

**YOUNGSTOWN METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

James G. Zupka, CPA, Inc.

Certified Public Accountants



Dave Yost • Auditor of State

Board of Directors
Youngstown Metropolitan Housing Authority
131 W Boardman St
Youngstown, OH 44503-1399

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, 2012 through June 30, 2013. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 10, 2014

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngstown Metropolitan Housing Authority, as of June 30, 2013, and the changes in financial position, and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and not a part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of the Youngstown Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.



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

November 22, 2013

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

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, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- Assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$61,842,716 (net position), a decrease of net position of 5.3 percent.
- The Authority's cash and investment balance at June 30, 2013 was \$7,838,318, representing a decrease of \$744,048, or 8.7 percent, from June 30, 2012.
- The Authority had total revenue of \$23,992,240 and total expenditures of \$25,503,828 for the year ended June 30, 2013, decreasing net position by \$1,511,588 for the year before special items.
- The Authority's capital outlays for the year were \$3,063,744.

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) government-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 Position

Statement of Revenues, Expenses, and Changes in Net Position

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position 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:

Low-Income 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 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.

Capital Fund Program (CFP) - 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.

Housing Choice Voucher Program (Section 8) - 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 10 through 12 of this report.

Fund Financial Statements

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.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

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 13 through 27 of this report.

SUPPLEMENTARY INFORMATION

Financial Analysis of the Authority

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

Table 1 - Statement of Net Position

	2013 (thousands)	2012 (thousands)
<u>Assets</u>		
Current and Other Assets	\$ 8,279	\$ 9,167
Capital Assets, Net	<u>55,920</u>	<u>58,911</u>
Total Assets	<u>64,199</u>	<u>68,078</u>
<u>Liabilities</u>		
Current Liabilities	1,214	1,387
NonCurrent Liabilities	<u>1,142</u>	<u>1,412</u>
Total Liabilities	<u>2,356</u>	<u>2,799</u>
<u>Net Position</u>		
Net Investment in Capital Assets	54,989	57,731
Unrestricted and Restricted Net Position	<u>6,854</u>	<u>7,548</u>
Total Net Position	<u>61,843</u>	<u>65,279</u>
Total Liabilities and Net Position	<u>\$ 64,199</u>	<u>\$ 68,078</u>

During 2013, total assets decreased by \$3,878,955. The largest reason for the decrease is the demolition of Westlake Terrace of \$1,924,707. Additionally the sequestration funding cuts resulted in the Authority using cash reserves in the amount of \$744,048. Finally, the last couple of years the Authority benefitted by receiving ARRA grants which served to increase our Capital Assets, the grants are now expended and our annual depreciation expense of \$4,130,092 was greater than our Capital expenditures of \$3,063,744.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$61,842,716 at the close of the most recent fiscal year.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

By far the largest portion of the Authority's net position (89 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 position of the Authority are available for future use to provide program services.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2013 <u>(thousands)</u>	2012 <u>(thousands)</u>
<u>Revenues</u>		
Intergovernmental Revenue	\$ 21,065	\$ 26,946
Program Revenue	2,603	2,357
Other Revenue	<u>324</u>	<u>480</u>
Total Revenues	<u>23,992</u>	<u>29,783</u>
<u>Expenses</u>		
Operating Expenses	10,695	12,322
Depreciation Expense	4,130	4,108
Housing Assistance Payments	10,725	10,625
Other Expenditures	(47)	19
Loss on Demolition	<u>1,925</u>	<u>0</u>
Total Expenses	<u>27,428</u>	<u>27,074</u>
Net Increase (Decrease)	<u>\$ (3,436)</u>	<u>\$ 2,709</u>

The net position of the Authority decreased by \$(3,436,295) 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 operating expenses incurred during fiscal year 2013.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the Authority's investment in capital assets for its business-type activities was \$55,920,044 (net of accumulated depreciation) as reflected in the following schedule.

Table 3 - Capital Assets

	2013	2012
Land	\$ 3,336,699	\$ 3,336,699
Buildings	117,311,109	151,153,081
Equipment - Administrative	1,213,785	1,182,537
Equipment - Dwellings	747,263	991,727
Accumulated Depreciation	(70,219,261)	(99,679,256)
Construction-in-Progress	3,530,449	1,926,311
Total	<u>\$55,920,044</u>	<u>\$58,911,099</u>

Capital Assets and Debt Administration

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

- Security Cameras at Victory Estates \$198,952.
- Development of Village at Arlington II \$1,750,000.
- Brier Hill Renovations \$448,509.
- Lowellville Bathroom Renovations \$127,959.

