

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2005**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
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, 2004 through June 30, 2005. 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 27, 2006

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management Discussion and Analysis	3-10
Basic Financial Statements:	
Statement of Net Assets - Proprietary Fund Type and Discretely Presented Component Units	11
Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund Type and Discretely Presented Component Units	12
Statement of Cash Flows - Proprietary Fund Type and Discretely Presented Component Units	13
Notes to the Basic Financial Statements	14-28
Supplemental Financial Data Schedules -	
Statement of Net Assets by Program	29-30
Statement of Revenues, Expenses and Changes in Net Assets by Program	31-32
Schedule of Federal Awards Expenditures	33
Statement of Modernization/Development Cost - Completed	34
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	35-36
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	37-38
Schedule of Findings and Questioned Costs	39

**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

**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, 2005, and for the year then ended, as listed in the foregoing table of contents. These basic financial statements are the responsibility of the Trumbull Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the component units of Trumbull Metropolitan Housing Authority (see Note 1C for a description), which statements reflect total assets constituting 51 percent of the total assets at June 30, 2005, and total operating revenues constituting 24 percent of total operating revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of such other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trumbull Metropolitan Housing Authority and its aggregate discretely presented component units as of June 30, 2005, 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 March 10, 2006, 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 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

March 10, 2006

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

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

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended June 30, 2005 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 11).

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$1.57 million (or 4%) during 2005, due to a loss in results from operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net assets were \$44.9 million and \$43.3 million for 2004 and 2005, respectively.
- Revenue decreased by \$.87 million (or 7%) during 2005, and was \$13.4 million and \$14.3 million for 2004 and 2005, respectively. Revenue from capital grants increased \$.26 million, while tenant revenue increased \$.05 million and operating grants and other sources increased \$.58 million.
- Total expenses increased by \$.21 million (or 2%). Total expenses were \$15.7 million and \$15.9 million for 2004 and 2005, respectively. Operating expenses increased \$.41 million, while housing assistance payments decreased by \$.07, casualty losses decreased by \$.03 million, and non-operating expenses decreased by \$.10 million.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

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**USING THIS ANNUAL REPORT**

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

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

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority-wide financial statements (see pages 11-13) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

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The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net assets (formerly equity) are reported in three broad categories:

***Net Assets, Invested in Capital Assets, Net of Related Debt:*** This component of net assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

***Restricted Net Assets:*** This component of net assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

***Unrestricted Net Assets:*** Consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a ***Statement of Revenues, Expenses, and Changes in Fund Net Assets*** (similar to an income statement). This statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as capital grant revenue, investment income, and interest expense.

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

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

**Financial Statements by Major Fund**

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

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

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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.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

**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**

	2005 (in Millions) of Dollars	2004 (in Millions) of Dollars
<b><u>Assets</u></b>		
Current and Other Assets	\$ 15.16	\$ 15.70
Capital Assets	35.82	37.45
Other Assets	0.00	3.09
<b>Total Assets</b>	<u>50.98</u>	<u>56.24</u>
<b><u>Liabilities</u></b>		
Current Liabilities	2.38	2.23
Long-Term Liabilities	5.28	9.11
<b>Total Liabilities</b>	<u>7.66</u>	<u>11.34</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	30.18	27.04
Restricted	.03	.00
Unrestricted	13.11	17.86
<b>Total Net Assets</b>	<u>43.32</u>	<u>44.90</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 50.98</u>	<u>\$ 56.24</u>

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

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

During 2005, total assets decreased by \$5.3 million and total liabilities decreased by \$3.7 million, in part due to the significance of the capital fund projects closed out and expensed (via depreciation) in 2005. For more detail, see "Capital Assets and Debt Administration" on page 9.

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

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

	Millions of Dollars
Unrestricted Net Assets 06/30/04	\$ 17.86
Results of Operations	(1.57)
Adjustments:	
Depreciation (1)	3.22
Adjusted Results from Operations	19.51
Net Change in Restricted Assets	(.03)
Net Change in Capital Assets Net of Debt Payments (2)	(6.37)
Unrestricted Net Assets	<u>\$ 13.11</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

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

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

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

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

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

	2005 (Millions of Dollars)	2004 (Millions of Dollars)
<b><u>Revenues</u></b>		
Tenant Revenue - Rents and Other	\$ 2.55	\$ 2.49
Operating Subsidies and Grants	8.42	8.12
Capital Grants	.94	.68
Investment Income	.31	.34
Other Revenues	<u>2.08</u>	<u>1.80</u>
<b>Total Revenues</b>	<u>14.30</u>	<u>13.43</u>
<b><u>Expenses</u></b>		
Administrative	3.57	3.75
Utilities	1.33	1.19
Maintenance	2.63	2.55
General	1.31	1.07
Housing Assistance Payments	3.81	3.88
Depreciation	<u>3.22</u>	<u>3.22</u>
<b>Total Expenses</b>	<u>15.87</u>	<u>15.66</u>
Net Increase (Decrease)	<u>\$ (1.57)</u>	<u>\$ (2.23)</u>

