

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2006**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Trumbull Metropolitan Housing Authority, Trumbull County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 8, 2007

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**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management Discussion and Analysis	3-11
Basic Financial Statements:	
Statement of Net Assets - Proprietary Fund Type and Discretely Presented Component Units	12
Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund Type and Discretely Presented Component Units	13
Statement of Cash Flows - Proprietary Fund Type and Discretely Presented Component Units	14
Notes to the Basic Financial Statements	15-29
Supplemental Financial Data Schedules -	
Statement of Net Assets by Program	30-31
Statement of Revenues, Expenses and Changes in Net Assets by Program	32-33
Schedule of Federal Awards Expenditures	34
Statement of Modernization Cost - Completed	35
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>	36-37
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	38-39
Schedule of Findings and Questioned Costs	40

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

*Certified Public Accountants*

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*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Trumbull Metropolitan Housing Authority  
Warren, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying basic financial statements of Trumbull Metropolitan Housing Authority (the Authority) as of June 30, 2006, 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 49 percent of the total assets at June 30, 2006, and total operating revenues constituting 23 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, 2006, 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 November 17, 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

November 17, 2006

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2006**  
**(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, 2006 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 12). Also please note due to the significance of the component units, the numbers in this MD&A have both the primary and component units included.

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets increased by \$2.34 million (or 5.5%) during 2006. Despite a loss from operations of \$.89 million, a net non-operating revenue of \$2.84 million made for a \$1.95 million overall gain. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$43.3 million and \$45.7 million for 2005 and 2006 respectively.
- Revenue increased by \$2.6 million (or 18%) during 2006, and was \$14.3 million and \$16.9 million for 2005 and 2006, respectively. Revenue from capital grants increased \$1.7 million, while operating grants and other sources increased \$.9 million. Tenant revenue increased slightly by \$41,000.
- Total expenses decreased by \$.9 million (or 6%). Total expenses were \$15.9 million and \$15 million for 2005 and 2006, respectively. Operating expenses decreased \$.86 million, of which housing assistance payment decreased by \$.48 million, while non-operating expenses increased slightly by \$38,000.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2006**  
**(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 3-11**

**Basic Financial Statements**  
**Authority-Wide Financial Statements**  
**pages 12-14**  
**Notes to Financial Statements**  
**pages 15-29**

**Other Required Supplementary Information**  
**Required Supplementary Information**  
**pages 30-33**  
**(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 12-14) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

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, 2006**  
**(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, 2006**  
**(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. Although not awarded this grant by HUD during 2006, the Authority maintained the program through various other grants.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2006**  
**(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**

	2006 (in Millions) of Dollars	2005 (in Millions) of Dollars
<b><u>Assets</u></b>		
Current and Other Assets	\$ 14.50	\$ 15.16
Capital Assets	<u>37.29</u>	<u>35.82</u>
<b>Total Assets</b>	<u>51.79</u>	<u>50.98</u>
<b><u>Liabilities</u></b>		
Current Liabilities	1.57	2.38
Long-Term Liabilities	<u>4.46</u>	<u>5.28</u>
<b>Total Liabilities</b>	<u>6.03</u>	<u>7.66</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	32.33	30.18
Restricted	0	.03
Unrestricted	<u>13.43</u>	<u>13.11</u>
<b>Total Net Assets</b>	<u>45.76</u>	<u>43.32</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 51.79</u>	<u>\$ 50.98</u>

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

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

During 2006, total assets increased by \$.7 million and total liabilities decreased by \$1.6 million, in part due to the capital fund projects closed out and expensed (via depreciation) in 2006. For more detail, see "Capital Assets and Debt Administration" on page 10 and also due in part to HUD's decision to eliminate the year end settlement procedure for the Housing Choice Voucher Program. The program liability of \$.5 million at the end of 2005 was adjusted through equity to accommodate the change in procedure.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2006**  
**(Unaudited)**

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

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

	Millions of Dollars
Unrestricted Net Assets 06/30/05	\$ 13.11
Results of Operations	1.95
Adjustments:	
Depreciation (1)	3.19
Adjusted Results from Operations	18.25
Net Change in Restricted Assets	.03
Net Change in Capital Assets of Debt Payments (2)	(5.25)
Prior Period Adjustments	.40
Unrestricted Net Assets	\$ 13.43

(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.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2006**  
**(Unaudited)**