Additional information on the Authority's capital assets can be found in Note 5 on pages 19 and 20 of this report.

LONG-TERM DEBT

As of June 30, 2013, the Authority had \$930,701 of long-term debt, a decrease of \$249,443, or 21.1 percent over the prior year. The Authority has one note payable that was used to increase the energy efficiency at the Authority's buildings and bears interest at 5.16 percent.

Additional information on the Authority's long-term debt can be found in Note 8 on page 24 of this report.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the 2014 fiscal year:

- Westlake Terrace has been demolished and will be replaced with Low Income Housing Tax Credit units in a development to be named The Village at Arlington.
- In the past HUD has not fully funding the operating subsidy but has been funding around 90 percent of the eligible subsidy. For the 2013 year the funding percentage dropped down to 82 percent. This sequestration funding cut necessitated the Authority to lay-off some employees. It is hoped that the proration returns to normal levels beginning January 1, 2014; however, if that is not the case, further budget reductions will need to be made.
- 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 88 percent of the Authority's revenues come from governmental grants. For the 2013 year the funding was drastically decreased due to sequestration budget cuts, these cuts, while hopefully temporary, have resulted in the Authority reviewing where costs savings can be implemented and what alternative sources can be found. Going forward, the Authority will need to continue 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 decreasing 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.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
JUNE 30, 2013

	2013
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 4,798,493
Restricted Cash and Cash Equivalents	1,046,044
Investments	1,993,781
Receivables, Net of Allowance	228,719
Inventory	38,991
Prepaid Expenses and Other Assets	66,634
Total Current Assets	8,172,662
 <u>Property and Equipment</u>	
Non-Depreciable Capital Assets	6,867,148
Depreciable Capital Assets, Net	49,052,896
Total Property and Equipment	55,920,044
 <u>Other Noncurrent Assets</u>	
Notes Receivable	106,656
Total Other Noncurrent Assets	106,656
TOTAL ASSETS	\$ 64,199,362
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 187,550
Accrued Compensated Absences	312,518
Tenant Security Deposits	167,753
Accrued Wages and Payroll Taxes	197,976
Intergovernmental Payable	10,466
Other Current Liabilities	75,181
Current Portion of Long-Term Debt	262,630
Total Current Liabilities	1,214,074
 <u>Noncurrent Liabilities</u>	
Noncurrent Liabilities - Other	124,099
Accrued Compensated Absences	350,402
Long-Term Debt - Net of Current Portion	668,071
Total Noncurrent Liabilities	1,142,572
Total Liabilities	2,356,646
 <u>NET POSITION</u>	
Net investment in Capital Assets	54,989,343
Restricted	754,611
Unrestricted	6,098,762
Total Net Position	61,842,716
 TOTAL LIABILITIES AND NET POSITION	 \$ 64,199,362

See accompanying notes to the basic financial statements

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2013
<u>Operating Revenues</u>	
Government Grants	\$ 18,903,888
Tenant Revenue	2,602,691
Other Revenue	<u>323,465</u>
Total Operating Revenues	<u>21,830,044</u>
<u>Operating Expenses</u>	
Administrative	4,411,430
Tenant and Protective Services	405,634
Utilities	2,012,516
Maintenance	3,289,847
General and Insurance	473,958
Housing Assistance Payments	<u>10,725,275</u>
Total Operating Expenses Before Depreciation	<u>21,318,660</u>
Income (Loss) Before Depreciation	511,384
Depreciation	<u>4,130,092</u>
Operating Income (Loss)	<u>(3,618,708)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Revenue	783
Interest Expense	<u>(55,076)</u>
Total Non-Operating Revenues (Expenses)	<u>(54,293)</u>
Income (Loss) Before Contributions and Special Item	<u>(3,673,001)</u>
Capital Grants	<u>2,161,413</u>
Change in Net Position before Special Items	<u>(1,511,588)</u>
Special Items	<u>(1,924,707)</u>
Change in Net Position	<u>(3,436,295)</u>
Total Net Position, Beginning of Year	<u>65,279,011</u>
Net Position, End of Year	<u><u>\$ 61,842,716</u></u>