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

Although tenant rent revenue decreased slightly during 2005 in comparison to 2004, due primarily to higher utility cost allowances, tenant other revenue increased due, in part, to ongoing collection efforts and fraud recovery. Operating subsidies increased slightly, due primarily to efforts to maximize operating subsidy related to utility costs, while capital grants also increased, due primarily to a higher level of new capital improvement activity.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

Total administrative and maintenance expenses decreased by \$.10 million, due in part to an overall effort to reduce costs. 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 \$.14 million due to market pricing beyond the Authority's control. General expense increased by \$.24 million. Expenditures for protective services accounted for the majority of the increase in the amount of \$.23 million.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$35.82 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$1.63 million or 5% from the end of last year.

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

	Business-Type Activities	
	2005 (Millions of Dollars)	2004 (Millions of Dollars)
Land	\$ 2.07	\$ 2.02
Buildings	79.89	77.76
Equipment - Administrative & Dwelling	2.80	4.05
Accumulated Depreciation	(49.91)	(47.93)
Construction in Progress	.97	1.55
<b>Total</b>	<b><u>\$ 35.82</u></b>	<b><u>\$ 37.45</u></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)**

	Business-Type Activities
Beginning Balance	\$ 37.45
Additions	1.84
Retirements	(.25)
Depreciation	(3.22)
Ending Balance	<b><u>\$ 35.82</u></b>

Capital expenditures to modernize the Authority's housing developments accounted for \$.94 million, or 51%, of the additions, while \$.19 million, or 10%, was used to replace outdated computers, as well as dwelling and non-dwelling furniture and equipment found in disrepair. In order for the Authority to expand its commitment to affordable housing within its jurisdiction, approximately \$.60 million, or 33%, was expended by the component unit to acquire an additional housing development.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2005**  
**(Unaudited)**

**DEBT OUTSTANDING**

The Authority had no debt (bonds, notes, etc.) related to its public housing developments outstanding at the end of either 2005 or 2004. However, there was debt of \$5.64 million and \$6.31 million related to its component unit outstanding in 2005 and 2004, respectively. The following summary of outstanding debt is presented in detail on pages 26 and 27 of the notes.