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

	2006 (Millions of Dollars)	2005 (Millions of Dollars)
<b><u>Revenues</u></b>		
Tenant Revenue - Rents and Other	\$ 2.50	\$ 2.55
Operating Subsidies and Grants	8.93	8.42
Capital Grants	2.67	.94
Investment Income	.48	.31
Other Revenues	2.35	2.08
<b>Total Revenues</b>	<u>16.93</u>	<u>14.30</u>
<b><u>Expenses</u></b>		
Administrative	3.43	3.57
Utilities	1.43	1.33
Maintenance	2.61	2.63
General	.99	1.31
Housing Assistance Payments	3.33	3.81
Depreciation	3.19	3.22
<b>Total Expenses</b>	<u>14.98</u>	<u>15.87</u>
Net Increase (Decrease)	<u>\$ 1.95</u>	<u>\$ (1.57)</u>

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

Although tenant rent revenue decreased slightly during 2006 in comparison to 2005, due primarily to higher utility cost allowances, tenant other revenue increased due, in part, to ongoing collection efforts. 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. Aggressive investment management of reserves resulted in maximum earnings.

Total administrative and maintenance expenses decreased by \$.16 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 \$.10 million due to market pricing beyond the Authority's control. General expense decreased by \$.32 million. Expenditures for protective services accounted for the majority of the increase in the amount of \$.23 million.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2006**  
**(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$37.29 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	
	2006 (Millions of Dollars)	2005 (Millions of Dollars)
Land	\$ 2.11	\$ 2.07
Buildings	80.98	79.89
Equipment - Administrative & Dwelling	2.83	2.80
Accumulated Depreciation	(53.05)	(49.91)
Construction in Progress	4.42	.97
<b>Total</b>	<b>\$ 37.29</b>	<b>\$ 35.82</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	\$ 35.82
Additions	4.67
Retirements	(0.01)
Depreciation	(3.19)
Ending Balance	<b>\$ 37.29</b>

Capital expenditures to modernize the Authority's public housing developments accounted for \$3.75 million, or 82%, of the additions, while \$.08 million, or 2%, was used to replace outdated 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 \$.84 million, or 18%, was expended by the component unit to acquire an additional housing development and land.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**for the Year ended June 30, 2006**  
**(Unaudited)**

**DEBT OUTSTANDING**

The Authority had no debt (bonds, notes, etc.) related to its public housing developments outstanding at the end of either 2006 or 2005. However, there was debt of \$4.96 million and \$5.64 million related to its component unit outstanding in 2006 and 2005, respectively. The following summary of outstanding debt is presented in detail on pages 26 through 28 of the notes.

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

<u>Business-Type</u>	<u>Total 2006</u>	<u>Total 2005</u>
Component Unit	\$ 4.96	\$ 5.64
<b>Total</b>	<u>\$ 4.96</u>	<u>\$ 5.64</u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Investments	\$ 2,303,417	\$ 11,347,150
Accounts Receivable - Net of Allowance	176,838	20,846
Inventories - Net of Allowance	209,954	0
Prepaid Expenses	117,387	98,953
Assets Held for Sale	0	107,246
Due from Primary Government	<u>0</u>	<u>125,041</u>
Total Current Assets	<u>2,807,596</u>	<u>11,699,236</u>
Non-Current Assets:		
Capital Assets, Not Depreciated	4,359,001	2,169,226
Capital Assets - Net of Accumulated Depreciation	<u>19,236,521</u>	<u>11,522,480</u>
Total Non-Current Assets	<u>23,595,522</u>	<u>13,691,706</u>
<b>Total Assets</b>	<b><u>\$ 26,403,118</u></b>	<b><u>\$ 25,390,942</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
Current Liabilities:		
Accounts Payable	\$ 127,783	\$ 12,017
Current Portion of Long-Term Debt	0	695,000
Accrued Wages and Payroll Taxes	200,173	23,070
Tenant Security Deposits	95,385	93,310
Deferred Credits and Other Liabilities	121,450	74,448
Due to Component Units	<u>125,041</u>	<u>0</u>
Total Current Liabilities	<u>669,832</u>	<u>897,845</u>
Non-Current Liabilities:		
Long-Term Debt Net of Current Portion	0	4,260,000
Other Long-Term Liabilities - Compensated Absences	<u>151,380</u>	<u>46,180</u>
Total Non-Current Liabilities	<u>151,380</u>	<u>4,306,180</u>
<b>Total Liabilities</b>	<b><u>821,212</u></b>	<b><u>5,204,025</u></b>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	23,595,522	8,736,706
Unrestricted Net Assets	<u>1,986,384</u>	<u>11,450,211</u>
<b>Total Net Assets</b>	<b><u>25,581,906</u></b>	<b><u>20,186,917</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$26,403,118</u></b>	<b><u>\$25,390,942</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, 2006**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>OPERATING REVENUES</u></b>		
Program Operating Grants/Subsidies	\$ 8,927,879	\$ 0
Tenant Revenues	1,309,313	1,192,222
Other Income	<u>354,427</u>	<u>1,992,505</u>
<b>Total Operating Revenues</b>	<b><u>10,591,619</u></b>	<b><u>3,184,727</u></b>
<b><u>OPERATING EXPENSES</u></b>		
Administrative	2,580,253	854,581
Utilities	1,036,255	390,738
Ordinary Maintenance and Operations	1,833,308	775,296
Tenant Services	17,861	2,398
General and Protective Services	462,907	182,432
Housing Assistance Payments	3,331,490	0
Other Operating	3,564	1,529
Depreciation	<u>2,639,586</u>	<u>560,157</u>
<b>Total Operating Expenses</b>	<b><u>11,905,224</u></b>	<b><u>2,767,131</u></b>
Operating Income (Loss)	<u>(1,313,605)</u>	<u>417,596</u>
<b><u>NON-OPERATING REVENUE (EXPENSES)</u></b>		
Capital Grants	2,672,124	0
Interest Income	24,508	452,765
Interest Expense	0	(298,511)
Loss on Sale of Assets	<u>(478)</u>	<u>(3,367)</u>
<b>Total Non-Operating Revenue (Expenses)</b>	<b><u>2,696,154</u></b>	<b><u>150,887</u></b>
Excess (Deficiency) of Revenue Over (Under) Expenses	1,382,549	568,483
Beginning Net Assets	23,708,753	19,613,782
Special Items	76,700	(87,179)
Prior Period Adjustments	<u>413,904</u>	<u>91,831</u>
<b>ENDING NET ASSETS</b>	<b><u>\$25,581,906</u></b>	<b><u>\$20,186,917</u></b>

