

**TRUMBULL METROPOLITAN
HOUSING AUTHORITY**

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002



**Auditor of State
Betty Montgomery**

Board of Commissioners
Trumbull Metropolitan Housing Authority
Warren, Ohio

We have reviewed the Independent Auditor's Report of the Trumbull Metropolitan Housing Authority, Trumbull County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 2001 through June 30, 2002. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 3, 2003

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Trumbull Metropolitan Housing Authority (the Authority), as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trumbull Metropolitan Housing Authority, as of June 30, 2002 and the results of its operations and its 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 our report dated March 5, 2003 on our consideration of the 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the Balance Sheet by Program, the Schedule of Revenues and Expenses by Program, the Schedule of Units Under Management and the Statement of Actual Modernization of the Cost Certificate are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

March 5, 2003

FINANCIAL STATEMENTS

Trumbull Metropolitan Housing Authority

Balance Sheet

June 30, 2002

ASSETS

Current Assets:

Cash	\$819,259
Tenants Accounts Receivable - Net of \$60,000 Allowance for Doubtful Accounts	27,574
Accounts Receivable - HUD Other Projects	402,280
Accounts Receivable - PHA Projects	340,096
Accounts Receivable - Miscellaneous	296,516
Accrued Interest	770
Prepaid Expenses	102,563
Inventory - Net of \$16,036 Allowance for Obsolete Inventories	304,693

Total Current Assets 2,293,751

Property and Equipment - Net of \$35,212,939 Accumulated Depreciation	<u>25,870,494</u>
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Total Assets \$28,164,245

LIABILITIES AND EQUITY

Current Liabilities:

Accounts Payable	\$666,929
Accounts Payable - PHA Projects	30,095
Accounts Payable - PHA Programs	19,628
Accrued Wages and Payroll Taxes	43,637
Intergovernmental Payable	67,353
Accrued Compensated Absences	306,498
Tenant Security Deposits	51,423
Deferred Revenues	82,063
Other Current Liabilities	277,372

Total Liabilities 1,544,998

Equity:

Contributed Capital	24,038,499
Retained Earnings	<u>2,580,748</u>

Total Equity 26,619,247

Total Liabilities and Equity \$28,164,245

Interfund eliminations have been made in the aggregation of this data.

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

Trumbull Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Equity
For the Fiscal Year Ended June 30, 2002

<u>Operating Revenues</u>	
HUD Grants	\$10,202,412
Tenant Rental Income	1,554,116
Other Tenant Revenue	67,782
Other Operating Revenue	<u>1,070,054</u>
Total Operating Revenues	<u>12,894,364</u>
<u>Operating Expenses</u>	
Housing Assistance Payments	3,430,948
Administrative Salaries	1,128,344
Auditing Fees	13,269
Compensated Absences	24,170
Employee Benefit Contributions - Administrative	569,926
Other Operating - Administrative	1,416,288
Utilities	752,585
Labor - Maintenance	684,185
Materials and Other - Maintenance	161,681
Contract Costs - Maintenance	950,451
Employee Benefit Contributions - Maintenance	346,267
Insurance Premiums	102,530
Payment in Lieu of Taxes	84,173
Bad Debt - Tenant Rents	89,856
Severance	33,503
Depreciation	2,349,303
Other General Operating Expense	<u>250</u>
Total Operating Expenses	<u>12,137,729</u>
Operating Income	<u>756,635</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	33,372
Extraordinary Maintenance	(25,185)
Loss on Sale of Fixed Assets	(91)
Casualty Losses	<u>(16,046)</u>
Total Nonoperating Revenues (Expenses)	<u>(7,950)</u>
Net Income	748,685
Retained Earnings - Beginning of Fiscal Year	1,578,019
Residual Equity Transfers In	56,923
Residual Equity Transfers Out	(56,923)
Equity Adjustment	<u>(45,572)</u>
Retained Earnings - End of Fiscal Year	<u>2,281,132</u>
Contributed Capital - Beginning of Fiscal Year	<u>24,338,115</u>
Contributed Capital - End of Fiscal Year	<u>24,338,115</u>
Total Equity - End of Fiscal Year	<u><u>\$26,619,247</u></u>