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

<b><u>Business-Type</u></b>	<b><u>Total 2005</u></b>	<b><u>Total 2004</u></b>
Primary Government	\$ 5.64	\$ 6.31
<b>Total</b>	<b>\$ 5.64</b>	<b>\$ 6.31</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 E. Emerson, Jr., Executive Director, Trumbull Metropolitan Housing Authority, 4076 Youngstown Road SE, Warren, Ohio 44484 or call 330-369-1533.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Investments	\$ 1,194,383	\$ 12,802,720
Accounts Receivable - Net of Allowance	414,779	226,422
Inventories - Net of Allowance	180,465	0
Prepaid Expenses	127,213	99,638
Assets Held for Sale	<u>0</u>	<u>113,500</u>
Total Current Assets	<u>1,916,840</u>	<u>13,242,280</u>
Non-Current Assets:		
Capital Assets, Not Depreciated	1,848,660	1,189,631
Capital Assets - Net of Accumulated Depreciation	<u>21,514,077</u>	<u>11,266,987</u>
Total Non-Current Assets	<u>23,362,737</u>	<u>12,456,618</u>
<b>Total Assets</b>	<b><u>\$ 25,279,577</u></b>	<b><u>\$ 25,698,898</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
Current Liabilities:		
Accounts Payable	\$ 1,006,539	\$ 150,723
Current Portion of Long-Term Debt	0	665,000
Accrued Wages and Payroll Taxes	103,959	0
Tenant Security Deposits	88,068	85,307
Deferred Credits and Other Liabilities	<u>177,249</u>	<u>100,573</u>
Total Current Liabilities	<u>1,375,815</u>	<u>1,001,603</u>
Non-Current Liabilities:		
Long-Term Debt Net of Current Portion	0	4,975,000
Other Long-Term Liabilities - Compensated Absences	<u>195,009</u>	<u>108,513</u>
Total Non-Current Liabilities	<u>195,009</u>	<u>5,083,513</u>
<b>Total Liabilities</b>	<b><u>1,570,824</u></b>	<b><u>6,085,116</u></b>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	23,362,737	6,816,618
Restricted Net Assets	30,758	0
Unrestricted Net Assets	<u>315,258</u>	<u>12,797,164</u>
<b>Total Net Assets</b>	<b><u>23,708,753</u></b>	<b><u>19,613,782</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$25,279,577</u></b>	<b><u>\$25,698,898</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, 2005**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>OPERATING REVENUES</u></b>		
Program Operating Grants/Subsidies	\$ 8,423,934	\$ 0
Tenant Revenues	1,457,276	1,085,666
Other Income	<u>184,337</u>	<u>1,899,819</u>
<b>Total Operating Revenues</b>	<u>10,065,547</u>	<u>2,985,485</u>
<b><u>OPERATING EXPENSES</u></b>		
Administrative	2,409,337	1,166,543
Utilities	1,019,412	313,607
Ordinary Maintenance and Operations	1,956,928	673,441
Tenant Services	19,859	2,265
Protective Services	52,179	187,820
General	542,895	157,239
Housing Assistance Expenses	3,805,274	0
Casualty Losses	4,893	0
Depreciation	<u>2,619,804</u>	<u>600,080</u>
<b>Total Operating Expenses</b>	<u>12,430,581</u>	<u>3,100,995</u>
Operating Income (Loss)	<u>(2,365,034)</u>	<u>(115,510)</u>
<b><u>NON-OPERATING REVENUE (EXPENSES)</u></b>		
Capital Grants	944,437	0
Interest Income	9,820	302,092
Interest Expense	<u>0</u>	<u>(221,579)</u>
<b>Total Non-Operating Revenue (Expenses)</b>	<u>954,257</u>	<u>80,513</u>
Excess (Deficiency) of Revenue Over (Under) Expenses	(1,410,777)	(34,997)
Beginning Net Assets	24,973,969	19,925,607
Transfers	91,831	(91,831)
Special Items	59,500	(184,997)
Prior Period Adjustments	<u>(5,770)</u>	<u>0</u>
<b>ENDING NET ASSETS</b>	<u>\$23,708,753</u>	<u>\$19,613,782</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, 2005**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from HUD and Other Governments	\$ 8,564,926	\$ 0
Cash Received from Tenants	1,454,660	1,092,203
Cash Received from Other Sources	149,225	4,366,368
Cash Payments for Housing Assistance Payments	(3,805,274)	0
Cash Payments for Administrative	(2,402,422)	(1,166,543)
Cash Payments for Other Operating Expenses	(3,123,676)	(1,194,528)
Cash Payments to HUD and Other Governments	<u>(62,495)</u>	<u>0</u>
<b>Net Cash (Used) by Operating Activities</b>	<u>774,944</u>	<u>3,097,500</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Principal Payments on Debt	0	(1,679,258)
Acquisition of Fixed Assets	(1,115,875)	(728,984)
Proceeds from Dispositions	106,252	34,783
Special Items Receivable	151,331	(161,955)
Capital Grants Received	<u>944,437</u>	<u>0</u>
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<u>86,145</u>	<u>(2,535,414)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Investment Income	9,200	81,961
Interest Expense	<u>0</u>	<u>(221,579)</u>
<b>Net Cash Provided by Investing Activities</b>	<u>9,200</u>	<u>(139,618)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	870,289	422,468
Cash and Cash Equivalents, Beginning	<u>324,094</u>	<u>12,380,252</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,194,383</u>	<u>\$12,802,720</u>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Net Operating Income (Loss)	\$(2,365,034)	\$ (115,510)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	2,619,804	600,080
(Increase) Decrease in:		
Receivables - Net of Allowance	(371,711)	2,407,589
Inventory	(54,784)	0
Prepaid Expenses and Other Assets	27,571	41,512
Increase (Decrease) in:		
Accounts Payable	847,813	99,928
Other Current Liabilities	84,385	24,091
Accrued Wages/Payroll Taxes	35,509	0
Intergovernmental Payable	(23,575)	0
Tenants' Security Deposits	5,492	4,285
Deferred Credits/Other Liabilities	<u>(30,526)</u>	<u>35,525</u>
<b>Net Cash Used by Operating Activities</b>	<u>\$ 774,944</u>	<u>\$ 3,097,500</u>

See accompanying notes to the basic financial statements.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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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, 2005**  
**(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, 2005**  
**(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, 2005**  
**(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 2005 totaled \$9,820 for the primary government and \$302,092 for the component units. Investments at June 30, 2005, 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, 2005**  
**(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 \$1,194,383 and the bank balance was \$1,330,600. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2005, \$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 \$425 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, 2005**  
**(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, 2005.

**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, 2005, are as follows:

	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>&lt; 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>
Carrying Amount of Deposits	\$ 1,148,464	\$ 1,085,451	\$ 63,013	\$ 0
Carrying Amount of Deposits - Restricted	45,919	45,919	0	0
<b>Totals</b>	<b><u>\$ 1,194,383</u></b>	<b><u>\$ 1,131,370</u></b>	<b><u>\$ 63,013</u></b>	<b><u>\$ 0</u></b>

B. **Component Units**

**Deposits**

At fiscal year end, the carrying amount of the Authority's component units' deposits was \$12,802,720 and the bank balance was \$12,981,507. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2005, \$400,000 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, 2005**  
**(CONTINUED)**

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, 2005.

