YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2007

Mary Taylor, CPA
Auditor of State

Board of Directors
Youngstown Metropolitan Housing Authority
131 West Boardman Street
Youngstown, Ohio 44503

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 7, 2008

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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2007

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the accompanying financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Youngstown Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Youngstown Metropolitan Housing Authority, as of June 30, 2007, and the changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2008, on our consideration of Youngstown Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, 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 of the Authority taken a whole. The supplementary Financial Data Schedule is presented for purposes of additional analysis and are not a required part of the financial statements of the Youngstown Metropolitan Housing Authority. 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. 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.

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

January 24, 2008

As management of the Youngstown Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- Assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by $58,360,344 (net assets), an increase of net assets of 12.5 percent.

- The Authority's cash balance at June 30, 2007 was $7,928,985, representing an increase of $2,861,006, or 56.5 percent, from June 30, 2006.

- The Authority had total revenue of $30,506,779 and total expenses of $24,040,845 for the year ended June 30, 2007, increasing net assets by $6,465,934 for the year.

- The Authority's capital outlays for the year were $7,861,229.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. These statements comprise three components: 1) entity-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

REQUIRED FINANCIAL STATEMENTS

MD&A
Management Discussion and Analysis

Basic Financial Statements
Statement of Net Assets
Statement of Revenues, Expenses, and Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses, and changes in fund net assets* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items for which resulting in cash flows occur in different fiscal periods (e.g., depreciation and earned but unused vacation leave).

The *combined statement of cash flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Authority has many programs that are consolidated into a single enterprise fund. The major programs consist of the following:

<u>Low-Income Public Housing</u> - 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 Contribution Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). HUD provides Operating Subsidy which enables the Authority to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

<u>Capital Fund Program (CFP)</u> - CFP is one of the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the GCP was revised for the CFP, funds are still provided by formula allocation and based on size and age of the Authority's units.

<u>Housing Choice Voucher Program (Section 8)</u> - HUD provides the Authority with vouchers to assist eligible families rent privately owned homes. A portion of the participant's rent is paid by the Authority to the landlord. The participant is responsible for paying the remaining portion. Applicants are chosen via a lottery.

The Authority's financial statements report on the functions of the Authority principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development.

The financial statements can be found on pages 9 through 11 of this report.

<u>Fund Financial Statements</u>

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund type, namely a proprietary fund.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 12 through 26 of this report.

SUPPLEMENTARY INFORMATION

Financial Analysis of the Authority

The following table represents a condensed Statement of Net Assets compared to the prior year.

Table 1 - Statement of Net Assets

	2007 (thousands)	2006 (thousands)
Assets		
Current and Other Assets	$ 8,766	$ 5,780
Capital Assets, Net	54,198	50,876
Total Assets	$ 62,964	$ 56,656
Liabilities and Net Assets		
Current Liabilities	$ 1,838	$ 1,443
NonCurrent Liabilities	2,766	3,319
Total Liabilities	4,604	4,762
Net Assets		
Invested in Capital Assets, Net of Related Debt	51,275	47,444
Restricted Net Assets	4,071	2,638
Unrestricted Net Assets	3,014	1,812
Total Net Assets	58,360	51,894
Total Liabilities and Net Assets	$ 62,964	$ 56,656

During 2007, total assets increased by $6,308, largely due to an increase in capital assets, with the increase in capital assets being attributable to Hope VI and Capital Fund Program spending. The Authority also had a healthy bottom line for the year, which increased cash on hand. The increase in net assets is due to the operating income for the year.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $58,360,344 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net assets (88 percent) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

Statement of Revenues, Expenses, and Changes in Net Assets

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Assets.

Table 2 - Statement of Revenues, Expenses, and Changes in Net Assets

	2007 (thousands)	2006 (thousands)
Revenues		
Intergovernmental Revenue	$ 27,595	$ 22,780
Program Revenue	2,444	2,309
Other Revenue	468	309
Total Revenues	30,507	25,398
Expenses		
Operating Expenses	10,622	11,259
Depreciation Expense	4,539	4,988
Housing Assistance Payments	8,811	8,885
Other Expenses	69	24
Total Expenses	24,041	25,156
Net Increase (Decrease)	$ 6,466	$ 242

Intergovernmental revenue increased $4,815,000 over the prior year due to an increase of $4,890,000 in Capital Grants, as the Authority is in the midst of the construction phase of the Hope VI project. On the expenses side, expenses decreased by $1,115,000 over last year.

The net assets of the Authority increased by $6,465,934 during the current fiscal year. The Authority receives its primary source of income from governmental revenues through HUD's Line-of-Credit Control System (eLOCCS). Allowable program expenses, with the exception of non-cash transactions (such as depreciation expense and changes in compensated absences) are drawn down from funds granted to the Authority. Governmental revenues, rental income, and charges for services were sufficient to cover all expenses incurred during fiscal year 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007, the Authority's investment in capital assets for its business-type activities was $54,198,096 (net of accumulated depreciation) as reflected in the following schedule.

Table 3 - Capital Assets

	2007	2006
Land	$ 3,343,509	$ 3,343,509
Buildings	126,627,711	124,506,291
Equipment - Administrative	1,236,446	1,110,123
Equipment - Dwellings	226,517	251,867
Accumulated Depreciation	(85,210,832)	(80,697,804)
Construction-in-Progress	7,974,745	2,362,118
Total	$ 54,198,096	$ 50,876,104

Capital Assets and Debt Administration

Major capital asset transactions during the current fiscal year include the following:

- Architect fees, site improvements and construction at Westlake for the Hope VI project in the amount of $5,612,627.
- Plumbing upgrade at Gutknect Towers in the amount of $664,389.
- Entranceway, concrete work, landscaping, signage, and other site improvements at Gutknecht Towers in the amount of $297,072.
- Elevator upgrade at Struthers Manor for a cost of $487,494.

