs of the Primary Government, and expenditures amounting to \$20,931 to support or investigate and evaluate the desirability to support other local public programming in the community

The Authority also reported Special Items for the Primary Government in the amount of \$325,250. Comprising that were receipts of \$452,400 referred to above, and expended amounts totaling \$127,150 related to training target population youth as part of the Authority's programs.

Management considers these receipts and expenditures to be only incidentally related to the ordinary and typical activities of the entities.

**NOTE 12: PRIOR YEAR FUND EQUITY**

**Prior Period Adjustment**

A restatement of the Low Rent Public Housing Program equity balance was needed to reflect a change made in the 2006 PILOT liability accrual in the amount of \$6,614.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

	Western Reserve Housing Development Corporation	Warren Housing Development Corporation	Trumbull Housing Development Corporation	Eliminations/ Adjustments	Totals
<b><u>Balance Sheet</u></b>					
Current Assets	\$ 162,252	\$ 3,981,804	\$ 8,157,854	\$ (737,952)	\$ 11,563,958
Capital and Other Assets	4,827,554	5,793,110	3,091,611	(139,145)	13,573,130
Current Liabilities	(216,167)	(841,104)	(179,306)	110,212	(1,126,365)
Non-Current Liabilities	(3,498,148)	(734,702)	(6,432)	661,812	(3,577,470)
Net Assets	(1,275,491)	(8,199,108)	(11,063,727)	105,073	(20,433,253)
<b><u>Revenues, Expenses, and Change in Equity</u></b>					
Operating Revenue	974,854	2,530,786	251,522	(425,538)	3,331,624
Operating Expenses	888,454	2,092,193	476,889	(482,420)	2,975,116
Net Operating Income (Loss)	86,400	438,593	(225,367)	56,882	356,508
Net Non-Operating Revenue					
Over Expenses	(134,465)	52,621	482,245	(37,242)	363,159
Excess of Revenue Over Expenses	(48,065)	491,214	256,878	19,640	719,667

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2007**

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**Annual Contributions Contract C-5031**

1. The total amount of modernization costs of the Capital Fund Program grant is shown below:

	<u>Capital Grant OH12POO850104</u>
<u>Project OH</u>	
Funds Approved	\$ 2,278,950
Funds Expended	<u>2,278,950</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 2,278,950
Funds Expended	<u>2,278,950</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the 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.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2007**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth-Youthbuild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
111	Cash - Unrestricted	\$0	\$1,648	\$755,107	\$0	\$39,413	\$0	\$9,777,544	\$10,573,712
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$1,395,000	\$1,395,000
113	Cash - Other Restricted	\$0	\$0	\$21,786	\$0	\$1,110,761	\$0	\$11,907	\$1,144,454
114	Cash - Tenant Security Deposits	\$0	\$0	\$114,603	\$0	\$0	\$0	\$92,131	\$206,734
100	<b>Total Cash</b>	\$0	\$1,648	\$891,496	\$0	\$1,150,174	\$0	\$11,276,582	\$13,319,900
122	Accounts Receivable - HUD Other Projects	\$0	\$6,536	\$0	\$0	\$0	\$1,921	\$0	\$8,457
124	Accounts Receivable - Other Government	\$0	\$12,664	\$0	\$0	\$0	\$0	\$0	\$12,664
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$160,712	\$0	\$0	\$0	\$6,885	\$167,597
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$39,187	\$0	\$0	\$0	\$9,077	\$48,264
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$25,729)	\$0	\$0	\$0	(\$7,656)	(\$33,385)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$6,612	\$0	\$0	\$0	\$2,516	\$9,128
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0	\$0	\$31	\$0	\$0	\$0	\$32,629	\$32,660
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$19,200	\$180,813	\$0	\$0	\$1,921	\$43,451	\$245,385
142	Prepaid Expenses and Other Assets	\$0	\$1,480	\$106,452	\$0	\$5,621	\$0	\$98,970	\$212,523
143	Inventories	\$0	\$0	\$214,019	\$0	\$0	\$0	\$0	\$214,019
143.1	Allowance for Obsolete Inventories	\$0	\$0	(\$8,459)	\$0	\$0	\$0	\$0	(\$8,459)
144	Interprogram Due From	\$6,890	\$0	\$0	\$0	\$0	\$0	\$48,050	\$54,940
145	Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$96,905	\$96,905
150	<b>Total Current Assets</b>	\$6,890	\$22,328	\$1,384,321	\$0	\$1,155,795	\$1,921	\$11,563,958	\$14,135,213
161	Land	\$0	\$0	\$874,365	\$0	\$4,000	\$0	\$1,231,300	\$2,109,665
162	Buildings	\$0	\$0	\$61,450,659	\$0	\$286,525	\$1,610,124	\$19,252,731	\$82,600,039
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$896,460	\$0	\$0	\$0	\$348,629	\$1,245,089
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$937,615	\$0	\$67,205	\$0	\$551,413	\$1,556,233
166	Accumulated Depreciation	\$0	\$0	(\$46,782,555)	\$0	(\$151,086)	(\$107,342)	(\$9,189,261)	(\$56,230,244)
167	Construction In Progress	\$0	\$139,146	\$0	\$0	\$0	\$3,427,322	\$45,533	\$3,612,001
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$139,146	\$17,376,544	\$0	\$206,644	\$4,930,104	\$12,240,345	\$34,892,783
174	Other Non Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$1,332,785	\$1,332,785
180	<b>Total Non-Current Assets</b>	\$0	\$139,146	\$17,376,544	\$0	\$206,644	\$4,930,104	\$13,573,130	\$36,225,568
190	<b>Total Assets</b>	\$6,890	\$161,474	\$18,760,865	\$0	\$1,362,439	\$4,932,025	\$25,137,088	\$50,360,781