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

Trumbull Metropolitan Housing Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2002

Cash Flows from Operating Activities

Net Income \$748,685

Adjustments to Reconcile Operating Income to Net Cash Provided by

Operating Activities:

Depreciation 2,349,303

Changes in Operating Assets and Liabilities that Increase/

Decrease Cash Flows:

Accounts Receivables (36,676)

Prepaid Expenses (48,109)

Inventory 47,044

Accounts Payable (415,813)

Intergovernmental Payable (9,247)

Accrued Wages and Payroll Taxes (43,637)

Accrued Compensated Absences (194,498)

Tenant Security Deposits (10,132)

Other Current Liabilities 30,614

Accrued Liabilities Other 172

Total Adjustments 1,669,021

Net Cash Provided by Operating Activities 2,417,706

Cash Flows from Capital and Related Financing Activities

Purchase of Property and Equipment (5,103,190)

Construction In Progress (3,786,995)

Capital Grants 3,019,883

Other Revenue 801,215

Loss on Sale of Fixed Assets (91)

HUD PHA Operating Grants 3,113,826

Other Operating - Administrative (280,878)

Water (102,075)

Audit Fee (7,059)

Employee Benefit Contribution Maintenance 4,700

Net Cash (Used for) Capital and Related Financing Activities (2,340,664)

Cash Flows from Investing Activities

Investment Income 33,372

Net Cash Provided by Investing Activities 33,372

(Decrease) in Cash 110,414

Cash - Beginning of Fiscal Year 708,845

Cash - End of Fiscal Year \$819,259

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The nucleus of the financial reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board and either (1) the Authority’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Authority. These criteria were considered in determining the reporting entity. Management has determined the Authority has no component units.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

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

TENANTS RECEIVABLES - RECOGNITION OF BAD DEBTS

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

INVENTORY

Inventory is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expense when used.

OBSOLETE INVENTORIES

The allowance for obsolete inventories is based on management's evaluation of the amounts of materials in inventory that are unusable or obsolete by the time the items is scheduled to be used.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost when historical records are available and at estimated historical cost when no historical cost records are available. Donated property and equipment is valued at the estimated fair market value on the date received. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The Authority does not possess any infrastructure.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings	40 years
Land/Building Improvements	15 years
Furniture, Equipment and Machinery	3-7 years

CAPITALIZATION OF INTEREST

HUD's policy is not to capitalize interest in the construction or purchase of property and equipment.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COMPENSATED ABSENCES

Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences," specifies the methods used to accrue liabilities for leave benefits. Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Authority's past experience of making termination payments.

NOTE 2 - DEPOSITS AND INVESTMENTS

DEPOSITS

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

GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*, requires the Authority's deposits to be categorized to give an indication of the level of credit risk assumed by the Authority at fiscal year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 included uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution or by its trust department or safekeeping agent, but not in the Authority's name.

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

Category 1	\$347,980 was covered by federal depository insurance.
Category 2	\$1,279,802 was covered by collateral held by the pledging financial institution in the name of the Authority.

INVESTMENTS

HUD, State statute and Board resolutions authorize the Authority to invest in obligations of U.S. Treasury, obligations or securities issued by Federal agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, local government investment pool, Separate Trading of Registered Interest and Principal of Securities, mutual funds, bonds and other obligations of Ohio, and the State Treasurer's investment pool.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The Authority held nonnegotiable certificates of deposit throughout the 2002 fiscal year which are considered to be deposits for GASB Statement No. 3 purposes and are classified as “Cash” on the Balance Sheet. The Authority held no investments during the 2002 fiscal year.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2002, by class follows:

Land	\$878,365
Buildings	51,652,665
Furniture, Equipment and Machinery - Dwellings	1,548,915
Furniture, Equipment and Machinery - Administration	1,481,275
Construction In Progress	5,522,213
Total	<u>61,083,433</u>
Less Accumulated Depreciation	<u>(35,212,939)</u>
Net Property and Equipment	<u><u>\$25,870,494</u></u>

NOTE 4 - ADMINISTRATIVE FEE

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

- Section 8 Rental Voucher Program
 - Units per month x \$41.42/unit – first 600 units for each month
 - Units per month x \$38.67/unit – remaining units after first 600 for each month

NOTE 5 - RETIREMENT AND OTHER BENEFIT PLANS

The employees of the Authority are covered by the Public Employees Retirement System of Ohio (PERS Ohio), a statewide cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS Ohio issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

**TRUMBULL METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 5 - RETIREMENT AND OTHER BENEFIT PLANS (continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages of all employees. The 2002 employer contribution rate was 13.55% of covered payroll; 5.00% was portion to fund pension obligations. The Authority's contributions to PERS Ohio for pension obligations for the fiscal years ended June 30, 2002, 2001 and 2000 were \$210,715, \$294,535 and \$301,987, respectively; 100% has been contributed for each of those fiscal years.

PERS Ohio provides postretirement 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. The health care coverage by PERS Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers*. A portion of each employer's contribution to PERS Ohio is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2002 employer contribution rate was 13.55% of covered payroll; 5.00% was the portion that used to fund health care for the year 2002.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS Ohio. For the Authority, this amount equaled \$123,754.

The following assumptions and calculations were based on PERS Ohio's latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.00%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase 4.00% annually.

OPEB's are advance-funded on an actuarially determined basis. The number of active contributing participants statewide was 402,041. \$11.6 billion represents the actuarial value of PERS Ohio's net assets available for OPEB at December 31, 2001 (the latest information available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

NOTE 6 - COMPENSATED ABSENCES

Vacation and sick leave policies are established by personnel policy and negotiated agreements for the employees of the Authority.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 6 - COMPENSATED ABSENCES (continued)

All full-time, permanent employees earn vacation hours accumulated based on length of service. Vacation shall be cumulative to the credit of an employee to the maximum of three times the annual accumulation rate as of July 1 of each fiscal year and carried forward to his/her credit from one calendar year to another. At the time of separation, employees shall be paid for any accumulated and unused vacation not to exceed three times the annual accumulation rate.

All full-time, permanent employees earn sick leave at a rate of one and one quarter days per month (15 days per year). Sick leave may be carried over from the year to year in unlimited amounts. Upon separation, employees shall be paid for any accumulated and unused sick leave not to exceed 960 hours.

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and, natural disasters. The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

NOTE 8 - CONTINGENCIES

GRANTS

The Authority received financial assistance from HUD in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by HUD. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2002.

LITIGATION

In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2002, the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

**Trumbull Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2002**

Federal Grantor/ Program Title	Federal CFDA Number	Agency Entity Number	Disbursements
<u>United States Department of Housing and Urban Development</u>			
Public and Indian Housing	14.850	OH00800102J	\$2,418,236
Public and Indian Housing: Drug Elimination Program	14.854	OH12-DEP008-0100	270,865
Public and Indian Housing: Comprehensive Grant Program	14.859	OH12-P008-50199	562,197
Public Housing Capital Fund	14.872	OH12-P008-50101	3,034,276
Economic Development and Supportive Services Program	14.864	OH12EDC0080196	70,636
Section 8 Cluster: Section 8 Rental Voucher Program	14.855	OH008VOC-5031V	3,490,628
Section 8 Project-Based Cluster: Section 8 New Construction and Substantial Rehabilitation	14.182	OH008SB0014	<u>355,644</u>
Total Federal Assistance			<u><u>\$10,202,482</u></u>

The notes to this Schedule are an integral part of this Schedule.