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2013
<u>Cash Flows from Operating Activities</u>	
Cash Received from HUD/Other Governments	\$18,989,791
Cash Received From Tenants	2,605,618
Cash Received Other Sources	326,564
Cash Payments for Housing Assistance Payments	(10,725,275)
Cash Payments for Administrative	(4,406,686)
Cash Payments for Other Operating Expenses	<u>(6,400,141)</u>
Net Cash (Used) by Operating Activities	<u>389,871</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Interest and Principal Payments on Debt	(304,519)
Acquisition of Capital Assets - Net	(3,063,744)
Capital Grants Received	<u>2,161,413</u>
Net Cash Provided by Capital and Other Related Financing Activities	<u>(1,206,850)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	783
Proceeds from Notes Receivable	72,148
Proceeds from Investments	<u>30,910</u>
Net Cash Provided by Investing Activities	<u>103,841</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(713,138)
Cash and Cash Equivalents, Beginning	<u>6,557,675</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,844,537</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Net Operating Income (Loss)	\$ (3,618,708)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	4,130,092
(Increase) Decrease in:	
HUD Receivable	86,206
Accounts Receivables	(12,232)
Prepaid Expenses and Other Assets	(2,270)
Increase (Decrease) in:	
Intergovernmental Payable	(303)
Accounts Payable	(297,399)
Other Current Liabilities	75,181
Accrued Wages/Payroll Taxes	1,922
Tenant Security Deposits	18,258
Non-Current Liabilities - Other	<u>9,124</u>
Net Cash Used by Operating Activities	<u>\$ 389,871</u>

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 wherever 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 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* (as amended by GASB Statement No. 61), 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.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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.

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 Position in the basic financial statements.

H. Investments

Investments are restricted by the provisions of the HUD Regulations. Investments are valued at market value. The Authority has investments totaling \$1,993,781 at June 30, 2013. Interest income earned in fiscal year 2013 totaled \$783.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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 5 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.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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 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 \$7,838,318 and the bank balance was \$7,933,398. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2013, \$750,000 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.

Investments

The Authority has a formal investment policy. The Authority's investments consist of certificates of deposits at June 30, 2013.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

Investments (Continued)

Credit Risk

Any deposits of the Authority exceeding the \$250,000 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 \$250,000 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.

A reconciliation of cash and investments as shown on the Statement of Net Assets at June 30, 2013 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	\$ 4,798,493
Cash - Restricted	1,046,044
Investments	<u>1,993,781</u>
Total	<u>\$ 7,838,318</u>
Carrying Amount of Deposits	<u>\$ 7,838,318</u>
Total	<u>\$ 7,838,318</u>

NOTE 3: **RESTRICTED CASH**

The restricted cash balance as of June 30, 2013 represents cash on hand for the following:

	<u>Restricted</u>
	<u>Cost</u>
Tenant Security Deposits	\$ 167,753
Restricted HCV HAP Equity	754,611
FSS Escrow Funds	74,000
Other Restricted Cash	<u>49,680</u>
Total Restricted Cash	<u>\$ 1,046,044</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 4: 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 liability, 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 three Ohio housing authorities, of which the Authority is one. Deductibles and coverage limits are summarized below:

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

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 5: CAPITAL ASSETS

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

	<u>2013</u>
<u>Capital Assets Not Depreciated</u>	
Land	\$ 3,336,699
Construction in Progress	<u>3,530,449</u>
Total Capital Assets Not Depreciated	<u>6,867,148</u>
<u>Capital Assets Being Depreciated</u>	
Buildings and Building Improvements	117,311,109
Furniture and Equipment	<u>1,961,048</u>
Total Capital Assets Being Depreciated	119,272,157
Less: Accumulated Depreciation	<u>(70,219,261)</u>
Subtotal Capital Assets Being Depreciated	<u>49,052,896</u>
Total Capital Assets	<u>\$55,920,044</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 5: **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, 2012	Additions	Deletions	Balance June 30, 2013
<u>Capital Assets Not Depreciated</u>				
Land	\$ 3,336,699	\$ 0	\$ 0	\$ 3,336,699
Construction in Progress	<u>1,926,311</u>	<u>1,750,000</u>	<u>(145,862)</u>	<u>3,530,449</u>
Total Capital Assets Not Depreciated	<u>5,263,010</u>	<u>1,750,000</u>	<u>(145,862)</u>	<u>6,867,148</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Building Improvements	151,153,081	1,412,967	(35,254,939)	117,311,109
Furniture, Equipment, and Machinery	<u>2,174,264</u>	<u>46,639</u>	<u>(259,855)</u>	<u>1,961,048</u>
Total Capital Assets Being Depreciated	<u>153,327,345</u>	<u>1,459,606</u>	<u>(35,514,794)</u>	<u>119,272,157</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(98,163,402)	(4,032,824)	33,434,467	(68,761,759)
Furniture and Equipment	<u>(1,515,854)</u>	<u>(97,268)</u>	<u>155,620</u>	<u>(1,457,502)</u>
Total Accumulated Depreciation	<u>(99,679,256)</u>	<u>(4,130,092)</u>	<u>33,590,087</u>	<u>(70,219,261)</u>
Depreciable Assets, Net	<u>53,648,089</u>	<u>(2,670,486)</u>	<u>(1,924,707)</u>	<u>49,052,896</u>
Total Capital Assets, Net	<u>\$ 58,911,099</u>	<u>\$ (920,486)</u>	<u>\$(2,070,569)</u>	<u>\$ 55,920,044</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

All Authority full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost sharing, multi-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulated 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, or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 and 2013, member and employer contribution rates were consistent across all three plans. The 2012 and 2013 member contribution rates were 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the years ended June 31, 2013, 2012, and 2011 were \$481,633, \$480,242, and \$349,242, respectively. These costs have been charged to the employee fringe benefit account. 93 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. **Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

B. Funding Policy (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 4.0 percent and 6.05 percent, respectively, for the Authority for the period ended December 2012. The percentage changed to 1.0 percent effective January 1, 2013.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 31, 2013, 2012, and 2011 which were used to fund post-employment benefits were \$113,235, \$188,667, and \$137,202, 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. Member and employer contribution rates increased as of January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 8: LONG-TERM DEBT

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

	<u>Balance</u> <u>at 6/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 6/30/2013</u>	<u>Due Within</u> <u>One Year</u>
<u>Long-Term Debt</u>					
<i>Primary Government</i>					
PNC Bank, 12/01/04, 5.16%, \$2,722,385	\$ 1,180,144	\$ 0	\$(249,443)	\$ 930,701	\$ 262,630
Compensated Absences	<u>658,176</u>	<u>283,289</u>	<u>(278,545)</u>	<u>662,920</u>	<u>312,518</u>
Total Long-Term Debt Obligation	<u>\$ 1,838,320</u>	<u>\$ 283,289</u>	<u>\$(527,988)</u>	<u>\$ 1,593,621</u>	<u>\$ 575,148</u>

Long-term debt for Low-Rent Public Housing program consists of a 12-year 2005 note payable to PNC Bank. 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:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 262,630	\$ 41,891	\$ 304,521
2015	276,514	28,007	304,521
2016	291,130	13,391	304,521
2017	<u>100,427</u>	<u>1,081</u>	<u>101,508</u>
	<u>\$ 930,701</u>	<u>\$ 84,370</u>	<u>\$ 1,015,071</u>

NOTE 9: 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:

<u>Management</u>		<u>Maintenance and Administration</u>	
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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 9: 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, 2013, based on the vesting method is detailed as follows:

	Current Accrued Compensated Absences	Accrued Compensated Absences	Total Accrued Compensated Absences
Public Housing	\$ 125,835	\$ 163,039	\$ 288,874
Central Office	134,352	146,164	280,516
Section 8 - Rental Voucher	52,331	41,199	93,530
	<u>\$ 312,518</u>	<u>\$ 350,402</u>	<u>\$ 662,920</u>

NOTE 10: INTERPROGRAM RECEIVABLES AND PAYABLES

The following balances at June 30, 2013 represent individual fund interprogram receivables and payables:

<u>Program</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Total AMPs	\$ 6,145	\$ 2,892
Resident Opportunity	0	8,698
Local Grants	22,445	17,233
Section 8 N/C S/R	9,731	0
Central Office	64,505	72,294
Section 8 Voucher	0	1,709
Total	<u>\$ 102,826</u>	<u>\$ 102,826</u>

These interprogram receivables and payables have been eliminated in the Statement of Net Position.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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, 2013:

	Contract <u>Amount</u>	Balance Outstanding <u>June 30, 2013</u>
Vasu Roof Replacement	\$ 320,899	\$ 320,899
Brier Hill Security Cameras	235,040	235,040
Rockford Village Security Cameras	141,588	82,740

NOTE 13: SPECIAL ITEM

During the 2013 fiscal year, the Authority demolished the Public Housing Project at Westlake Terrace. The Project has a net book value of \$1,924,707 which resulted in a special item loss in that amount for the fiscal year.