Additional information on the Authority's capital assets can be found in Note 4 on pages 18 and 19 of this report.

LONG-TERM DEBT

As of June 30, 2007, the Authority had $2,923,104 of long-term debt, a decrease of $509,268, or 14.8 percent over the prior year. The Authority had two borrowings that were used to increase the energy efficiency of the Authority's buildings. One bears interest at 5.16 percent and has an outstanding balance at year end of $2,250,905, while the other has an interest rate of 4.85 percent and a remaining balance of $545,129. Additionally, there is $127,070 remaining on a 30 year mortgage of the Authority's Lowellville property. The mortgage bears an interest at 7.5 percent.

Additional information on the Authority's long-term debt can be found in Note 7 on pages 22 and 23 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the 2007 fiscal year:

- The most significant change to the Authority's budget for the 2008 fiscal year will result from HUD changing its fund procedures. Effective January 1, 2006, HUD began providing funding on a calendar year basis as opposed to a fiscal year basis. This change will create a challenge, because budgeting for operating subsidy for the last six months of the fiscal year will be unknown. Secondly, HUD is implementing the Quality Housing and Work Responsibility Act (QHWRA) requirement of project-based management and operations. This change will replace the current entity-wide reporting with project-based reporting requiring income, expenses, and reporting on a project by project basis. Due to this change, the Authority has undergone significant change to its operations, as well as how it records financial transactions.

- HUD is currently funding only 83 percent of the calculated operating subsidy for the first six months of the year. This means the Authority will have a funding shortfall of $1.4 million due to proration.

- The Authority's operating expenditures do not show any significant increases other than expected inflationary increases.

Future Events that will Financially Impact the Authority

Approximately 89 percent of the Authority's revenues come from governmental grants. Going forward, the Authority will need to develop alternative sources of income to avoid the risks inherent in being dependent on one primary source of revenue. HUD has encouraged public housing authorities to become more entrepreneurial in their operations to protect against decreased funding and/or other unforeseen circumstances. Without taking such actions, the Authority could face uncertainty in the future.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Youngstown Metropolitan Housing Authority, 131 West Boardman Street, Youngstown, Ohio 44503, or call (330) 744-2161.

Respectfully submitted,

Michael Krause
Interim Executive Director

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE
JUNE 30, 2007

	2007
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 3,358,433
Restricted Cash and Cash Equivalents	4,570,552
Receivables, Net	690,257
Prepaid Expenses and Other Assets	147,119
Total Current Assets	8,766,361
Noncurrent Assets	
Capital Assets:	
Nondepreciable Capital Assets, Net	11,318,254
Depreciable Capital Assets	42,879,842
Total Noncurrent Assets	54,198,096
TOTAL ASSETS	$ 62,964,457
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 481,621
Accrued Liabilities	412,969
Intergovernmental Payable	84,411
Accrued Compensated Absences	189,271
Tenant Security Deposits	136,866
Deferred Revenue	11,467
Bonds, Notes, and Claims Payable	521,146
Total Current Liabilities	1,837,751
Noncurrent Liabilities	
Bonds, Notes, and Claims Payable	2,401,958
Other NonCurrent Liabilities	138,153
Accrued Compensated Absences	226,251
Total Noncurrent Liabilities	2,766,362
Total Liabilities	4,604,113
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	51,274,992
Restricted Net Assets	4,207,738
Unrestricted Net Assets	2,877,614
Total Net Assets	58,360,344
TOTAL LIABILITIES AND NET ASSETS	$ 62,964,457

See accompanying notes to the basic financial statements

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	2007
Operating Revenues	
Tenant Revenue	$ 2,444,249
Government Operating Grants	20,031,385
Other Revenue	156,655
Total Operating Revenues	22,632,289
Operating Expenses	
Administrative	4,773,287
Tenant Services	207,517
Utilities	2,260,029
Maintenance	2,569,499
General	670,122
Housing Assistance Payment	8,810,917
Casualty Losses - Non-Capitalized	31,804
Depreciation	4,539,237
Total Operating Expenses	23,862,412
Operating Income (Loss)	(1,230,123)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	311,112
Interest Expense	(178,433)
Total Non-Operating Revenues (Expenses)	132,679
Income (Loss) Before Contributions and Other Revenue	(1,097,444)
Capital Grants	7,563,378
Change in Net Assets	6,465,934
Total Net Assets, Beginning of Year	51,949,985
Prior Period Adjustments	(55,575)
Total Net Assets, Beginning of Year, Restated	51,894,410
Net Assets, End of Year	$ 58,360,344