TRUMBULL METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal award programs. The Schedule has been prepared on the accrual basis of accounting, in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Trumbull Metropolitan Housing Authority
Balance Sheet by Program
June 30, 2002

	Low-Rent Public Housing	Comprehensive Grant Program	Drug Elimination Program	Economic Development and Supportive Services Program	Capital Fund Program	Section 8 Choice Voucher	Section 8 Certificate	Section 8 Voucher Program	Section 8 New Construction and Substantial Rehabilitation	Total
ASSETS										
Current Assets:										
Cash	\$0	\$502,670	\$0	\$0	\$0	\$273,239	\$0	\$0	\$43,350	\$819,259
Tenant Accounts Receivable	87,574	0	0	0	0	0	0	0	0	87,574
Allowance for Doubtful Accounts - Dwelling Rent	(60,000)	0	0	0	0	0	0	0	0	(60,000)
Accounts Receivable - PHA Projects	0	0	0	0	0	310,000	0	0	30,096	340,096
Accounts Receivable - HUD Other Projects	0	0	0	0	274,374	127,906	0	0	0	402,280
Accounts Receivable - Miscellaneous	209,457	82,770	0	0	0	0	0	0	4,289	296,516
Accrued Interest	770	0	0	0	0	0	0	0	0	770
Prepaid Expenses	83,920	0	0	0	0	18,643	0	0	0	102,563
Inventory	320,729	0	0	0	0	0	0	0	0	320,729
Allowance for Obsolete Inventories	(16,036)	0	0	0	0	0	0	0	0	(16,036)
Interprogram Due From	195,125	31,827	0	0	0	27,174	0	0	0	254,126
Total Current Assets	821,539	617,267	0	0	274,374	756,962	0	0	77,735	2,547,877
Noncurrent Assets:										
Land	874,365	0	0	0	0	4,000	0	0	0	878,365
Buildings	51,372,294	0	0	0	0	280,371	0	0	0	51,652,665
Furniture, Equipment and Machinery - Dwellings	1,548,915	0	0	0	0	0	0	0	0	1,548,915
Furniture, Equipment and Machinery - Administration	1,349,247	0	0	0	0	132,028	0	0	0	1,481,275
Accumulated Depreciation	(35,102,389)	0	0	0	0	(110,550)	0	0	0	(35,212,939)
Construction In Progress	0	1,735,218	0	0	3,786,995	0	0	0	0	5,522,213
Total Noncurrent Assets	20,042,432	1,735,218	0	0	3,786,995	305,849	0	0	0	25,870,494
Total Assets	\$20,863,971	\$2,352,485	\$0	\$0	\$4,061,369	\$1,062,811	\$0	\$0	\$77,735	\$28,418,371
LIABILITIES AND EQUITY										
Current Liabilities:										
Accounts Payable	\$437,929	\$82,770	\$0	\$0	\$79,249	\$8,874	\$0	\$0	\$58,107	\$666,929
Accounts Payable - PHA Projects	0	0	0	0	0	30,095	0	0	0	30,095
Accounts Payable - PHA Programs	0	0	0	0	0	0	0	0	19,628	19,628
Intergovernmental Payable	67,353	0	0	0	0	0	0	0	0	67,353
Accrued Wages	43,637	0	0	0	0	0	0	0	0	43,637
Accrued Compensated Absences	258,371	0	0	0	0	48,127	0	0	0	306,498
Tenant Security Deposits	51,423	0	0	0	0	0	0	0	0	51,423
Deferred Revenue	82,063	0	0	0	0	0	0	0	0	82,063
Other Current Liabilities	277,372	0	0	0	0	0	0	0	0	277,372
Interprogram Due To	59,001	0	0	0	195,125	0	0	0	0	254,126
Total Liabilities	1,277,149	82,770	0	0	274,374	87,096	0	0	77,735	1,799,124
Equity:										
Contributed Capital	24,038,499	0	0	0	0	0	0	0	0	24,038,499
Retained (Deficit) Earnings	(4,451,677)	2,269,715	0	0	3,786,995	975,715	0	0	0	2,580,748
Total Equity	19,586,822	2,269,715	0	0	3,786,995	975,715	0	0	0	26,619,247
Total Liabilities and Equity	\$20,863,971	\$2,352,485	\$0	\$0	\$4,061,369	\$1,062,811	\$0	\$0	\$77,735	\$28,418,371