NOTE 14. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

For 2013, the Authority implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 14. **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS** (Continued)

GASB Statement No. 60 addresses issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Authority.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial reporting for periods beginning after June 15, 2012, and have been implemented by the Authority.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountant's (AICPA) Committee on Accounting Procedures issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 changed the presentation of the Authority's financial statements to incorporate the concept of net position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources and deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the Authority.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013

	Project Total	14870 Resident Opportunity and Supportive Services	14871 Housing Choice Vouchers	14.169 Housing Counseling Assistance Program	14.182 NCS/R Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
111 Cash - Unrestricted	3,746,909		182,823		524,367	
113 Cash - Other Restricted	49,680		828,611			
114 Cash - Tenant Security Deposits	159,912				7,841	
100 Total Cash	3,956,501	-	1,011,434	-	532,208	-
122 Accounts Receivable - HUD Other Projects	23,696	9,985				
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	200,783				405	
126.1 Allowance for Doubtful Accounts - Tenants	44,160				-	
120 Total Receivables, Net of Allowances for Doubtful Accounts	180,319	9,985	-	-	405	-
131 Investments - Unrestricted	1,870,640					
142 Prepaid Expenses and Other Assets	56,019		1,219		633	
143 Inventories	36,991				2,000	
144 Inter Program Due From	6,145				9,731	
150 Total Current Assets	6,106,615	9,985	1,012,653	-	544,977	-
161 Land	3,226,199				88,000	
162 Buildings	108,771,387				2,400,574	8,939,630
163 Furniture, Equipment & Machinery - Dwellings	747,263					
164 Furniture, Equipment & Machinery - Administration	184,470		193,125		21,342	
166 Accumulated Depreciation	-66,522,652		-154,610		-1,382,946	-1,500,973
160 Total Capital Assets, Net of Accumulated Depreciation	46,406,667	-	38,515	-	1,126,970	7,438,657
171 Notes, Loans and Mortgages Receivable - Non-Current	105,206					
174 Other Assets						
180 Total Non-Current Assets	46,511,873	-	38,515	-	1,126,970	7,438,657
190 Total Assets	52,618,488	9,985	1,051,168	-	1,671,947	7,438,657

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013

	State/Local	14856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		101,171	243,223	4,798,498		4,798,498
113 Cash - Other Restricted		-		878,291		878,291
114 Cash - Tenant Security Deposits		-		167,753		167,753
100 Total Cash	-	101,171	243,223	5,844,537	-	5,844,537
122 Accounts Receivable - HUD Other Projects		28,684		62,315	-3,230	59,085
124 Accounts Receivable - Other Government	126	-	3,230	3,356		3,356
125 Accounts Receivable - Miscellaneous		-	9,250	9,250		9,250
126 Accounts Receivable - Tenants		-		201,188		201,188
126.1 Allowance for Doubtful Accounts - Tenants		-		-44,160		-44,160
120 Total Receivables, Net of Allowances for Doubtful Accounts	126	28,684	12,480	231,949	-3,230	228,719
131 Investments - Unrestricted		-	123,141	1,993,781		1,993,781
142 Prepaid Expenses and Other Assets		-	8,768	66,634		66,634
143 Inventories		-		38,991		38,991
144 Inter Program Due From	22,445	-	64,505	102,826	-102,826	-
150 Total Current Assets	22,571	129,855	452,112	8,278,718	-106,056	8,172,662
161 Land	22,500	-		3,336,699		3,336,699
162 Buildings	646,597	-	83,370	120,841,558		120,841,558
163 Furniture, Equipment & Machinery - Dwellings		-		747,263		747,263
164 Furniture, Equipment & Machinery - Administration	17,192	-	797,656	1,213,785		1,213,785
166 Accumulated Depreciation	-13,208	-	-644,872	-70,219,261		-70,219,261
160 Total Capital Assets, Net of Accumulated Depreciation	673,081	-	236,154	55,920,044	-	55,920,044
171 Notes, Loans and Mortgages Receivable - Non-Current		-		105,206		105,206
174 Other Assets		-	1,450	1,450		1,450
180 Total Non-Current Assets	673,081	-	237,604	56,026,700	-	56,026,700
190 Total Assets	695,652	129,855	689,716	64,305,418	-106,056	64,199,362