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2007

	2007
Cash Flows from Operating Activities	
Cash Received from HUD/Other Governments	$ 19,927,692
Cash Received From Tenants	2,455,567
Cash Received Other Sources	154,156
Cash Payments for Housing Assistance Payments	(8,810,917)
Cash Payments for Administrative	(4,758,269)
Cash Payments for Other Operating Expenses	(5,432,783)
Net Cash (Used) by Operating Activities	3,535,446
Cash Flows from Capital and Related Financing Activities	
Principal Payments on Debt	(509,268)
Acquisition of Capital Assets - Net	(7,861,229)
Capital Grants Received	7,563,378
Net Cash Provided by Capital and Other Related Financing Activities	(807,119)
Cash Flows from Investing Activities	
Investment Income	311,112
Interest Expense	(178,433)
Net Cash Provided by Investing Activities	132,679
Net Increase (Decrease) in Cash and Cash Equivalents	2,861,006
Cash and Cash Equivalents, Beginning	5,067,979
Cash and Cash Equivalents, Ending	$ 7,928,985
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating Income (Loss)	$ (1,230,123)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	4,539,237
(Increase) Decrease in:	
HUD Receivable	(197,825)
Accounts Receivables	11,318
Prepaid Expenses and Other Assets	61,011
Increase (Decrease) in:	
Intergovernmental Payable	84,411
Accounts Payable	333,851
Other Current Liabilities	(100,678)
Accrued Wages/Payroll Taxes	41,488
Tenant Security Deposits	(2,499)
Deferred Revenue/Other Liabilities	(4,745)
Net Cash Used by Operating Activities	$ 3,535,446

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

The Youngstown 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 Moderate Rehab, Substantial Rehab, New Construction and Housing Choice Voucher programs provided by HUD. In these section 8 programs, rental assistance is provided to families based on the families' ability to pay in accordance with HUD regulations. Under the Housing Choice Voucher program, the rental assistance is tied to the tenant family. The rental assistance, in general, is provided to help the family pay rent whereever they choose to live. Under the Mod Rehab, Substantial Rehab, and New Construction Programs, the rental assistance is tied to the dwelling unit selected by HUD. A tenant family becomes eligible for rental assistance when they rent the unit selected by HUD. 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 Youngstown Metropolitan Housing Authority (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

The accompanying general purpose financial statements comply with the provision of GASB No. 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

C. **Reporting Entity** (Continued)

Section 2100 indicates that the reporting entity consists of **a)** the primary government, **b)** organizations for which the primary government is financially accountable, and **c)** other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

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 the proprietary fund 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.

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

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 after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

G. **Interprogram Balances**

Receivables and payables resulting from short-term interprogram loans are classified as "Inter-program Due from/to" in respective program financial statements. These amounts are eliminated in the Authority's statement of net assets in the basic financial statements.

H. **Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. The Authority has only cash deposits, and no investments at June 30, 2007. Interest income earned in fiscal year 2007 totaled $311,112.

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

I. **Capital Assets**

Capital 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. The Authority capitalizes all assets with a cost of $1,000 or more. See Note 4 for useful lives for depreciation purposes.

J. **Cash and Cash Equivalents**

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

K. **Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics 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.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability. Information regarding compensated absences is detailed in Note 9.

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

L. **Budgetary Accounting**

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

M. **Estimates**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At fiscal year end, the carrying amount of the Authority's deposits were $7,928,985 and the bank balance was $8,116,274. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2007, $200,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority or by pooled collateral. Included in the carrying value of the Authority's deposits is $500 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.

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

Investments

The Authority has a formal investment policy; however, the Authority had no investments at June 30, 2007.

Interest Rate Risk

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

Credit Risk

Any deposits of the Authority exceeding the $100,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as provided by the Ohio Revised Code.

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 or by pooled collateral as permitted by the Ohio Revised Code.

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

	Cash and Cash Equivalents *	Investments
Cash - Unrestricted	$ 3,358,433	$ 0
Cash - Restricted	4,570,552	0
Per GASB Statement No. 3	$ 7,928,985	$ 0

NOTE 3: INSURANCE COVERAGE

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees.

To protect against risks to which the Authority is exposed, the Authority is covered for property damage, general liability, automobile liability, law enforcement libabilty, public officials liability, and other crime liabilities through membership in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI). OHAPCI is an insurance risk pool comprised of four Ohio housing authorities, of which the Authority is one. Deductibles and coverage limits are summarized below:

	Deductible	Coverage Limits
Property	$ 2,500	$ 250,000,000 (per occurrence)
General Liability	0	5,000,000
Automobile Physical Damage/Liability	500/500	ACV/5,000,000
Public Officials	0	5,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority provides employee group health care benefits via a partially self-funded plan administered by Enterprise Group Planning, Inc. Excess loss coverage for the plan is provided by QBE Insurance Corporation. There was no significant reduction in coverages and settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 4: CAPITAL ASSETS

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

	2007
Capital Assets Not Depreciated	
Land	$ 3,343,509
Construction in Progress	7,974,745
Total Capital Assets Not Depreciated	11,318,254
Capital Assets Being Depreciated	
Buildings and Building Improvements	126,627,711
Furniture and Equipment	1,462,963
Total Capital Assets Being Depreciated	128,090,674
Less: Accumulated Depreciation	(85,210,832)
Subtotal Capital Assets Being Depreciated	42,879,842
Total Capital Assets	$54,198,096

NOTE 4: **CAPITAL ASSETS** (Continued)

The Authority capitalizes all assets with a cost of $1,000 or more. The Authority uses the straight line method of depreciation. The following is a list of useful lives for depreciation purposes:

Buildings	15 to 40 years
Equipment	7 years
Computer Equipment	3 years
Vehicles	5 years
Maintenance Equipment	7 years

The following is a summary of changes in capital assets:

	Balance June 30, 2006	Restatements & Reclasses	Additions	Deletions	Balance June 30, 2007
Capital Assets Not Depreciated					
Land	$ 3,413,258	$ (69,749)	$ 0	$ 0	$ 3,343,509
Construction in Progress	0	2,362,118	5,612,627	0	7,974,745
Total Capital Assets Not Depreciated	3,413,258	2,292,369	5,612,627	0	11,318,254
Capital Assets Being Depreciated					
Buildings and Building Improvements	126,864,047	(2,357,756)	2,121,420	0	126,627,711
Furniture, Equipment, and Machinery	1,357,128	4,862	127,182	(26,209)	1,462,963
Total Capital Assets Being Depreciated	128,221,175	(2,352,894)	2,248,602	(26,209)	128,090,674
Accumulated Depreciation					
Buildings and Improvements	(79,575,671)	0	(4,412,381)	0	(83,988,052)
Furniture and Equipment	(1,127,083)	4,950	(126,856)	26,209	(1,222,780)
Total Accumulated Depreciation	(80,702,754)	4,950	(4,539,237)	26,209	(85,210,832)
Depreciable Assets, Net	47,518,421	(2,347,944)	(2,290,635)	0	42,879,842
Total Capital Assets, Net	$ 50,931,679	$ (55,575)	$ 3,321,992	$ 0	$ 54,198,096

Capital assets at the end of the prior year were restated to correct for non-capital expenditures in prior periods that were improperly treated as capital expenditures. In addition, capital assets were reclassified at June 30, 2006 as Construction-in-Progress to reflect that the expended amounts are for improvements that were yet to be completed and placed in service.

NOTE 5: **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 traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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

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

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2007, 2006 and 2005 were $310,039, $347,373, and $342,670, respectively; 100 percent has been contributed for 2007, 2006, and 2005.

NOTE 6: 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 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care. Effective January 1, 2007, the Authority's contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 6.00 percent for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4 percent (the projected inflation rate).

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, not to exceed a 12 percent corridor.

At December 31, 2006, the number of active contributing participants in the traditional and combined plans totaled 369,214. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. Actual employer contributions for 2007 which were used to fund postemployment benefits were $163,311. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2005, (the latest information available) were $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $31.3 billion and $20.2 billion, respectively.

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)

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. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

NOTE 7: **LONG-TERM DEBT**

A summary of the Authority's debt is as follows:

	Balance at 6/30/2006	Additions	Deletions	Balance at 6/30/2007	Due Within One Year
Long-Term Debt					
Primary Government					
Citicorp Note, 10/30/99, 4.85%, $2,052,658	$ 769,029	$ 0	$ (223,900)	$ 545,129	$ 234,942
Old National Leasing Note, 12/01/04, 5.16%, $2,722,385	2,449,576	0	(198,671)	2,250,905	191,977
First National Bank, 11/21/78, 7.5%, $1,191,617	213,767	0	(86,697)	127,070	94,227
Total Long-Term Debt Obligation	$ 3,432,372	$ 0	$ (509,268)	$ 2,923,104	$ 521,146

Long-term debt for Low-Rent Public Housing includes a 10-year 1999 note payable to Citicorp. The proceeds of $2,052,658 were used to improve the energy efficiency of the Authority's buildings. This note is secured by the equipment purchased and bears interest at 4.85 percent. The note and settlement agreement matures as follows:

	Principal	Interest	Total
2007-2008	$ 234,942	$ 22,209	$ 257,151
2008-2009	246,546	10,605	257,151
2009-2010	63,641	647	64,288
	$ 545,129	$ 33,461	$ 578,590

NOTE 7: **LONG-TERM DEBT** (Continued)

Long-term debt for the Low Rent Public Housing program also includes a 12-year 2005 note payable to Old National Leasing. The proceeds of $2,722,385 were used to improve the energy efficiency of the Authority's properties. The note is secured by the equipment purchased and bears a rate of 5.16 percent. The note and settlement agreement matures as follows:

	Principal	Interest	Total
2007-2008	$ 191,977	$ 112,544	$ 304,521
2008-2009	204,002	100,519	304,521
2009-2010	213,816	90,705	304,521
2010-2011	225,114	79,407	304,521
2011-2012	237,008	67,513	304,521
2012-2016	1,178,988	140,601	1,319,589
	$ 2,250,905	$ 591,289	$ 2,842,194

Long-term debt for the Section 8 New Construction (Lowellville) consists of a 30 year mortgage entered into in 1978 for $1,191,617 which bears interest at 7.48 percent and is secured by the building. The mortgage matures as follows:

	Principal	Interest	Total
2007-2008	$ 94,227	$ 5,721	$ 99,948
2008-2009	32,843	473	33,316
	$ 127,070	$ 6,194	$ 133,264

NOTE 8: **COMPENSATED ABSENCES**

Full time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation days exceeding those earned in the current year may not be carried over into the next calendar year. Generally, upon termination after one year of service, employees are entitled to be paid all accrued vacation.

The following schedule details earned annual leave based on length of service:

Management		Maintenance and Administration	
1-5 years	2 weeks	1-5 years	2 weeks
6-10 years	3 weeks	6-10 years	3 weeks
11-15 years	4 weeks	11-15 years	4 weeks
16-20 years	5 weeks	16-20 years	5 weeks
21 years and over	6 weeks	21 years and over	6 weeks

NOTE 8: **COMPENSATED ABSENCES** (Continued)

Sick leave accrued to full time, permanent employees to specified maximums. Sick leave may be cumulative without limit. However, management employees with 7 years or more of service, upon termination of employment, may receive 100 percent of their accumulated sick leave, up to a maximum of 120 days. Maintenance and administrative employees with 7 or more years of service, upon termination of employment, may receive 50 percent of their accumulated sick leave, up to a maximum of 60 days.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service requirement is accrued to the extent that it is considered to be probably that the conditions for compensation will be met in the future.