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2007**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth-Youthbuild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
312	Accounts Payable <= 90 Days	\$0	\$863	\$175,812	\$0	\$194	\$1,921	\$29,857	\$208,647
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$133,779	\$0	\$0	\$0	\$0	\$133,779
322	Accrued Compensated Absences - Current Portion	\$0	\$3,408	\$84,357	\$0	\$11,128	\$0	\$27,646	\$126,539
331	Accounts Payable - HUD PHA Programs	\$6,890	\$0	\$0	\$0	\$0	\$0	\$0	\$6,890
341	Tenant Security Deposits	\$0	\$0	\$114,603	\$0	\$0	\$0	\$92,131	\$206,734
342	Deferred Revenues	\$0	\$0	\$46,652	\$0	\$0	\$0	\$92,164	\$138,816
343	Current Portion of Long-term Debt - Capital Projects/Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$725,000	\$725,000
345	Other Current Liabilities	\$0	\$0	\$52,475	\$0	\$11,600	\$0	\$159,567	\$223,642
347	Interprogram Due To	\$0	\$48,050	\$0	\$0	\$6,890	\$0	\$0	\$54,940
310	<b>Total Current Liabilities</b>	\$6,890	\$52,321	\$607,678	\$0	\$29,812	\$1,921	\$1,126,365	\$1,824,987
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$3,515,000	\$3,515,000
354	Accrued Compensated Absences - Non Current	\$0	\$4,078	\$155,964	\$0	\$26,189	\$0	\$62,470	\$248,701
350	Total Noncurrent Liabilities	\$0	\$4,078	\$155,964	\$0	\$26,189	\$0	\$3,577,470	\$3,763,701
300	<b>Total Liabilities</b>	\$6,890	\$56,399	\$763,642	\$0	\$56,001	\$1,921	\$4,703,835	\$5,588,688
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$139,146	\$17,376,544	\$0	\$206,644	\$4,930,104	\$9,333,130	\$31,985,568
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$1,099,161	\$0	\$0	\$1,099,161
512.1	Unrestricted Net Assets	\$0	(\$34,071)	\$620,679	\$0	\$633	\$0	\$11,100,123	\$11,687,364
513	<b>Total Equity/Net Assets</b>	\$0	\$105,075	\$17,997,223	\$0	\$1,306,438	\$4,930,104	\$20,433,253	\$44,772,093
600	<b>Total Liabilities and Equity/Net Assets</b>	\$6,890	\$161,474	\$18,760,865	\$0	\$1,362,439	\$4,932,025	\$25,137,088	\$50,360,781