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, 2006**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from HUD and Other Governments	\$ 9,181,483	\$ 0
Cash Received from Tenants	1,310,677	1,185,683
Cash Received from Other Sources	406,642	2,079,579
Cash Payments for Housing Assistance Payments	(3,331,490)	0
Cash Payments for Administrative	(2,527,668)	(831,511)
Cash Payments for Other Operating Expenses	<u>(3,831,093)</u>	<u>(1,472,784)</u>
<b>Net Cash (Used) by Operating Activities</b>	<u>1,208,551</u>	<u>960,967</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Principal Payments on Debt	0	(685,000)
Acquisition of Fixed Assets	(2,873,106)	(1,798,612)
Proceeds from Dispositions of Capital Assets	257	0
Special Items Receivable	76,700	(87,179)
Capital Grants Received	<u>2,672,124</u>	<u>0</u>
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<u>(124,025)</u>	<u>(2,570,791)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Investment Income	24,508	452,765
Interest Expense	<u>0</u>	<u>(298,511)</u>
<b>Net Cash Provided by Investing Activities</b>	<u>24,508</u>	<u>154,254</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,109,034	(1,455,570)
Cash and Cash Equivalents, Beginning	<u>1,194,383</u>	<u>12,802,720</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,303,417</u>	<u>\$11,347,150</u>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Net Operating Income (Loss)	\$(1,313,605)	\$ 417,596
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	2,639,586	560,157
(Increase) Decrease in:		
Receivables - Net of Allowance	237,941	205,576
Inventory	(29,489)	0
Prepaid Expenses and Other Assets	9,826	6,939
Increase (Decrease) in:		
Accounts Payable	(464,852)	(46,875)
Non Current Liabilities	(43,629)	(62,333)
Accrued Wages/Payroll Taxes	96,214	23,070
Intergovernmental Payable	0	(125,041)
Tenants' Security Deposits	7,317	8,003
Deferred Credits/Other Liabilities	<u>69,242</u>	<u>(26,125)</u>
<b>Net Cash Used by Operating Activities</b>	<u>\$ 1,208,551</u>	<u>\$ 960,967</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, 2006**

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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, 2006**  
**(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, 2006**  
**(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, 2006**  
**(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 2006 totaled \$24,508 for the primary government and \$452,765 for the component units. Investments at June 30, 2006, 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, 2006**  
**(CONTINUED)**

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

**K. Budgetary Accounting**

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

**L. Estimates**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

**A. Primary Government**

***Deposits***

At fiscal year end, the carrying amount of the Authority's deposits was \$2,303,417 and the bank balance was \$2,259,989. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2006, \$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, 2006**  
**(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, 2006.

**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, 2006, 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	\$ 2,265,968	\$ 2,265,968	\$ 0	\$ 0
Carrying Amount of Deposits - Restricted	<u>37,449</u>	<u>37,449</u>	<u>0</u>	<u>0</u>
<b>Totals</b>	<u>\$ 2,303,417</u>	<u>\$ 2,303,417</u>	<u>\$ 0</u>	<u>\$ 0</u>

B. **Component Units**

**Deposits**

At fiscal year end, the carrying amount of the Authority's component units' deposits was \$11,347,150 and the bank balance was \$11,512,185. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2006, \$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, 2006**  
**(CONTINUED)**

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

B. **Component Units** (Continued)

**Deposits** (Continued)

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

**Investments**

The Authority has a formal investment policy; however, the Authority's component units' investments were limited to certificates of deposits at June 30, 2006.