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.169 Housing Counseling Assistance Program	14.182 NCSR Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
312 Accounts Payable <= 90 Days	166,972		5,365		740	
321 Accrued Wage Payroll Taxes Payable	81,535	1,237	34,451		2,703	
322 Accrued Compensated Absences - Current Portion	125,835		48,123		4,208	
331 Accounts Payable - HLD PHA Programs			292			
333 Accounts Payable - Other Government	3,230					
341 Tenant Security Deposits	159,912				7,841	
342 Deferred Revenues	75,181					
343 Current Portion of Long-term Debt - Capital Projects Mortgage Revenue Bonds	262,630					
347 Inter Program - Due To	2,892	8,698	1,709			
310 Total Current Liabilities	878,187	9,935	89,940	-	15,492	-
351 Long-term Debt, Net of Current - Capital Projects Mortgage Revenue	668,071					
353 Non-current Liabilities - Other	30,099		74,000			
354 Accrued Compensated Absences - Non Current	163,039		32,702		8,497	
350 Total Non-Current Liabilities	861,209	-	106,702	-	8,497	-
300 Total Liabilities	1,739,396	9,935	196,642	-	23,989	-
3081 Invested in Capital Assets, Net of Related Debt	45,475,966		38,515		1,126,970	7,438,657
5111 Restricted Net Assets			754,611			
5121 Unrestricted Net Assets	5,383,126	-	61,400	-	520,988	-
513 Total Equity/Net Assets	50,859,092	-	854,526	-	1,647,958	7,438,657
600 Total Liabilities and Equity/Net Assets	52,618,488	9,935	1,051,168	-	1,671,947	7,438,657

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013

	State/Local	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELM	Total
312 Accounts Payable <= 90 Days	546	-	13,927	187,530		187,530
321 Accrued Wage Payroll Taxes Payable		-	78,050	197,976		197,976
322 Accrued Compensated Absences - Current Portion		-	134,352	312,518		312,518
331 Accounts Payable - HUD PHA Programs		10,174		10,466		10,466
333 Accounts Payable - Other Government		-		3,230	-3,230	-
341 Tenant Security Deposits		-		167,753		167,753
342 Deferred Revenues		-		75,181		75,181
343 Current Portion of Longterm Debt - Capital Projects/Mortgage Revenue Bonds		-		262,630		262,630
347 Inter Program - Due To	17,233	-	72,294	102,826	-102,826	-
310 Total Current Liabilities	17,779	10,174	298,623	1,320,130	-106,056	1,214,074
351 Longterm Debt, Net of Current - Capital Projects/Mortgage Revenue		-		668,071		668,071
353 Noncurrent Liabilities - Other		-		124,099		124,099
354 Accrued Compensated Absences - Non Current		-	146,164	350,402		350,402
350 Total Non-Current Liabilities	-	-	146,164	1,142,572	-	1,142,572
300 Total Liabilities	17,779	10,174	444,787	2,462,702	-106,056	2,356,646
3081 Invested in Capital Assets, Net of Related Debt	673,081	-	236,154	54,989,343		54,989,343
5111 Restricted Net Assets		-		754,611		754,611
5121 Unrestricted Net Assets	4,792	119,681	8,775	6,098,762		6,098,762
513 Total Equity/Net Assets	677,873	119,681	244,929	61,842,716	-	61,842,716
600 Total Liabilities and Equity/Net Assets	695,652	129,855	689,716	64,305,418	-106,056	64,199,362