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2007**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth-Youthbuild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
703	Net Tenant Rental Revenue	\$0	\$0	\$1,171,947	\$0	\$0	\$0	\$1,154,208	\$2,326,155
704	Tenant Revenue - Other	\$0	\$0	\$84,681	\$0	\$0	\$0	\$64,684	\$149,365
705	Total Tenant Revenue	\$0	\$0	\$1,256,628	\$0	\$0	\$0	\$1,218,892	\$2,475,520
706	HUD PHA Operating Grants	\$290,367	\$268,171	\$3,274,645	\$45,149	\$3,851,743	\$430,103	\$0	\$8,160,178
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$1,794,308	\$0	\$1,794,308
711	Investment Income - Unrestricted	\$0	\$0	\$30,394	\$0	\$0	\$0	\$551,320	\$581,714
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$14,876	\$0	\$0	\$14,876
715	Other Revenue	\$0	\$104,967	\$123,710	\$0	\$65	\$0	\$2,112,732	\$2,341,474
716	Gain/Loss on Sale of Fixed Assets	\$0	\$0	(\$1,738)	\$0	\$0	\$0	\$0	(\$1,738)
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$59,130	\$0	\$0	\$59,130
700	<b>Total Revenue</b>	\$290,367	\$373,138	\$4,683,639	\$45,149	\$3,925,814	\$2,224,411	\$3,882,944	\$15,425,462
911	Administrative Salaries	\$0	\$85,685	\$988,524	\$35,623	\$309,372	\$100,000	\$394,405	\$1,913,609
912	Auditing Fees	\$500	\$0	\$11,096	\$0	\$4,057	\$0	\$15,500	\$31,153
914	Compensated Absences	\$0	\$3,285	\$34,916	\$0	\$12,007	\$0	\$20,116	\$70,324
915	Employee Benefit Contributions - Administrative	\$0	\$44,973	\$505,491	\$9,526	\$154,220	\$0	\$184,919	\$899,129
916	Other Operating - Administrative	\$0	\$12,370	\$339,593	\$0	\$87,265	\$237,135	\$232,800	\$909,163
924	Tenant Services - Other	\$0	\$0	\$31,816	\$0	\$0	\$0	\$34,437	\$66,253
931	Water	\$0	\$102	\$89,418	\$0	\$0	\$0	\$33,883	\$123,403
932	Electricity	\$0	\$1,863	\$387,599	\$0	\$0	\$0	\$224,452	\$613,914
933	Gas	\$0	\$1,447	\$482,941	\$0	\$0	\$0	\$118,464	\$602,852
938	Other Utilities Expense	\$0	\$381	\$135,912	\$0	\$0	\$0	\$42,567	\$178,860
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$672,895	\$0	\$0	\$0	\$266,890	\$939,785
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$9,130	\$119,053	\$0	\$0	\$0	\$46,048	\$174,231
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$16,605	\$712,814	\$0	\$0	\$0	\$273,433	\$1,002,852
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$354,281	\$0	\$0	\$0	\$135,088	\$489,369
952	Protective Services - Other Contract Costs	\$0	\$0	\$16,768	\$0	\$0	\$0	\$49,987	\$66,755
961	Insurance Premiums	\$0	\$4,092	\$307,456	\$0	\$11,290	\$0	\$197,026	\$519,864
962	Other General Expenses	\$0	\$171,822	\$0	\$0	\$1,402	\$0	\$78,697	\$251,921
963	Payments in Lieu of Taxes	\$0	\$0	\$9,241	\$0	\$0	\$0	\$0	\$9,241
964	Bad Debt - Tenant Rents	\$0	\$0	\$37,202	\$0	\$0	\$0	\$9,540	\$46,742
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$188,161	\$188,161
969	<b>Total Operating Expenses</b>	\$500	\$351,755	\$5,237,016	\$45,149	\$579,613	\$337,135	\$2,546,413	\$9,097,581