**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.

Cash and cash equivalents included in the Authority's cash position at June 30, 2005, are as follows:

	Fair Value	Investment Maturities		
		< 1 Year	1-3 Years	3-5 Years
Carrying Amount of Deposits	\$11,187,299	\$ 9,992,487	\$ 1,194,812	\$ 0
Carrying Amount of Deposits - Restricted	1,615,421	1,615,421	0	0
<b>Totals</b>	<u>\$12,802,720</u>	<u>\$11,607,908</u>	<u>\$ 1,194,812</u>	<u>\$ 0</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

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**NOTE 3: RESTRICTED ASSETS**

**A. Primary Government**

The Authority's assets restricted as to purpose are as follows:

Family Self-Sufficiency (FSS) Program Escrow	<u>\$ 45,919</u>
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The FSS Program is designed to promote employment and increase savings among families receiving Section 8 vouchers or living in public housing.

**B. Component Units**

The Authority's component units' assets restricted as to purpose are as follows:

Restricted for Payment of Debt/Current Liabilities	\$1,390,000
Restricted for Replacement Reserve	140,114
Restricted for Security Deposits	<u>85,307</u>
<b>Total Restricted Assets</b>	<b><u>\$1,615,421</u></b>

**NOTE 4: 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 5: 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	\$ 83,349,800
General Liability	5,000	2,000,000
Vehicle	500	1,000,000
Directors, Officers, and Trustees Liability	0/7,500	2,000,000
Blanket Position Bond	0	25,000

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

**NOTE 6: CAPITAL ASSETS**

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

	<u>Primary Government</u>	<u>Component Units</u>
<b>Capital Assets Not Depreciated</b>		
Land	\$ 878,365	\$ 1,189,631
Construction in Progress	970,295	0
<b>Total Capital Assets Not Depreciated</b>	<u>1,848,660</u>	<u>1,189,631</u>
<b>Capital Assets Being Depreciated</b>		
Buildings and Building Improvements	61,447,077	18,443,243
Furniture and Equipment	1,870,322	931,371
<b>Total Capital Assets being Depreciated</b>	63,317,399	19,374,614
Less Accumulated Depreciation	<u>(41,803,322)</u>	<u>(8,107,627)</u>
Subtotal Capital Assets Being Depreciated	<u>21,514,077</u>	<u>11,266,987</u>
<b>Total Capital Assets</b>	<u>\$ 23,362,737</u>	<u>\$ 12,456,618</u>

The following is a summary of changes:

	Balance <u>July 1, 2004</u>	<u>Primary Government</u>		Balance <u>June 30, 2005</u>
		<u>Additions</u>	<u>Deletions</u>	
<b>Capital Assets Not Depreciated</b>				
Land	\$ 878,365	\$ 0	\$ 0	\$ 878,365
Construction in Progress	1,439,081	1,053,611	(1,522,397)	970,295
<b>Total Capital Assets Not Depreciated</b>	<u>2,317,446</u>	<u>1,053,611</u>	<u>(1,522,397)</u>	<u>1,848,660</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Building Improvements	59,956,151	1,522,397	(31,471)	61,447,077
Furniture and Equipment	2,891,510	62,264	(1,083,452)	1,870,322
<b>Total Capital Assets Being Depreciated</b>	62,847,661	1,584,661	(1,114,923)	63,317,399
Less Accumulated Depreciation	<u>(40,192,189)</u>	<u>(2,619,804)</u>	<u>1,008,671</u>	<u>(41,803,322)</u>
Subtotal Primary Government	<u>22,655,472</u>	<u>(1,035,143)</u>	<u>(106,252)</u>	<u>21,514,077</u>
<b>Total Primary Government</b>	<u>\$ 24,972,918</u>	<u>\$ 18,468</u>	<u>\$ (1,628,649)</u>	<u>\$23,362,737</u>
		<u>Component Units</u>		
	Balance <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2005</u>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 1,138,043	\$ 51,588	\$ 0	\$ 1,189,631
Construction in Progress	114,873	0	(114,873)	0
<b>Total Capital Assets Not Depreciated</b>	<u>1,252,916</u>	<u>51,588</u>	<u>(114,873)</u>	<u>1,189,631</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Building Improvements	17,808,638	634,605	0	18,443,243
Furniture and Equipment	1,159,716	42,791	(271,136)	931,371
<b>Total Capital Assets Being Depreciated</b>	18,968,354	677,396	(271,136)	19,374,614
Less Accumulated Depreciation	<u>(7,743,900)</u>	<u>(600,080)</u>	<u>236,353</u>	<u>(8,107,627)</u>
Subtotal Capital Assets Being Depreciated	<u>11,224,454</u>	<u>77,316</u>	<u>(34,783)</u>	<u>11,266,987</u>
<b>Total Component Units</b>	<u>\$ 12,477,370</u>	<u>\$ 128,904</u>	<u>\$ (149,656)</u>	<u>\$ 12,456,618</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

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

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

**Employees and Plan**

Employees of the Authority belong to the Ohio Public Employees Retirement System (“OPERS”), a state-wide and state administered defined benefit, cost sharing multi-governmental employer pension plan, as required by the Ohio Revised Code.

**OPERS**

OPERS 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. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information.