**Interest Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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

*Concentration of Credit Risk* (Continued)

Cash and cash equivalents included in the Authority's cash position at June 30, 2006, 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	\$ 9,808,064	\$ 9,330,235	\$ 477,829	\$ 0
Carrying Amount of Deposits - Restricted	<u>1,539,086</u>	<u>1,539,086</u>	<u>0</u>	<u>0</u>
<b>Totals</b>	<u>\$11,347,150</u>	<u>\$10,869,321</u>	<u>\$ 477,829</u>	<u>\$ 0</u>

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

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

NOTE 4: **INSURANCE COVERAGE**

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

	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 10,000	\$ 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, 2006**  
**(CONTINUED)**

**NOTE 5: CAPITAL ASSETS**

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

	<u>Primary Government</u>	<u>Component Units</u>
<b>Capital Assets Not Depreciated</b>		
Land	\$ 878,365	\$ 1,231,300
Construction in Progress	<u>3,480,636</u>	<u>937,926</u>
<b>Total Capital Assets Not Depreciated</b>	<u>4,359,001</u>	<u>2,169,226</u>
<b>Capital Assets Being Depreciated</b>		
Buildings and Building Improvements	61,737,184	19,244,070
Furniture and Equipment	<u>1,919,575</u>	<u>909,877</u>
<b>Total Capital Assets being Depreciated</b>	63,656,759	20,153,947
Less Accumulated Depreciation	<u>(44,420,238)</u>	<u>(8,631,467)</u>
Subtotal Capital Assets Being Depreciated	<u>19,236,521</u>	<u>11,552,480</u>
<b>Total Capital Assets</b>	<u>\$ 23,595,522</u>	<u>\$ 13,691,706</u>

The following is a summary of changes:

	Balance <u>July 1, 2005</u>	<u>Primary Government</u>		Balance <u>June 30, 2006</u>
		<u>Additions</u>	<u>Deletions</u>	
<b>Capital Assets Not Depreciated</b>				
Land	\$ 878,365	\$ 0	\$ 0	\$ 878,365
Construction in Progress	<u>970,295</u>	<u>2,800,448</u>	<u>(290,107)</u>	<u>3,480,636</u>
<b>Total Capital Assets Not Depreciated</b>	<u>1,848,660</u>	<u>2,800,448</u>	<u>(290,107)</u>	<u>4,359,001</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Building Improvements	61,447,077	290,107	0	61,737,184
Furniture and Equipment	<u>1,870,322</u>	<u>72,658</u>	<u>(23,405)</u>	<u>1,919,575</u>
<b>Total Capital Assets Being Depreciated</b>	63,317,399	362,765	(23,405)	63,656,759
Less Accumulated Depreciation	<u>(41,803,322)</u>	<u>(2,639,586)</u>	<u>22,670</u>	<u>(44,420,238)</u>
Subtotal Primary Government	<u>21,514,077</u>	<u>(2,276,821)</u>	<u>(735)</u>	<u>19,236,521</u>
<b>Total Primary Government</b>	<u>\$ 23,362,737</u>	<u>\$ 523,627</u>	<u>\$ (290,842)</u>	<u>\$23,595,522</u>
		<u>Component Units</u>		
	Balance <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2006</u>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 1,189,631	\$ 41,669	\$ 0	\$ 1,231,300
Construction in Progress	<u>0</u>	<u>937,926</u>	<u>0</u>	<u>937,926</u>
<b>Total Capital Assets Not Depreciated</b>	<u>1,189,631</u>	<u>979,595</u>	<u>0</u>	<u>2,169,226</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Building Improvements	18,443,243	800,827	0	19,244,070
Furniture and Equipment	<u>931,371</u>	<u>18,190</u>	<u>(39,684)</u>	<u>909,877</u>
<b>Total Capital Assets Being Depreciated</b>	19,374,614	819,017	(39,684)	20,153,947
Less Accumulated Depreciation	<u>(8,107,627)</u>	<u>(560,157)</u>	<u>36,317</u>	<u>(8,631,467)</u>
Subtotal Capital Assets Being Depreciated	<u>11,261,987</u>	<u>258,860</u>	<u>(3,367)</u>	<u>11,522,480</u>
<b>Total Component Units</b>	<u>\$ 12,456,618</u>	<u>\$ 1,238,455</u>	<u>\$ (3,367)</u>	<u>\$13,691,706</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(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**

**Ohio Public Employees Retirement System**

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

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

For the year ended June 30, 2006, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Authority's contribution rate for pension benefits for 2006 was 9.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2006, 2005 and 2004 were \$267,944, \$258,893, and \$231,586 respectively, 100 percent has been contributed for 2006, 2005 and 2004. Contributions to the member directed plan for 2006 was \$2,807.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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**NOTE 7: POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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

At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$106,093. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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**NOTE 8: COMPENSATED ABSENCES**

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

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

At June 30, 2006, based on the vesting method, \$301,499 was accrued by the Authority for unused vacation and sick time. The current portion is \$103,939 and the non-current portion is \$197,560.