The estimated liability for compensated absences at June 30, 2007, based on the vesting method is detailed as follows:

	Current Accrued Compensated Absences	Long-Term Accrued Compensated Absences	Total Accrued Compensated Absences
Public Housing	$ 151,390	$ 180,969	$ 332,359
Section 8 - Rental Voucher	33,929	40,558	74,487
Section 8 - New Construction	3,952	4,724	8,676
	$ 189,271	$ 226,251	$ 415,522

NOTE 9: INTERPROGRAM RECEIVABLES AND PAYABLES

The following balances at June 30, 2007 represent individual fund interprogram receivables and payables:

Program	Interfund Receivables	Interfund Payables
Public Housing	$ 202,338	$ 230,388
Resident Opportunity	0	6,784
Local Grants	0	1,524
Section 8 N/C S/R	9,792	101,982
Hope VI	0	54,518
Business Activities	163,032	0
Section 8 Voucher	0	120,703
Section 8 Moderate Rehab	100,188	0
Capital Fund	56,539	0
YouthBuild	0	15,990
Total	$ 531,889	$ 531,889

These interprogram receivables and payables have been eliminated in the statement of net assets.

NOTE 10: RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

Beginning net assets for the Authority were adjusted by $(55,575) to correct Capital Fund Program expenditures in prior periods that were improperly treated as capital expenditures.

NOTE 11: CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenses disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 12: CONSTRUCTION COMMITMENTS

The Authority had the following material capital or construction commitment at June 30, 2007:

	Contract Amount	Balance Outstanding June 30, 2007
Development of Homeownership Properties	$ 5,191,599	$ 1,609,115
Elevator Improvements at various sites	1,002,013	203,461
Development of Phase I Rental Properties	1,985,526	341,832

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth-Youthbuild Program	Low Rent Public Housing	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation OH002MR0001	Revitalization of Severely Distressed Public Housing
	ASSETS						
111	Cash - Unrestricted	$0	$1,276,538	$0	$1,792,443	$0	$0
113	Cash - Other Restricted	$0	$224,394	$0	$208,662	$0	$0
100	**Total Cash**	$0	$1,500,932	$0	$2,001,105	$0	$0
122	Accounts Receivable - HUD Other Projects	$0	$0	$18,812	$0	$11,379	$216,181
125	Accounts Receivable - Miscellaneous	$0	$0	$0	$146,193	$0	$0
126	Accounts Receivable - Tenants - Dwelling Rents	$0	$0	$0	$228,269	$0	$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	$0	$0	$0	($87,311)	$0	$0
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0
128	Fraud Recovery	$0	$0	$0	$0	$0	$0
128.1	Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0	$0
120	**Total Receivables, net of allowances for doubtful accounts**	$0	$0	$18,812	$287,151	$11,379	$216,181
142	Prepaid Expenses and Other Assets	$0	$0	$0	$108,128	$0	$0
143	Inventories	$0	$2,000	$0	$36,991	$0	$0
143.1	Allowance for Obsolete Inventories	$0	$0	$0	$0	$0	$0
144	Interprogram Due From	$163,032	$9,792	$0	$202,338	$100,188	$0
150	**Total Current Assets**	$163,032	$1,512,724	$18,812	$2,635,713	$111,567	$216,181
161	Land	$50	$88,000	$0	$3,225,098	$0	$0
162	Buildings	$0	$1,481,768	$0	$121,769,071	$0	$90,679
163	Furniture, Equipment & Machinery - Dwellings	$0	$0	$0	$226,517	$0	$0
164	Furniture, Equipment & Machinery - Administration	$0	$21,364	$0	$911,817	$0	$7,413
165	Leasehold Improvements	$0	$0	$0	$0	$0	$0
166	Accumulated Depreciation	$0	($902,076)	$0	($83,868,502)	$0	($25,549)
167	Construction In Progress	$0	$0	$0	$0	$0	$7,974,745
160	**Total Fixed Assets, Net of Accumulated Depreciation**	$50	$689,056	$0	$42,264,001	$0	$8,047,288
180	**Total Non-Current Assets**	$50	$689,056	$0	$42,264,001	$0	$8,047,288
190	**TOTAL ASSETS**	$163,082	$2,201,780	$18,812	$44,899,714	$111,567	$8,263,469

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
	ASSETS					
111	Cash - Unrestricted	$0	$289,452	$0	$0	$3,358,433
113	Cash - Other Restricted	$0	$4,137,496	$0	$0	$4,570,552
100	**Total Cash**	$0	$4,426,948	$0	$0	$7,928,985
122	Accounts Receivable - HUD Other Projects	$13,244	$0	$143,346	$0	$402,962
125	Accounts Receivable - Miscellaneous	$0	$0	$0	$0	$146,193
126	Accounts Receivable - Tenants - Dwelling Rents	$0	$0	$0	$0	$228,269
126.1	Allowance for Doubtful Accounts - Dwelling Rents	$0	$0	$0	$0	($87,311)
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0
128	Fraud Recovery	$0	$144	$0	$0	$144
128.1	Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0
120	**Total Receivables, net of allowances for doubtful accounts**	$13,244	$144	$143,346	$0	$690,257
142	Prepaid Expenses and Other Assets	$0	$0	$0	$0	$108,128
143	Inventories	$0	$0	$0	$0	$38,991
143.1	Allowance for Obsolete Inventories	$0	$0	$0	$0	$0
144	Interprogram Due From	$0	$0	$56,539	$0	$531,889
150	**Total Current Assets**	$13,244	$4,427,092	$199,885	$0	$9,298,250
161	Land	$0	$0	$30,361	$0	$3,343,509
162	Buildings	$0	$0	$3,113,360	$172,833	$126,627,711
163	Furniture, Equipment & Machinery - Dwellings	$0	$0	$0	$0	$226,517
164	Furniture, Equipment & Machinery - Administration	$0	$109,936	$182,885	$3,031	$1,236,446
165	Leasehold Improvements	$0	$0	$0	$0	$0
166	Accumulated Depreciation	$0	($62,983)	($349,485)	($2,237)	($85,210,832)
167	Construction In Progress	$0	$0	$0	$0	$7,974,745
160	**Total Fixed Assets, Net of Accumulated Depreciation**	$0	$46,953	$2,977,121	$173,627	$54,198,096
180	**Total Non-Current Assets**	$0	$46,953	$2,977,121	$173,627	$54,198,096
190	**TOTAL ASSETS**	$13,244	$4,474,045	$3,177,006	$173,627	$63,496,346