Interested parties may obtain a copy by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. The employer contribution rate for local government employer units was 13.55 percent of covered payroll; 4.0 percent was the portion used to fund health care in 2005 and 5 percent in 2004 and 2003. The Authority’s total contributions to OPERS for pension benefits (excluding the amount relating to other postretirement benefits) for years ended June 30, 2005, 2004, and 2003 were \$258,893, \$231,586, and \$239,322, respectively, equal to the required contributions for each year.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

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**NOTE 7: POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

OPERS provides postretirement health care coverage to age and service retirants 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 provided by the retirement system is considered an Other Postemployment Benefit ("OPEB") 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. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement health care through their contributions to OPERS. The portion of employer contributions rate used to fund health care for 2005 was 4.0 percent, for 2004 5.0 percent of covered payroll.

The Authority's contributions for other postemployment benefits to OPERS for the fiscal year ended 2005, 2004, and 2003 were \$108,433, \$135,430, and \$139,954, respectively.

OPEBs are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the OPERS's latest actuarial review performed as of December 31, 2003. 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 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0 percent. An annual increase of 4.0 percent 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 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

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

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

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the OPERS net assets available for OPEB at December 31, 2003 was \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

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, 2005, based on the vesting method, \$378,397 was accrued by the Authority for unused vacation and sick time. The current portion is \$74,875 and the non-current portion is \$303,522.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

NOTE 9: **LONG-TERM DEBT**

The Authority's component units were obligated on the following notes as of June 30, 2005:

	2005
<b><u>Refunding Bonds, Series 2002 (Section 8 Assisted Projects)</u></b>	
Bond issued by Warren Housing Development Corporation dated March 1, 2002 and due January 1, 2009. Bank One, NA is the bond trustee. Annual installments due and applicable rates of interest for the bond issue is as follows:	
Due January 1, 2006	\$610,000 at 3.40%
Due January 1, 2007	\$640,000 at 3.75%
Due January 1, 2008	\$670,000 at 3.95%
Due January 1, 2009	\$240,000 at 4.15%

The bonds were issued for the refinancing of the original debt used to finance the development of The Elms, Heaton House, West Park Manor, and Forest Ridge Apartments located throughout Trumbull County, Ohio. \$ 2,160,000

<b><u>Adjustable Rate Demand Economic Development Revenue Bonds, Series 2003</u></b>	
Bonds issued by Western Reserve Housing Development Corporation dated April 1, 2003 and due April 1, 2023. Huntington National Bank is the bond trustee. Quarterly installments of approximately \$20,000 are due in the first five years and of approximately \$55,000 for the remaining 15 years. The bonds were issued to acquire, renovate, and equip and administration building for lease to the Authority, which uses the facility as its central administration building.	
	3,480,000
<b>Total</b>	<b>\$ 5,640,000</b>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

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

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

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

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2006	\$ 610,000	\$ 81,165	\$ 691,165
2007	640,000	60,425	700,425
2008	670,000	36,425	706,425
2009	<u>240,000</u>	<u>9,960</u>	<u>249,960</u>
Remaining at June 30, 2005	<u>2,160,000</u>	<u>187,975</u>	<u>2,347,975</u>

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

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2006	\$ 75,000	\$ 40,740	\$ 115,740
2007	75,000	39,855	114,855
2008	75,000	38,969	113,969
2009	200,000	37,170	237,170
2010	220,000	34,522	254,522
2011-2015	1,100,000	134,536	1,234,536
2106-2020	1,100,000	69,098	1,169,098
2021-2023	<u>635,000</u>	<u>11,417</u>	<u>646,417</u>
Remaining at June 30, 2005	<u>3,480,000</u>	<u>406,307</u>	<u>3,886,307</u>

The combined principal and interest requirements are as follows:

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2006	\$ 685,000	\$ 121,905	\$ 806,905
2007	715,000	100,280	815,280
2008	745,000	75,394	820,394
2009	440,000	47,130	487,130
2010	220,000	34,522	254,522
2011-2015	1,100,000	134,536	1,234,536
2016-2020	1,100,000	69,098	1,169,098
2021-2023	<u>635,000</u>	<u>11,417</u>	<u>646,417</u>
Remaining at June 30, 2005	<u>\$ 5,640,000</u>	<u>\$ 594,282</u>	<u>\$ 6,234,282</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

**NOTE 10: CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had the following material capital or construction commitment at June 30, 2005:

	Original Contract <u>Amount</u>	Balance Outstanding at 6/30/2005
Renovation of McKinley Towers	\$ 5,748,000	\$ 5,528,500

**NOTE 11: LITIGATION**

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

**NOTE 12: PRIOR YEAR FUND EQUITY**

**Prior Period Adjustment**

A restatement of the Section 8 Housing Choice Voucher program equity balance was needed to reflect changes made to the Annual Contributions Earned calculation for fiscal year end June 30, 2004 by HUD when approving the Year End Settlement submission in the amount of \$5,770.