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.169 Housing Counseling Assistance Program	14.182 NC S.R. Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
70300 Net Tenant Rental Revenue	2,250,541				139,236	
70400 Tenant Revenue - Other	212,136				778	
70500 Total Tenant Revenue	2,462,677	-	-	-	140,014	-
70600 HUD PHA Operating Grants	6,455,784	58,592	11,235,743	3,479	129,755	502,385
70610 Capital Grants	1,913,126					248,287
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue	-	-	-	-	-	-
70800 Other Government Grants						
71100 Investment Income - Unrestricted	538		31		1,204	
71400 Fraud Recovery			20			
71500 Other Revenue	45,945		32,966		1,198	
70000 Total Revenue	10,878,070	58,592	11,268,760	3,479	272,171	750,672
91100 Administrative Salaries	669,696	39,134	567,404	1,611	30,423	
91200 Auditing Fees	18,396		5,216		483	
91300 Management Fee	856,951		291,918		6,276	336,685
91310 Book-keeping Fee	107,369		-		3,923	
91400 Advertising and Marketing	1,095		199		286	
91500 Employee Benefit contributions - Administrative	317,170	19,458	270,122	868	14,565	
91600 Office Expenses	17,018		10,048		222	
91700 Legal Expense	44,468		35			
91800 Travel	21,075		1,595		4	
91900 Other	642,339		93,722	1,000	10,405	
91000 Total Operating - Administrative	2,695,571	58,592	1,240,259	3,479	66,587	336,685
92000 Asset Management Fee	148,440					
92200 Relocation Costs	5,130				350	4,196
92400 Tenant Services - Other	8,232				87	
92500 Total Tenant Services	13,362	-	-	-	437	4,196
93100 Water	215,377		225		6,159	
93200 Electricity	768,776		4,169		32,385	
93300 Gas	580,638		1,295		1,290	
93600 Sewer	360,107		283		8,933	
93000 Total Utilities	1,925,098	-	5,972	-	48,767	-
94100 Ordinary Maintenance and Operations - Labor	1,054,363				28,434	
94200 Ordinary Maintenance and Operations - Materials and Other	321,736		7,004		3,937	
94300 Ordinary Maintenance and Operations Contracts	1,057,620		907		29,282	161,504
94500 Employee Benefit Contributions - Ordinary Maintenance	497,623				13,612	
94000 Total Maintenance	2,931,342	-	7,911	-	75,265	161,504

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	State/Local	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		-		2,389,777		2,389,777
70400 Tenant Revenue - Other		-		212,914		212,914
70500 Total Tenant Revenue	-	-	-	2,602,691	-	2,602,691
70600 HUD PHA Operating Grants		212,745		18,598,483		18,598,483
70610 Capital Grants		-		2,161,413		2,161,413
70710 Management Fee		-	1,193,635	1,193,635	-1,193,635	-
70720 Asset Management Fee		-	148,440	148,440	-148,440	-
70730 Book Keeping Fee		-	111,285	111,285	-111,285	-
70740 Front Line Service Fee		-	176,292	176,292	-176,292	-
70750 Other Fees		-	509,702	509,702	-509,702	-
70700 Total Fee Revenue	-	-	2,139,354	2,139,354	-2,139,354	-
70800 Other Government Grants	305,405	-		305,405		305,405
71100 Investment Income - Unrestricted		24	-1,014	783		783
71400 Fraud Recovery		-		20		20
71500 Other Revenue	10,022	-	233,314	323,445		323,445
70000 Total Revenue	315,427	212,769	2,371,654	26,131,594	-2,139,354	23,992,240
91100 Administrative Salaries	1,965	9,295	981,878	2,301,406		2,301,406
91200 Auditing Fees		85		24,180		24,180
91300 Management Fee		4,782		1,496,612	-1,496,612	-
91310 Book-keeping Fee		-		111,286	-111,286	-
91400 Advertising and Marketing	296	3	3,511	5,390		5,390
91500 Employee Benefit Contributions - Administrative	567	4,425	457,795	1,084,970		1,084,970
91600 Office Expenses	61	165	9,423	36,937		36,937
91700 Legal Expense		1	127,815	172,319		172,319
91800 Travel	24	26	28,370	51,094		51,094
91900 Other	9,191	1,535	183,668	941,860	-206,726	735,134
91000 Total Operating - Administrative	12,104	20,317	1,792,460	6,226,054	-1,814,624	4,411,430
92000 Asset Management Fee		-		148,440	-148,440	-
92200 Relocation Costs		-		9,676		9,676
92400 Tenant Services - Other	84	-	10	8,413		8,413
92500 Total Tenant Services	84	-	10	18,089	-	18,089
93100 Water	160	4	953	223,078		223,078
93200 Electricity	3,745	68	17,845	826,988		826,988
93300 Gas	2,531	21	5,478	591,253		591,253
93600 Sewer	670	5	1,199	371,197		371,197
93000 Total Utilities	7,106	98	25,475	2,012,516	-	2,012,516
94100 Ordinary Maintenance and Operations - Labor	20,116	-	135,421	1,238,334		1,238,334
94200 Ordinary Maintenance and Operations - Materials and Other	470	115	36,338	369,600		369,600
94300 Ordinary Maintenance and Operations Contracts	2,557	15	26,166	1,278,051	-176,290	1,101,761
94500 Employee Benefit Contributions - Ordinary Maintenance	5,805	-	63,112	580,152		580,152
94000 Total Maintenance	28,948	130	261,037	3,466,137	-176,290	3,289,847