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth-Youthbuild Program	Low Rent Public Housing	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation OH002MR0001	Revitalization of Severely Distressed Public Housing
	LIABILITIES						
312	Accounts Payable <= 90 Days	$0	$110,957	$2,567	$63,454	$0	$161,663
321	Accrued Wage/Payroll Taxes Payable	$0	$3,679	$0	$375,310	$0	$0
322	Accrued Compensated Absences - Current Portion	$0	$3,952	$0	$151,390	$0	$0
325	Accrued Interest Payable	$0	$0	$0	$4,406	$0	$0
331	Accounts Payable - HUD PHA Programs	$0	$13,159	$255	$0	$0	$0
341	Tenant Security Deposits	$0	$7,944	$0	$128,922	$0	$0
342	Deferred Revenues	$0	$0	$0	$1,746	$0	$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$0	$94,017	$0	$427,129	$0	$0
347	Interprogram Due To	$0	$101,982	$15,990	$230,388	$0	$54,518
310	**Total Current Liabilities**	$0	$335,690	$18,812	$1,382,745	$0	$216,181
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	$0	$33,053	$0	$2,368,905	$0	$0
354	Accrued Compensated Absences - Non Current	$0	$4,724	$0	$180,969	$0	$0
353	Noncurrent Liabilities - Other	$0	$0	$0	$14,328	$0	$0
350	**Total Noncurrent Liabilities**	$0	$37,777	$0	$2,564,202	$0	$0
300	**TOTAL LIABILTIIES**	$0	$373,467	$18,812	$3,946,947	$0	$216,181
508	Total Contributed Capital	$0	$0	$0	$0	$0	$0
508.1	Invested in Capital Assets, Net of Related Debt	$50	$561,986	$0	$39,467,967	$0	$8,047,288
511	**Total Reserved Fund Balance**	$0	$0	$0	$0	$0	$0
511.1	Restricted Net Assets	$0	$0	$0	$194,067	$0	$0
512.1	Unrestricted Net Assets	$163,032	$1,266,327	$0	$1,290,733	$111,567	$0
513	Total Equity/Net Assets	$163,082	$1,828,313	$0	$40,952,767	$111,567	$8,047,288
600	**TOTAL LIABILITIES AND EQUITY/NET ASSETS**	$163,082	$2,201,780	$18,812	$44,899,714	$111,567	$8,263,469

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
	LIABILITIES					
312	Accounts Payable <= 90 Days	$2,657	$6,081	$132,691	$1,551	$481,621
321	Accrued Wage/Payroll Taxes Payable	$0	$29,574	$0	$0	$408,563
322	Accrued Compensated Absences - Current Portion	$0	$33,929	$0	$0	$189,271
325	Accrued Interest Payable	$0	$0	$0	$0	$4,406
331	Accounts Payable - HUD PHA Programs	$3,803	$0	$67,194	$0	$84,411
341	Tenant Security Deposits	$0	$0	$0	$0	$136,866
342	Deferred Revenues	$0	$0	$0	$9,721	$11,467
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$0	$0	$0	$0	$521,146
347	Interprogram Due To	$6,784	$120,703	$0	$1,524	$531,889
310	**Total Current Liabilities**	$13,244	$190,287	$199,885	$12,796	$2,369,640
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	$0	$0	$0	$0	$2,401,958
354	Accrued Compensated Absences - Non Current	$0	$40,558	$0	$0	$226,251
353	Noncurrent Liabilities - Other	$0	$123,825	$0	$0	$138,153
350	**Total Noncurrent Liabilities**	$0	$164,383	$0	$0	$2,766,362
300	**TOTAL LIABILTIIES**	$13,244	$354,670	$199,885	$12,796	$5,136,002
508	Total Contributed Capital	$0	$0	$0	$0	$0
508.1	Invested in Capital Assets, Net of Related Debt	$0	$46,953	$2,977,121	$173,627	$51,274,992
511	**Total Reserved Fund Balance**	$0	$0	$0	$0	$0
511.1	Restricted Net Assets	$0	$4,013,671	$0	$0	$4,207,738
512.1	Unrestricted Net Assets	$0	$58,751	$0	($12,796)	$2,877,614
513	Total Equity/Net Assets	$0	$4,119,375	$2,977,121	$160,831	$58,360,344
600	**TOTAL LIABILITIES AND EQUITY/NET ASSETS**	$13,244	$4,474,045	$3,177,006	$173,627	$63,496,346