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

	Trumbull Housing Development <u>Corporation</u>	Warren Housing Development <u>Corporation</u>	Western Reserve Housing Development <u>Corporation</u>	<u>Totals</u>
<b><u>Balance Sheet</u></b>				
Current Assets	\$ 11,838,553	\$ 2,715,041	\$ 260,969	\$ 14,814,563
Capital Assets	1,810,846	5,642,507	5,003,265	12,456,618
Current Liabilities	28,454	1,349,329	1,196,103	2,573,886
Non-Current Liabilities	12,117	1,632,387	3,439,009	5,083,513
Net Assets	13,608,828	5,375,832	629,122	19,613,782
<b><u>Revenues, Expenses, and Change in Equity</u></b>				
Operating Revenue	182,218	2,315,902	505,968	3,004,088
Operating Expenses	463,020	1,795,900	241,995	2,500,915
Net Operating Income (Loss)	(280,802)	520,002	263,973	503,173
Net Non-Operating Revenue Over Expenses	110,777	(365,400)	(283,547)	(538,170)
Excess of Revenue Over Expenses	(170,025)	154,602	(19,574)	(34,997)

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2005**

Line Item No.	Account Description	NCS/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>ASSETS</b>								
<b>Current Assets</b>								
111	Cash - Unrestricted	\$29,028	\$0	\$524,209	\$507,159	\$0	\$11,187,299	\$12,247,695
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$1,390,000	\$1,390,000
112	Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$140,114	\$140,114
113	Cash - Other Restricted	\$0	\$0	\$10,414	\$35,505	\$0	\$85,307	\$131,226
114	Cash - Tenant Security Deposits	\$0	\$0	\$88,068	\$0	\$0	\$0	\$88,068
100	<b>Total Cash</b>	\$29,028	\$0	\$622,691	\$542,664	\$0	\$12,802,720	\$13,997,103
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$333,836	\$0	\$333,836
124	Accounts Receivable - Other Government	\$0	\$30,758	\$0	\$0	\$0	\$0	\$30,758
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$16	\$16
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$47,175	\$0	\$0	\$6,777	\$53,952
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$22,153)	\$0	\$0	(\$4,008)	(\$26,161)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$40,496	\$0	\$0	\$3,714	\$44,210
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	(\$15,953)	\$0	\$0	(\$208)	(\$16,161)
129	Accrued Interest Receivable	\$0	\$0	\$620	\$0	\$0	\$220,131	\$220,751
120	<b>Total Receivables, net of allowances for doubtful accounts</b>	\$0	\$30,758	\$50,185	\$0	\$333,836	\$226,422	\$641,201
142	Prepaid Expenses and Other Assets	\$0	\$0	\$121,624	\$5,589	\$0	\$99,638	\$226,851
143	Inventories	\$0	\$0	\$194,630	\$0	\$0	\$0	\$194,630
143.1	Allowance for Obsolete Inventories	\$0	\$0	(\$14,165)	\$0	\$0	\$0	(\$14,165)
145	Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$113,500	\$113,500
150	<b>Total Current Assets</b>	\$29,028	\$30,758	\$974,965	\$548,253	\$333,836	\$13,242,280	\$15,159,120
<b>Capital Assets</b>								
161	Land	\$0	\$0	\$874,365	\$4,000	\$0	\$1,189,631	\$2,067,996
168	Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162	Buildings	\$0	\$0	\$59,638,155	\$286,525	\$1,522,397	\$18,443,243	\$79,890,320
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$900,696	\$0	\$0	\$386,571	\$1,287,267
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$909,954	\$59,672	\$0	\$544,800	\$1,514,426
166	Accumulated Depreciation	\$0	\$0	(\$41,598,996)	(\$102,833)	(\$101,493)	(\$8,107,627)	(\$49,910,949)
167	Construction In Progress	\$0	\$109,174	\$0	\$0	\$861,121	\$0	\$970,295
160	<b>Total Fixed Assets, Net of Accumulated Depreciation</b>	\$0	\$109,174	\$20,724,174	\$247,364	\$2,282,025	\$12,456,618	\$35,819,355
180	<b>Total Non-Current Assets</b>	\$0	\$109,174	\$20,724,174	\$247,364	\$2,282,025	\$12,456,618	\$35,819,355
190	<b>Total Assets</b>	\$29,028	\$139,932	\$21,699,139	\$795,617	\$2,615,861	\$25,698,898	\$50,978,475