**NOTE 9: LONG-TERM DEBT**

The Authority's component units were obligated on the following notes as of June 30, 2006:

	2006
<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. JP Morgan, Worldwide Securities Services, is the bond trustee. Annual installments due and applicable rates of interest for the bond issue is as follows:	
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. \$ 1,550,000

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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

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

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

\$ 3,405,000

**Total**

\$ 4,955,000

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Requirements</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
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, 2006	<u>1,550,000</u>	<u>106,810</u>	<u>1,656,810</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Requirements</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
2007	\$ 55,000	\$ 46,930	\$ 101,930
2008	75,000	59,850	134,850
2009	200,000	59,850	259,850
2010	220,000	55,813	275,813
2011	220,000	51,632	271,632
2012-2016	1,100,000	195,463	1,295,463
2017-2021	1,100,000	90,963	1,190,963
2022-2023	<u>435,000</u>	<u>7,149</u>	<u>442,149</u>
Remaining at June 30, 2006	<u>3,405,000</u>	<u>567,650</u>	<u>3,972,650</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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

The combined principal and interest requirements are as follows:

<u>Fiscal Year</u> <u>Requirements</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2007	\$ 695,000	\$ 107,355	\$ 802,355
2008	745,000	96,275	841,275
2009	440,000	69,810	509,810
2010	220,000	55,813	275,813
2011	220,000	51,632	271,632
2012-2016	1,100,000	195,463	1,295,463
2017-2021	1,100,000	90,963	1,190,963
2022-2023	435,000	7,149	442,149
Remaining at June 30, 2006	<u>\$ 4,955,000</u>	<u>\$ 674,460</u>	<u>\$ 5,629,460</u>

NOTE 10: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had the following material capital or construction commitment at June 30, 2006:

	<u>Original</u> <u>Contract</u> <u>Amount</u>	<u>Balance</u> <u>Outstanding</u> <u>at 6/30/2006</u>
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.

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

**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, 2005 by HUD when approving the Year End Settlement submission in the amount of \$505,735. In addition a reimbursement was made from the primary government to the component unit in the amount of \$91,831 for funds advanced in prior years relating to the Youth Build Program.

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

	<u>Western Reserve Housing Development Corporation</u>	<u>Warren Housing Development Corporation</u>	<u>Trumbull Housing Development Corporation</u>	<u>Eliminations/ Adjustments</u>	<u>Totals</u>
<b><u>Balance Sheet</u></b>					
Current Assets	\$ 159,137	\$ 1,913,993	\$ 10,493,282	\$ (867,176)	\$ 11,699,236
Capital Assets	5,082,835	6,121,712	2,724,657	(237,498)	13,691,706
Current Liabilities	(250,387)	(792,439)	(20,861)	165,842	(897,845)
Non-Current Liabilities	(3,668,029)	(1,412,469)	(4,630)	778,948	(4,306,180)
Net Assets	(1,323,556)	(5,830,797)	(13,192,448)	159,884	(20,186,917)
<b><u>Revenues, Expenses, and Change in Equity</u></b>					
Operating Revenue	804,827	2,416,589	239,070	(275,759)	3,184,727
Operating Expenses	625,347	1,912,855	462,928	(233,999)	2,767,131
Net Operating Income (Loss)	179,480	503,734	(223,858)	(41,760)	417,596
Net Non-Operating Revenue					
Over Expenses	(124,976)	(48,770)	394,633	(70,000)	150,887
Excess of Revenue Over Expenses	54,504	454,964	170,775	(111,760)	568,483