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth-Youthbuild Program	Low Rent Public Housing	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation OH002MR0001	Revitalization of Severely Distressed Public Housing
	REVENUE						
703	Net Tenant Rental Revenue	$0	$117,167	$0	$1,968,080	$0	$0
704	Tenant Revenue - Other	$0	$0	$0	$359,002	$0	$0
705	**Total Tenant Revenue**	$0	$117,167	$0	$2,327,082	$0	$0
706	HUD PHA Operating Grants	$0	$133,271	$323,356	$6,480,529	$179,981	$413,381
706.1	Capital Grants	$0	$0	$0	$0	$0	$5,612,627
708	Other Government Grants	$0	$151,023	$0	$0	$0	$0
711	Investment Income - Unrestricted	$0	$57,547	$0	$60,254	$2,789	$0
714	Fraud Recovery	$0	$0	$0	$0	$0	$0
715	Other Revenue	$53,825	$1,578	$0	$76,343	$0	$0
720	Investment Income - Restricted	$0	$0	$0	$9,766	$0	$0
700	**TOTAL REVENUE**	$53,825	$460,586	$323,356	$8,953,974	$182,770	$6,026,008
	EXPENSES						
911	Administrative Salaries	$0	$35,061	$81,810	$1,282,028	$8,106	$155,887
912	Auditing Fees	$0	$287	$0	$9,892	$41	$0
914	Compensated Absences	$0	$1,147	$0	$9,725	$96	$0
915	Employee Benefit Contributions - Administrative	$0	$18,035	$54,945	$683,134	$4,165	$58,248
916	Other Operating - Administrative	$13,548	$8,288	$47,791	$441,445	$1,612	$199,246
924	Tenant Services - Other	$0	$380	$138,810	$2,197	$0	$0
931	Water	$0	$13,847	$0	$490,368	$0	$0
932	Electricity	$0	$34,698	$0	$736,760	$99	$0
933	Gas	$0	$4,552	$0	$965,141	$0	$0
941	Ordinary Maintenance and Operations - Labor	$0	$35,211	$0	$1,170,113	$0	$0
942	Ordinary Maintenance and Operations - Materials and Other	$0	$451	$0	$140,394	$18	$0
943	Ordinary Maintenance and Operations - Contract Costs	$571	$19,414	$0	$468,639	$0	$0
945	Employee Benefit Contributions - Ordinary Maintenance	$0	$18,119	$0	$623,696	$0	$0
961	Insurance Premiums	$0	$0	$0	$420,306	$0	$0
962	Other General Expenses	$0	$5,274	$0	$36,522	$16	$0
963	Payments in Lieu of Taxes	$0	$0	$0	$1,214	$0	$0
964	Bad Debt - Tenant Rents	$0	$1,313	$0	$182,763	$0	$0
967	Interest Expense	$0	$15,766	$0	$162,667	$0	$0
968	Severance Expense	$0	$0	$0	$21,186	$0	$0
969	**Total Operating Expenses**	$14,119	$211,843	$323,356	$7,848,190	$14,153	$413,381
970	Excess Operating Revenue over Operating Expenses	$39,706	$248,743	$0	$1,105,784	$168,617	$5,612,627
972	Casualty Losses - Non-Capitalized	$0	$0	$0	$31,804	$0	$0
973	Housing Assistance Payments	$0	$121,000	$0	$0	$151,788	$0
974	Depreciation Expense	$0	$35,644	$0	$4,282,571	$0	$8,515
900	**TOTAL EXPENSES**	$14,119	$368,487	$323,356	$12,162,565	$165,941	$421,896

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
	REVENUE					
703	Net Tenant Rental Revenue	$0	$0	$0	$0	$2,085,247
704	Tenant Revenue - Other	$0	$0	$0	$0	$359,002
705	**Total Tenant Revenue**	$0	$0	$0	$0	$2,444,249
706	HUD PHA Operating Grants	$111,128	$10,839,539	$1,196,707	$0	$19,677,892
706.1	Capital Grants	$0	$0	$1,950,751	$0	$7,563,378
708	Other Government Grants	$0	$0	$0	$202,470	$353,493
711	Investment Income - Unrestricted	$0	$24,407	$0	$0	$144,997
714	Fraud Recovery	$0	$98	$0	$0	$98
715	Other Revenue	$0	$0	$0	$24,811	$156,557
720	Investment Income - Restricted	$0	$156,349	$0	$0	$166,115
700	**TOTAL REVENUE**	$111,128	$11,020,393	$3,147,458	$227,281	$30,506,779
	EXPENSES					
911	Administrative Salaries	$33,156	$525,285	$92,549	$6,800	$2,220,682
912	Auditing Fees	$0	$2,686	$0	$0	$12,906
914	Compensated Absences	$0	$4,049	$0	$0	$15,017
915	Employee Benefit Contributions - Administrative	$11,842	$269,868	$40,895	$3,215	$1,144,347
916	Other Operating - Administrative	$0	$104,455	$550,793	$13,157	$1,380,335
924	Tenant Services - Other	$66,130	$0	$0	$0	$207,517
931	Water	$0	$0	$0	$0	$504,215
932	Electricity	$0	$6,385	$0	$1,916	$779,858
933	Gas	$0	$0	$0	$6,263	$975,956
941	Ordinary Maintenance and Operations - Labor	$0	$0	$0	$0	$1,205,324
942	Ordinary Maintenance and Operations - Materials and Other	$0	$1,143	$0	$13,117	$155,123
943	Ordinary Maintenance and Operations - Contract Costs	$0	$0	$0	$78,613	$567,237
945	Employee Benefit Contributions - Ordinary Maintenance	$0	$0	$0	$0	$641,815
961	Insurance Premiums	$0	$0	$0	$0	$420,306
962	Other General Expenses	$0	$1,037	$0	$360	$43,209
963	Payments in Lieu of Taxes	$0	$0	$0	$131	$1,345
964	Bad Debt - Tenant Rents	$0	$0	$0	$0	$184,076
967	Interest Expense	$0	$0	$0	$0	$178,433
968	Severance Expense	$0	$0	$0	$0	$21,186
969	**Total Operating Expenses**	$111,128	$914,908	$684,237	$123,572	$10,658,887
970	Excess Operating Revenue over Operating Expenses	$0	$10,105,485	$2,463,221	$103,709	$19,847,892
972	Casualty Losses - Non-Capitalized	$0	$0	$0	$0	$31,804
973	Housing Assistance Payments	$0	$8,538,129	$0	$0	$8,810,917
974	Depreciation Expense	$0	$5,716	$206,358	$433	$4,539,237
900	**TOTAL EXPENSES**	$111,128	$9,458,753	$890,595	$124,005	$24,040,845