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2005**

Line Item No.	Account Description	NCSR Section 8 Programs	Opportunities for Youth_Youth build Program	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
312	Accounts Payable <= 90 Days	\$0	\$0	\$98,019	\$5,274	\$333,836	\$150,723	\$587,852
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$103,959	\$0	\$0	\$0	\$103,959
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$41,611	\$7,816	\$0	\$25,448	\$74,875
331	Accounts Payable - HUD PHA Programs	\$29,028	\$0	\$0	\$505,736	\$0	\$0	\$534,764
333	Accounts Payable - Other Government	\$0	\$0	\$34,646	\$0	\$0	\$0	\$34,646
341	Tenant Security Deposits	\$0	\$0	\$88,068	\$0	\$0	\$85,307	\$173,375
342	Deferred Revenues	\$0	\$0	\$68,655	\$0	\$0	\$62,762	\$131,417
343	Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$665,000	\$665,000
345	Other Current Liabilities	\$0	\$0	\$23,633	\$35,534	\$0	\$12,363	\$71,530
310	<b>Total Current Liabilities</b>	\$29,028	\$0	\$458,591	\$554,360	\$333,836	\$1,001,603	\$2,377,418
<b>Noncurrent Liabilities</b>								
351	Bonds	\$0	\$0	\$0	\$0	\$0	\$4,975,000	\$4,975,000
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$171,948	\$23,061	\$0	\$108,513	\$303,522
350	Total Noncurrent Liabilities	\$0	\$0	\$171,948	\$23,061	\$0	\$5,083,513	\$5,278,522
300	<b>Total Liabilities</b>	\$29,028	\$0	\$630,539	\$577,421	\$333,836	\$6,085,116	\$7,655,940
<b>NET ASSETS</b>								
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$109,174	\$20,724,174	\$247,364	\$2,282,025	\$6,816,618	\$30,179,355
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$30,758	\$0	\$0	\$0	\$0	\$30,758
512.1	Unrestricted Net Assets	\$0	\$0	\$344,426	(\$29,168)	\$0	\$12,797,164	\$13,112,422
513	Total Equity/Net Assets	\$0	\$139,932	\$21,068,600	\$218,196	\$2,282,025	\$19,613,782	\$43,322,535
600	<b>Total Liabilities and Equity/Net Assets</b>	\$29,028	\$139,932	\$21,699,139	\$795,617	\$2,615,861	\$25,698,898	\$50,978,475

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2005**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youth build Program	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>REVENUE</b>								
703	Net Tenant Rental Revenue	\$0	\$0	\$1,352,108	\$0	\$0	\$1,027,460	\$2,379,568
704	Tenant Revenue - Other	\$0	\$0	\$105,168	\$0	\$0	\$58,206	\$163,374
705	Total Tenant Revenue	\$0	\$0	\$1,457,276	\$0	\$0	\$1,085,666	\$2,542,942
706	HUD PHA Operating Grants	\$262,539	\$21,725	\$3,568,372	\$4,045,176	\$526,122	\$0	\$8,423,934
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$944,437	\$0	\$944,437
711	Investment Income - Unrestricted	\$114	\$0	\$8,566	\$1,140	\$0	\$302,092	\$311,912
714	Fraud Recovery	\$0	\$0	\$0	\$4,811	\$0	\$0	\$4,811
715	Other Revenue	\$0	\$100,093	\$87,147	\$6,626	\$0	\$1,918,422	\$2,112,288
716	Gain/Loss on Sale of Fixed Assets	\$0	\$0	(\$36,161)	\$21,821	\$0	(\$18,603)	(\$32,943)
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
700	<b>Total Revenue</b>	\$262,653	\$121,818	\$5,085,200	\$4,079,574	\$1,470,559	\$3,287,577	\$14,307,381
<b>EXPENSES</b>								
911	Administrative Salaries	\$0	\$54,600	\$676,567	\$284,992	\$100,000	\$655,625	\$1,771,784
912	Auditing Fees	\$400	\$0	\$13,343	\$2,067	\$0	\$13,069	\$28,879
914	Compensated Absences	\$0	\$0	\$5,463	\$1,454	\$0	\$4,104	\$11,021
915	Employee Benefit Contributions - Administrative	\$0	\$17,986	\$381,755	\$134,233	\$0	\$300,032	\$834,006
916	Other Operating - Administrative	\$16,265	\$8,819	\$310,974	\$62,409	\$338,010	\$193,713	\$930,190
924	Tenant Services - Other	\$0	\$0	\$19,859	\$0	\$0	\$2,265	\$22,124
931	Water	\$0	\$134	\$89,777	\$0	\$0	\$32,452	\$122,363
932	Electricity	\$0	\$208	\$410,031	\$0	\$0	\$184,023	\$594,262
933	Gas	\$0	\$820	\$382,724	\$0	\$0	\$61,813	\$445,357
938	Other Utilities Expense	\$0	\$97	\$135,621	\$0	\$0	\$35,319	\$171,037
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$753,846	\$0	\$0	\$206,444	\$960,290
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$1,837	\$174,064	\$0	\$0	\$85,478	\$261,379
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$1,436	\$652,512	\$0	\$0	\$280,612	\$934,560
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$373,233	\$0	\$0	\$100,907	\$474,140
952	Protective Services - Other Contract Costs	\$0	\$0	\$52,179	\$0	\$0	\$187,820	\$239,999
961	Insurance Premiums	\$0	\$1,598	\$365,180	\$8,795	\$0	\$105,758	\$481,331
962	Other General Expenses	\$0	\$45,682	\$10,000	\$5,539	\$0	\$46,803	\$108,024
963	Payments in Lieu of Taxes	\$0	\$0	\$33,150	\$0	\$0	\$0	\$33,150
964	Bad Debt - Tenant Rents	\$0	\$0	\$72,951	\$0	\$0	\$4,678	\$77,629
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$221,579	\$221,579
969	<b>Total Operating Expenses</b>	\$16,665	\$133,217	\$4,913,229	\$499,489	\$438,010	\$2,722,494	\$8,723,104
970	Excess Operating Revenue over Operating Expenses	\$245,988	(\$11,399)	\$171,971	\$3,580,085	\$1,032,549	\$565,083	\$5,584,277
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$4,893	\$0	\$0	\$0	\$4,893
973	Housing Assistance Payments	\$245,988	\$0	\$0	\$3,559,286	\$0	\$0	\$3,805,274
974	Depreciation Expense	\$0	\$0	\$2,485,399	\$32,912	\$101,493	\$600,080	\$3,219,884
900	<b>Total Expenses</b>	\$262,653	\$133,217	\$7,403,521	\$4,091,687	\$539,503	\$3,322,574	\$15,753,155