Trumbull Metropolitan Housing Authority
Schedule of Revenues and Expenses by Program
For the Fiscal Year Ended June 30, 2002

	Low-Rent Public Housing	Comprehensive Grant Program	Drug Elimination Program	Economic Development and Supportive Services Program	Capital Fund Program	Section 8 Choice Voucher	Section 8 Certificate	Section 8 Voucher Program	Section 8 New Construction and Substantial Rehabilitation	Total
Operating Revenues										
HUD Grants	\$2,418,236	\$562,197	\$270,865	\$70,636	\$3,034,276	\$3,490,628	\$0	\$0	\$355,574	\$10,202,412
Tenant Rental Income	1,554,116	0	0	0	0	0	0	0	0	1,554,116
Other Tenant Revenue	67,782	0	0	0	0	0	0	0	0	67,782
Other Operating Revenue	1,066,475	0	0	0	0	3,579	0	0	0	1,070,054
Total Operating Revenues	5,106,609	562,197	270,865	70,636	3,034,276	3,494,207	0	0	355,574	12,894,364
Operating Expenses										
Housing Assistance Payments	0	0	0	0	0	3,090,613	0	0	340,335	3,430,948
Administrative Salaries	791,162	0	0	0	0	337,182	0	0	0	1,128,344
Auditing Fees	9,019	0	0	0	0	4,000	0	250	0	13,269
Compensated Absences	21,490	0	0	0	0	2,680	0	0	0	24,170
Employee Benefit Contributions - Administrative	400,408	0	0	0	0	169,518	0	0	0	569,926
Other Operating - Administrative	366,606	27,700	270,865	70,636	548,890	116,532	0	0	15,059	1,416,288
Utilities	752,585	0	0	0	0	0	0	0	0	752,585
Labor - Maintenance	684,185	0	0	0	0	0	0	0	0	684,185
Materials and Other - Maintenance	159,516	0	0	0	0	2,165	0	0	0	161,681
Contract Costs - Maintenance	920,021	0	0	0	0	30,430	0	0	0	950,451
Employee Benefit Contributions - Maintenance	346,267	0	0	0	0	0	0	0	0	346,267
Insurance Premiums	81,965	0	0	0	0	20,565	0	0	0	102,530
Payment in Lieu of Taxes	84,173	0	0	0	0	0	0	0	0	84,173
Bad Debt - Tenant Rents	89,856	0	0	0	0	0	0	0	0	89,856
Severance	33,503	0	0	0	0	0	0	0	0	33,503
Depreciation	2,327,332	0	0	0	0	21,971	0	0	0	2,349,303
Other General Operating Expenses	250	0	0	0	0	0	0	0	0	250
Total Operating Expenses	7,068,338	27,700	270,865	70,636	548,890	3,795,656	0	0	355,644	12,137,729
Operating Income (Loss)	(1,961,729)	534,497	0	0	2,485,386	(301,449)	0	0	(70)	756,635
Nonoperating Revenues (Expenses)										
Investment Income	17,824	0	0	0	0	15,478	0	0	70	33,372
Extraordinary Maintenance	(25,185)	0	0	0	0	0	0	0	0	(25,185)
Casualty Losses	(16,046)	0	0	0	0	0	0	0	0	(16,046)
Loss on Sale of Fixed Assets	(91)	0	0	0	0	0	0	0	0	(91)
Total Nonoperating Revenues (Expenses)	(23,498)	0	0	0	0	15,478	0	0	70	(7,950)
Income (Loss) Before Operating Transfers	(1,985,227)	534,497	0	0	2,485,386	(285,971)	0	0	0	748,685
Other Financing Sources (Uses)										
Operating Transfers In	56,923	0	0	0	0	0	0	0	0	56,923
Operating Transfers Out	0	0	0	0	(56,923)	0	0	0	0	(56,923)
Net Income (Loss)	(1,928,304)	534,497	0	0	2,428,463	(285,971)	0	0	0	748,685
Retained Earnings (Deficit) - Beginning of Fiscal Year	(2,477,801)	1,435,602	0	0	1,358,532	0	1,208,169	53,517	0	1,578,019
Residual Equity Transfers In	0	0	0	0	0	1,261,686	0	0	0	1,261,686
Residual Equity Adjustment	(45,572)	0	0	0	0	0	0	0	0	(45,572)
Residual Equity Transfers Out	0	0	0	0	0	0	(1,208,169)	(53,517)	0	(1,261,686)
Retained Earnings (Deficit) - End of Fiscal Year	(4,451,677)	1,970,099	0	0	3,786,995	975,715	0	0	0	2,281,132
Contributed Capital - Beginning of Fiscal Year	24,038,499	299,616	0	0	0	0	0	0	0	24,338,115
Contributed Capital - End of Fiscal Year	24,038,499	299,616	0	0	0	0	0	0	0	24,338,115
Total Equity - End of Fiscal Year	\$19,586,822	\$2,269,715	\$0	\$0	\$3,786,995	\$975,715	\$0	\$0	\$0	\$26,619,247