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth-Youthbuild Program	Low Rent Public Housing	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation OH002MR0001	Revitalization of Severely Distressed Public Housing
	OTHER FINANCING SOURCES (Uses)						
1001	Operating Transfers In	$0	$0	$0	$512,470	$0	$0
1002	Operating Transfers Out	$0	$0	$0	$0	$0	$0
1010	**TOTAL OTHER FINANCING SOURCES (Uses)**	$0	$0	$0	$512,470	$0	$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$39,706	$92,099	$0	($2,696,121)	$16,829	$5,604,112
1102	Debt Principal Payments - Enterprise Funds	$0	$0	$0	$0	$0	$0
1103	Beginning Equity	$123,376	$1,736,214	$0	$41,898,755	$94,738	$2,443,176
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$0	$0	$1,750,133	$0	$0
1120	Unit Months Available	0	1,032	0	17,797	720	0
1121	Number of Unit Months Leased	0	959	0	12,828	720	0
1117	Administrative Fee Equity	$0	$0	$0	$0	$0	$0
1118	Housing Assistance Payments Equity	$0	$0	$0	$0	$0	$0

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
	OTHER FINANCING SOURCES (Uses)					
1001	Operating Transfers In	$0	$0	$0	$0	$512,470
1002	Operating Transfers Out	$0	$0	($512,470)	$0	($512,470)
1010	**Total Other Financing Sources (Uses)**	$0	$0	($512,470)	$0	$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$1,561,640	$1,744,393	$103,276	$6,465,934
1102	Debt Principal Payments - Enterprise Funds	$0	$0	$0	$0	$0
1103	Beginning Equity	$0	$2,557,735	$3,038,436	$57,555	$51,949,985
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$0	($1,805,708)	$0	($55,575)
1120	Unit Months Available	$0	$25,356	$0	$0	$44,905
1121	Number of Unit Months Leased	$0	$22,491	$0	$0	$36,998
1117	Administrative Fee Equity	$0	$105,704	$0	$0	$105,704
1118	Housing Assistance Payments Equity	$0	$4,013,671	$0	$0	$4,013,671

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

Federal Grantor/ Pass Through Grantor/ Program Title		Federal CFDA Number	Funds Expended
U.S. Department of Housing and Urban Development			
Direct Programs			
PHA Owned Housing:			
Public and Indian Housing Operating Subsidy		14.850	$ 6,480,529
Subtotal CFDA 14.850			6,480,529
Resident Opportunity and Support Services		14.870	111,128
Demolition and Revitalization of Severely Distressed Public Housing (Hope VI)		14.866	6,026,008
Capital Fund Program		14.872	3,147,458
Opportunities For Youth - YouthBuild		14.243	323,356
Total - Public Housing			16,088,479
Section 8 Programs:			
Housing Choice Voucher		14.871	10,839,539
Total Section 8 Housing Choice Voucher			10,839,539
Project Based Programs:			
Project Based	- Mod Rehabilitation	14.856	179,981
	- New Construction - Contract Admin.	14.182	133,271
	- New Construction - PHA Owned	14.182	151,023
Total Section 8 Project Based Programs			464,275
Total Section 8 Housing Choice Voucher and Project Based Programs			11,303,814
Total U.S. Department of Housing and Urban Development			27,392,293
Pass-through City of Youngstown			
HOME		14.239	124,178
CDBG		14.218	77,981
Total Pass-through City of Youngstown			202,159
TOTAL ALL PROGRAMS			$ 27,594,452

This schedule is prepared on the accrual basis of accounting.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2007, which collectively comprise the Youngstown Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated January 24 , 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Youngstown Metrooplitan 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 that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to the management of the Authority in a separate letter dated January 7, 2008.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, 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.

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

January 24, 2008

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

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Compliance

We have audited the compliance of the Youngstown 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, 2007. Youngstown 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 Youngstown Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Youngstown Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Youngstown 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 Youngstown Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Youngstown Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance
The management of the Youngstown Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Youngstown Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Youngstown Metropolitan Housing Authority's internal control over compliance.

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

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

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

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

James G. Zupka, CPA, Inc.

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

January 24, 2008

1. SUMMARY OF AUDITOR'S RESULTS

2007(i)	Type of Financial Statement Opinion	Unqualified
2007(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2007(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2007(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2007(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2007(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2007(v)	Type of Major Programs' Compliance Opinion	Unqualified
2007(vi)	Are there any reportable findings under .510?	No
2007(vii)	Major Programs (list): Demolition and Revitalization of Severely Distressed Public Housing (Hope VI) - CFDA #14.866 Capital Fund Program - CFDA #14.872	
2007(viii)	Dollar Threshold: Type A\B Programs	Type A: > $827,834 Type B: > all others
2007(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

The prior audit report, as of June 30, 2006, included one reportable condition that was initially reported at June 30, 2005. At June 30, 2007, the Authority has implemented controls to correct the condition.

Mary Taylor, CPA
Auditor of State

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 22, 2008

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