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2005**

Line Item No.	Account Description	NCSR Section 8 Programs	Opportunities for Youth_Youth build Program	Low/Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
1001	Operating Transfers In	\$0	\$91,831	\$88,112	\$0	\$0	\$0	\$179,943
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	(\$88,112)	(\$91,831)	(\$179,943)
1008	Special Items (net gain/loss)	\$0	\$59,500	\$0	\$0	\$0	(\$184,997)	(\$125,497)
1010	<b>Total Other Financing Sources (Uses)</b>	\$0	\$151,331	\$88,112	\$0	(\$88,112)	(\$276,828)	(\$125,497)
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$139,932	(\$2,230,209)	(\$12,113)	\$842,944	(\$311,825)	(\$1,571,271)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$665,000	\$665,000
1103	Beginning Equity	\$0	\$0	\$19,043,084	\$236,079	\$5,694,806	\$19,925,607	\$44,899,576
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$4,255,725	(\$5,770)	(\$4,255,725)	\$0	(\$5,770)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$316,745	\$0	\$0	\$4,550,912	\$0	\$0	\$4,867,657
1114	months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$316,745	\$0	\$0	\$390,974	\$0	\$0	\$707,719
1116	Total Annual Contributions Available	\$633,490	\$0	\$0	\$4,941,886	\$0	\$0	\$5,575,376
1120	Unit Months Available	720	0	16,332	10,225	0	4,824	32,101
1121	Number of Unit Months Leased	720	0	12,792	10,225	0	4,680	28,417

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

<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	\$ 3,568,372
Capital Fund Program	14.872	<u>1,470,559</u>
Total for PHA Owned Housing Program		<u>5,038,931</u>
 <b><u>Section 8 Tenant Based Clusters:</u></b>		
<b><u>Housing Assistance Payments:</u></b>		
Housing Choice - Vouchers	14.871	<u>4,045,176</u>
Total for Section 8 Tenant Based Clusters		<u>4,045,176</u>
 <b><u>Section 8 Project Based Programs:</u></b>		
Project Based - Section 8 New Construction	14.182	<u>262,539</u>
Subtotal Section 8 Project Based Programs		<u>262,539</u>
 <b><u>Opportunities for Youth</u></b>		
YouthBuild Program	14.243	<u>21,725</u>
Subtotal Opportunities for Youth		<u>21,725</u>
<b><i>Total U.S. Department of HUD</i></b>		<b><u>9,368,371</u></b>
 <b>TOTAL ALL PROGRAMS</b>		 <b><u>\$ 9,368,371</u></b>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION/DEVELOPMENT COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2005**

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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:

	Capital Grant <u>OH12POO850103</u>
<u>Project OH</u>	
Funds Approved	\$ 1,947,515
Funds Expended	<u>1,947,515</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 1,947,515
Funds Expended	<u>1,947,515</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

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

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

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**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, 2005, which collectively comprise the Trumbull Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated March 10, 2006. 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. We did not audit the financial statements of the component units of the Trumbull Metropolitan Housing Authority, which statements reflect total assets constituting 51 percent of the total assets at June 30, 2005, and total operating revenues consisting 24 percent of total operating revenues for the year then ended. Those statements were audited by other auditors and the other auditors have reported to you on the Authority's component units' legal compliance and internal control over financial reporting. Accordingly, this report does not address the legal compliance and internal control over financial reporting of the component units of the Trumbull Metropolitan Housing Authority.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Trumbull Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **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

March 10, 2006

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

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Trumbull Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended June 30, 2005. Trumbull Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Trumbull Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trumbull Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Trumbull Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Trumbull Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### **Internal Control Over Compliance**

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

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

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

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

March 10, 2006

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2005**

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

2005(i)	Type of Financial Statement Opinion	Unqualified
2005(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2005(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2005(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2005(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2005(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2005(v)	Type of Major Programs' Compliance Opinion	Unqualified
2005(vi)	Are there any reportable findings under .510?	No
2005(vii)	Major Programs (list): Public Housing - CFDA #14.850	
2005(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: > all others
2005(ix)	Low Risk Auditee?	Yes

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

None.

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

None.



**Auditor of State  
Betty Montgomery**

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 16, 2006**