Trumbull Metropolitan Housing Authority
Schedule of Units Under Management
For the Fiscal Year Ended June 30, 2002

The Authority had 2,126 units under management.

<u>Management</u>	<u>Units</u>
Low-Rent Public Housing	1,252
Section 8 Rental Voucher Program	814
Section 8 New Construction and Substantial Rehabilitation	60

Trumbull Metropolitan Housing Authority
Statement of Actual Modernization of Cost Certificate
June 30, 2002

Comprehensive
Grant Program
OH12-P008-70899

Total Amount of Actual Modernization Cost

Original Funds Approved	\$2,854,664
Funds Disbursed	<u>(2,854,664)</u>

Amount to be Recaptured	<u><u>\$0</u></u>
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Original Funds Approved	\$2,854,664
Funds Expended (Actual Modernization Cost)	<u>(2,854,664)</u>

Excess of Funds Disbursed	<u><u>\$0</u></u>
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Capital
Fund Program
OH12-P008-50100

Total Amount of Actual Modernization Cost

Original Funds Approved	\$2,703,011
Funds Disbursed	<u>(2,703,011)</u>

Amount to be Recaptured	<u><u>\$0</u></u>
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Original Funds Approved	\$2,703,011
Funds Expended (Actual Modernization Cost)	<u>(2,703,011)</u>

Excess of Funds Disbursed	<u><u>\$0</u></u>
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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 Commissioners
Trumbull Metropolitan Housing Authority
1977 Niles Road, SE
Warren, Ohio 44484

We have audited the financial statements of the Trumbull Metropolitan Housing Authority (the Authority), as of and for the year ended June 30, 2002, and have issued our report thereon dated March 5, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the 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 the 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 operations that we consider to be material weaknesses.

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

This report is intended solely for the information and use of management, the Board of Commissioners and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'G. B. Fink', written in a cursive style.

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

March 5, 2003

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

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

Compliance

We have audited the compliance of the Trumbull Metropolitan Housing Authority (the 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, 2002. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the 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 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 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, 2002.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133* (continued)

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of management, the Board of Commissioners and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

March 5, 2003

TRUMBULL METROPOLITAN HOUSING AUTHORITY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

TRUMBULL METROPOLITAN HOUSING AUTHORITY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(CONTINUED)**

(d)(1)(vii)	Major Programs:	Section 8 Housing Choice Vouchers, CFDA #14.871
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$306,074 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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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
APRIL 15, 2003**