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2007**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
970	Excess Operating Revenue over Operating Expenses	\$289,867	\$21,383	(\$553,377)	\$0	\$3,346,201	\$1,887,276	\$1,336,531	\$6,327,881
971	Extraordinary Maintenance	\$0	\$0	\$32,141	\$0	\$0	\$0	\$44,428	\$76,569
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$43,247	\$0	\$0	\$0	\$2,233	\$45,480
973	Housing Assistance Payments	\$270,010	\$0	\$0	\$0	\$3,573,925	\$0	\$0	\$3,843,935
974	Depreciation Expense	\$0	\$0	\$2,522,735	\$0	\$16,880	\$107,342	\$570,203	\$3,217,160
900	<b>Total Expenses</b>	\$270,510	\$351,755	\$7,835,139	\$45,149	\$4,170,418	\$444,477	\$3,163,277	\$16,280,725
1001	Operating Transfers In	\$0	\$0	\$92,968	\$0	\$19,857	\$0	\$0	\$112,825
1002	Operating Transfers Out	(\$19,857)	\$0	\$0	\$0	\$0	(\$92,968)	\$0	(\$112,825)
1008	Special Items (net gain/loss)	\$0	(\$74,750)	\$351,000	\$0	\$49,000	\$0	(\$473,331)	(\$148,081)
1010	<b>Total Other Financing Sources (Uses)</b>	(\$19,857)	(\$74,750)	\$443,968	\$0	\$68,857	(\$92,968)	(\$473,331)	(\$148,081)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	(\$53,367)	(\$2,707,532)	\$0	(\$175,747)	\$1,686,966	\$246,336	(\$1,003,344)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$13,657	\$158,442	\$20,427,374	\$0	\$1,468,528	\$3,513,905	\$20,186,917	\$45,768,823
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$13,657)	\$0	\$277,381	\$0	\$13,657	(\$270,767)	\$0	\$6,614
1120	Unit Months Available	720	0	16,308	0	10,992	0	5,112	33,132
1121	Number of Unit Months Leased	720	0	12,317	0	10,288	0	5,053	28,378
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$207,277	\$0	\$0	\$207,277
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$1,099,161	\$0	\$0	\$1,099,161



**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007**

<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	\$ 3,274,645
Capital Fund Program	14.872	<u>2,224,411</u>
Total for PHA Owned Housing Program		<u>5,499,056</u>
 <b><u>Section 8 Tenant Based Clusters:</u></b>		
<b><u>Housing Assistance Payments:</u></b>		
Housing Choice - Vouchers	14.871	<u>3,851,743</u>
Total for Section 8 Tenant Based Clusters		<u>3,851,743</u>
 <b><u>Section 8 Project Based Programs:</u></b>		
Project Based - Section 8 New Construction	14.182	<u>290,367</u>
Subtotal Section 8 Project Based Programs		<u>290,367</u>
 Resident Opportunity and Support Services	 14.870	 <u>45,149</u>
Subtotal Section Resident Opportunity and Support Services		<u>45,149</u>
 <b><u>Opportunities for Youth</u></b>		
YouthBuild Program	14.243	<u>268,171</u>
Subtotal Opportunities for Youth		<u>268,171</u>
 <b><i>Total U.S. Department of HUD</i></b>		 <u>9,954,486</u>
 <b>TOTAL ALL PROGRAMS</b>		 <u>\$ 9,954,486</u>

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

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Ohio Society of Certified Public Accountants

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

Board of Directors  
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 business-type activities and the aggregate discretely presented component units of the Trumbull Metropolitan Housing Authority as of and for the year ended June 30, 2007, which collectively comprise the Trumbull Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated January 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America..

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Trumbull Metropolitan Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Trumbull Metropolitan Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Trumbull Metropolitan Housing Authority's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trumbull Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, and Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

January 2, 2008

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

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Trumbull Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Our responsibility is to express an opinion on 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trumbull Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Trumbull Metropolitan Housing Authority's compliance with those requirements.

In our opinion, the 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, 2007.

### **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 the 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 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trumbull Metropolitan Housing Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, and Federal awarding agencies and pass-through entities, and is not intended to be used by anyone other than these specified parties.

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

January 2, 2008

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 & .505**  
**JUNE 30, 2007**

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

2007(i)	Type of Financial Statement Opinion	Unqualified
2007(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2007(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2007(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2007(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2007(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2007(v)	Type of Major Programs' Compliance Opinion	Unqualified
2007(vi)	Are there any reportable findings under .510?	No
2007(vii)	Major Programs (list):  Section 8 Housing Choice Vouchers - CFDA #14.871	
2007(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: > all others
2007(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



Mary Taylor, CPA  
Auditor of State

TRUMBULL METROPOLITAN HOUSING AUTHORITY

TRUMBULL COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
APRIL 8, 2008