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2006**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>ASSETS</b>									
<b>Current Assets</b>									
111	Cash - Unrestricted	\$0	\$516	\$891,350	\$0	\$1,278,717	\$0	\$9,808,064	\$11,978,647
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$1,395,000	\$1,395,000
113	Cash - Other Restricted	\$0	\$0	\$17,267	\$0	\$20,182	\$0	\$50,776	\$88,225
114	Cash - Tenant Security Deposits	\$0	\$0	\$95,385	\$0	\$0	\$0	\$93,310	\$188,695
100	<b>Total Cash</b>	\$0	\$516	\$1,004,002	\$0	\$1,298,899	\$0	\$11,347,150	\$13,650,567
122	Accounts Receivable - HUD Other Projects	\$1,545	\$0	\$0	\$0	\$0	\$78,687	\$0	\$80,232
124	Accounts Receivable - Other Government	\$0	\$47,785	\$0	\$0	\$0	\$0	\$0	\$47,785
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$18,876	\$0	\$1,216	\$0	\$1,771	\$21,863
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$38,185	\$0	\$0	\$0	\$19,349	\$57,534
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$9,676)	\$0	\$0	\$0	(\$8,340)	(\$18,016)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$8,010	\$0	\$0	\$0	\$298	\$8,308
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	(\$7,952)	\$0	\$0	\$0	(\$248)	(\$8,200)
129	Accrued Interest Receivable	\$0	\$0	\$162	\$0	\$0	\$0	\$8,016	\$8,178
120	<b>Total Receivables, net of allowances for doubtful accounts</b>	\$1,545	\$47,785	\$47,605	\$0	\$1,216	\$78,687	\$20,846	\$197,684
142	Prepaid Expenses and Other Assets	\$0	\$2,234	\$110,921	\$0	\$4,232	\$0	\$98,953	\$216,340
143	Inventories	\$0	\$0	\$221,004	\$0	\$0	\$0	\$0	\$221,004
143.1	Allowance for Obsolete Inventories	\$0	\$0	(\$11,050)	\$0	\$0	\$0	\$0	(\$11,050)
144	Interprogram Due From	\$12,112	\$0	\$45,878	\$0	\$0	\$0	\$125,041	\$183,031
145	Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$107,246	\$107,246
150	<b>Total Current Assets</b>	\$13,657	\$50,535	\$1,418,360	\$0	\$1,304,347	\$78,687	\$11,699,236	\$14,564,822
<b>Capital Assets</b>									
161	Land	\$0	\$0	\$874,365	\$0	\$4,000	\$0	\$1,231,300	\$2,109,665
162	Buildings	\$0	\$0	\$61,160,552	\$0	\$286,525	\$290,107	\$19,244,070	\$80,981,254
163	Dwellings	\$0	\$0	\$898,353	\$0	\$0	\$0	\$347,712	\$1,246,065
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$954,017	\$0	\$67,205	\$0	\$562,165	\$1,583,387
166	Accumulated Depreciation	\$0	\$0	(\$44,266,691)	\$0	(\$134,207)	(\$19,340)	(\$8,631,467)	(\$53,051,705)
167	Construction In Progress	\$0	\$237,498	\$0	\$0	\$0	\$3,243,138	\$937,926	\$4,418,562
160	<b>Total Fixed Assets, Net of Accumulated Depreciation</b>	\$0	\$237,498	\$19,620,596	\$0	\$223,523	\$3,513,905	\$13,691,706	\$37,287,228
180	<b>Total Non-Current Assets</b>	\$0	\$237,498	\$19,620,596	\$0	\$223,523	\$3,513,905	\$13,691,706	\$37,287,228
190	<b>Total Assets</b>	\$13,657	\$288,033	\$21,038,956	\$0	\$1,527,870	\$3,592,592	\$25,390,942	\$51,852,050

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2006**

Line Item No.	Account Description	NC S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>LIABILITIES</b>									
<b>Current Liab.</b>									
312	Accounts Payable <= 90 Days	\$0	\$349	\$92,865	\$0	\$1,738	\$32,809	\$12,017	\$139,778
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$116,635	\$0	\$0	\$0	\$0	\$116,635
322	Accrued Compensated Absences - Current Portion	\$0	\$1,637	\$73,431	\$0	\$8,470	\$0	\$20,401	\$103,939
333	Accounts Payable - Other Government	\$0	\$0	\$22	\$0	\$0	\$0	\$0	\$22
341	Tenant Security Deposits	\$0	\$0	\$95,385	\$0	\$0	\$0	\$93,310	\$188,695
342	Deferred Revenues	\$0	\$0	\$63,330	\$0	\$0	\$0	\$65,881	\$129,211
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$695,000	\$695,000
345	Other Current Liabilities	\$0	\$0	\$37,939	\$0	\$20,181	\$0	\$8,567	\$66,687
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$2,669	\$2,669
347	Interprogram Due To	\$0	\$125,041	\$0	\$0	\$12,112	\$45,878	\$0	\$183,031
310	<b>Total Current Liabilities</b>	\$0	\$127,027	\$479,607	\$0	\$42,501	\$78,687	\$897,845	\$1,625,667
<b>Non-Current Liab.</b>									
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$4,260,000	\$4,260,000
354	Accrued Compensated Absences - Non Current	\$0	\$2,564	\$131,975	\$0	\$16,841	\$0	\$46,180	\$197,560
350	Total Noncurrent Liabilities	\$0	\$2,564	\$131,975	\$0	\$16,841	\$0	\$4,306,180	\$4,457,560
300	<b>Total Liabilities</b>	\$0	\$129,591	\$611,582	\$0	\$59,342	\$78,687	\$5,204,025	\$6,083,227
<b>NET ASSETS</b>									
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$237,498	\$19,620,596	\$0	\$223,523	\$3,513,905	\$8,736,706	\$32,332,228
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$13,657	(\$79,056)	\$806,778	\$0	\$1,245,005	\$0	\$11,450,211	\$13,436,595
513	Total Equity/Net Assets	\$13,657	\$158,442	\$20,427,374	\$0	\$1,468,528	\$3,513,905	\$20,186,917	\$45,768,823
600	<b>Total Liabilities and Equity/Net Assets</b>	\$13,657	\$288,033	\$21,038,956	\$0	\$1,527,870	\$3,592,592	\$25,390,942	\$51,852,050

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2006**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
<b>REVENUE</b>									
703	Net Tenant Rental Revenue	\$0	\$0	\$1,257,138	\$0	\$0	\$0	\$1,126,757	\$2,383,895
704	Tenant Revenue - Other	\$0	\$0	\$52,175	\$0	\$0	\$0	\$65,465	\$117,640
705	Total Tenant Revenue	\$0	\$0	\$1,309,313	\$0	\$0	\$0	\$1,192,222	\$2,501,535
706	HUD PHA Operating Grants	\$294,595	\$0	\$3,943,730	\$29,258	\$4,299,039	\$361,257	\$0	\$8,927,879
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$2,672,124	\$0	\$2,672,124
711	Investment Income - Unrestricted	\$0	\$0	\$12,643	\$0	\$11,865	\$0	\$452,765	\$477,273
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$7,050	\$0	\$0	\$7,050
715	Other Revenue	\$0	\$219,267	\$120,419	\$0	\$7,691	\$0	\$1,992,505	\$2,339,882
716	Gain/Loss on Sale of Fixed Assets	\$0	\$8	(\$486)	\$0	\$0	\$0	(\$3,367)	(\$3,845)
700	<b>Total Revenue</b>	\$294,595	\$219,275	\$5,385,619	\$29,258	\$4,325,645	\$3,033,381	\$3,634,125	\$16,921,898
<b>EXPENSES</b>									
911	Administrative Salaries	\$0	\$61,646	\$834,713	\$24,033	\$290,244	\$100,000	\$471,342	\$1,781,978
912	Auditing Fees	\$500	\$79	\$10,909	\$0	\$2,006	\$0	\$11,072	\$24,566
914	Compensated Absences	\$0	\$4,201	(\$8,154)	\$0	(\$5,567)	\$0	(\$67,380)	(\$76,900)
915	Employee Benefit Contributions - Administrative	\$0	\$25,814	\$459,646	\$5,225	\$132,192	\$0	\$232,854	\$855,731
916	Other Operating - Administrative	\$3,295	\$10,025	\$336,464	\$0	\$83,285	\$209,697	\$206,693	\$849,459
924	Tenant Services - Other	\$0	\$0	\$17,861	\$0	\$0	\$0	\$2,398	\$20,259
931	Water	\$0	\$112	\$75,196	\$0	\$0	\$0	\$32,685	\$107,993
932	Electricity	\$0	\$1,383	\$385,589	\$0	\$0	\$0	\$213,479	\$600,451
933	Gas	\$0	\$1,658	\$457,325	\$0	\$0	\$0	\$102,197	\$561,180
938	Other Utilities Expense	\$0	\$294	\$114,698	\$0	\$0	\$0	\$42,377	\$157,369
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$709,398	\$0	\$0	\$0	\$271,970	\$981,368
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$3,147	\$115,063	\$0	\$0	\$0	\$49,435	\$167,645
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$6,024	\$564,151	\$0	\$0	\$0	\$278,196	\$848,371
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$350,737	\$0	\$0	\$0	\$119,303	\$470,040
952	Protective Services - Other Contract Costs	\$0	\$0	(\$13,105)	\$0	\$0	\$0	\$17,964	\$4,859
961	Insurance Premiums	\$0	\$1,786	\$329,059	\$0	\$10,877	\$0	\$139,818	\$481,540
962	Other General Expenses	\$0	\$49,465	\$0	\$0	\$2,290	\$0	\$19,495	\$71,250
963	Payments in Lieu of Taxes	\$0	\$0	\$30,562	\$0	\$0	\$0	\$0	\$30,562
964	Bad Debt - Tenant Rents	\$0	\$0	\$51,973	\$0	\$0	\$0	\$5,155	\$57,128
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$298,511	\$298,511
969	<b>Total Operating Expenses</b>	\$3,795	\$165,634	\$4,822,085	\$29,258	\$515,327	\$309,697	\$2,447,564	\$8,293,360
970	Excess Operating Revenue over Operating Expenses	\$290,800	\$53,641	\$563,534	\$0	\$3,810,318	\$2,723,684	\$1,186,561	\$8,628,538
971	Extraordinary Maintenance	\$0	\$0	\$84,788	\$0	\$0	\$0	\$56,392	\$141,180
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$3,564	\$0	\$0	\$0	\$1,529	\$5,093
973	Housing Assistance Payments	\$277,143	\$0	\$0	\$0	\$3,054,347	\$0	\$0	\$3,331,490
974	Depreciation Expense	\$0	\$0	\$2,588,872	\$0	\$31,374	\$19,340	\$560,157	\$3,199,743
900	<b>Total Expenses</b>	\$280,938	\$165,634	\$7,499,309	\$29,258	\$3,601,048	\$329,037	\$3,065,642	\$14,970,866

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM**  
**AS OF JUNE 30, 2006**

Line Item No.	Account Description	N/C S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units	Total
1001	Operating Transfers In	\$0	\$0	\$51,560	\$0	\$0	\$0	\$0	\$51,560
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	(\$51,560)	\$0	(\$51,560)
1008	Special Items (net gain/loss)	\$0	\$56,700	\$0	\$0	\$20,000	\$0	(\$87,179)	(\$10,479)
1010	<b>Total Other Financing Sources (Uses)</b>	\$0	\$56,700	\$51,560	\$0	\$20,000	(\$51,560)	(\$87,179)	(\$10,479)
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$13,657	\$110,341	(\$2,062,130)	\$0	\$744,597	\$2,652,784	\$481,304	\$1,940,553
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$0	\$139,932	\$21,068,600	\$0	\$218,196	\$2,282,025	\$19,613,782	\$43,322,535
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	(\$91,831)	\$1,420,904	\$0	\$505,735	(\$1,420,904)	\$91,831	\$505,735
1113	Maximum Annual Contributions Commitment (Per ACC)	\$341,290	\$0	\$0	\$0	\$4,251,789	\$0	\$0	\$4,593,079
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$72,118	\$0	\$0	\$0	\$0	\$0	\$0	\$72,118
1116	Total Annual Contributions Available	\$413,408	\$0	\$0	\$0	\$4,251,789	\$0	\$0	\$4,665,197
1120	Unit Months Available	720	0	16,308	0	9,447	0	5,112	31,587
1121	Number of Unit Months Leased	720	0	12,014	0	9,447	0	4,960	27,141

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006**

<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	\$ 3,943,730
Capital Fund Program	14.872	<u>3,033,381</u>
Total for PHA Owned Housing Program		<u>6,977,111</u>
 <b><u>Section 8 Tenant Based Clusters:</u></b>		
<b><u>Housing Assistance Payments:</u></b>		
Housing Choice - Vouchers	14.871	<u>4,299,039</u>
Total for Section 8 Tenant Based Clusters		<u>4,299,039</u>
 <b><u>Section 8 Project Based Programs:</u></b>		
Project Based - Section 8 New Construction	14.182	<u>294,595</u>
Subtotal Section 8 Project Based Programs		<u>294,595</u>
 Resident Opportunity and Support Services	 14.870	 <u>29,258</u>
Subtotal Section Resident Opportunity and Support Services		 <u>29,258</u>
 <b><i>Total U.S. Department of HUD</i></b>		 <u>11,600,003</u>
 <b>TOTAL ALL PROGRAMS</b>		 <u>\$ 11,600,003</u>

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006**

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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>OH12POO850203</u>
<u>Project OH</u>	
Funds Approved	\$ 432,157
Funds Expended	<u>432,157</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 432,157
Funds Expended	<u>432,157</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, 2006, which collectively comprise the Trumbull Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated November 27, 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 49 percent of the total assets at June 30, 2006, and total operating revenues consisting 23 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

November 17, 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, 2006. 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, 2006.

### **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

November 17, 2006

**TRUMBULL METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2006**

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

2006(i)	Type of Financial Statement Opinion	Unqualified
2006(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2006(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2006(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2006(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2006(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2006(v)	Type of Major Programs' Compliance Opinion	Unqualified
2006(vi)	Are there any reportable findings under .510?	No
2006(vii)	Major Programs (list): Capital Fund - CFDA #14.872	
2006(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$348,000 Type B: > all others
2006(ix)	Low Risk Auditee?	Yes

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

None.

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

None.



**Mary Taylor, CPA**  
Auditor of State

**TRUMBULL METROPOLITAN HOUSING AUTHORITY**  
**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MARCH 22, 2007**