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.169 Housing Counseling Assistance Program	14.182 NCS R Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
95200 Protective Services - Other Contract Costs	372,484				12,491	
95000 Total Protective Services	372,484	-	-	-	12,491	-
96110 Property Insurance	198,375				2,190	
96120 Liability Insurance			4,648			
96130 Workers' Compensation	30,882		10,308		1,042	
96100 Total insurance Premiums	224,257	-	14,956	-	3,232	-
96200 Other General Expenses						
96210 Compensated Absences	-7,377		9,148		13,453	
96300 Payments in Lieu of Taxes	86,315				9	
96400 Bad debt - Tenant Rents	141,748					
96800 Severance Expense	3,608					
96000 Total Other General Expenses	224,294	-	9,148	-	13,462	-
96720 Interest on Notes Payable (Short and Long Term)	55,076					
96700 Total Interest Expense and Amortization Cost	55,076	-	-	-	-	-
96900 Total Operating Expenses	8,589,924	58,592	1,278,246	3,479	220,241	502,385
97000 Excess of Operating Revenue over Operating Expenses	2,288,146	-	9,990,514	-	51,930	248,287
97200 Casualty Losses - Non-capitalized	-49,851				2,679	
97300 Housing Assistance Payments			10,531,796			
97400 Depreciation Expense	3,411,915		15,912		36,798	594,596
90000 Total Expenses	11,951,988	58,592	11,825,954	3,479	239,718	1,096,981
10010 Operating Transfer In	661,234					
10020 Operating transfer Out	-661,234					
10080 Special Items (Net Gain/Loss)	-1,924,707					
10091 Inter-Project Excess Cash Transfer In	150,000					
10092 Inter-Project Excess Cash Transfer Out	-150,000					
10100 Total Other financing Sources (Uses)	-1,924,707	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-2,998,625	-	-557,194	-	12,453	-346,309
11020 Required Annual Debt Principal Payments	226,998					
11030 Beginning Equity	53,857,717		1,411,720		1,635,305	7,784,966
11170 Administrative Fee Equity			99,915			
11180 Housing Assistance Payments Equity			754,611			
11190 Unit Months Available	14,995		26,556		528	
11210 Number of Unit Months Leased	14,462		24,715		523	

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	State/Local	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
95200 Protective Services - Other Contract Costs	2,674	-	-104	387,545		387,545
95000 Total Protective Services	2,674	-	-104	387,545	-	387,545
96110 Property Insurance		-		195,565		195,565
96120 Liability Insurance		76	27,392	32,116		32,116
96130 Workers' Compensation	416	169	11,896	54,713		54,713
96100 Total Insurance Premiums	416	245	39,288	282,394	-	282,394
96200 Other General Expenses		-	144	144		144
96210 Compensated Absences		-	-10,477	4,747		4,747
96300 Payments in Lieu of Taxes	1,861	-		88,185		88,185
96400 Bad debt - Tenant Rents		-		141,748		141,748
96800 Severance Expense		-	304	3,912		3,912
96000 Total Other General Expenses	1,861	-	-10,029	238,736	-	238,736
96720 Interest on Notes Payable (Short and Long Term)		-		55,076		55,076
96700 Total Interest Expense and Amortization Cost	-	-	-	55,076	-	55,076
96900 Total Operating Expenses	53,193	20,790	2,108,137	12,834,987	-2,139,354	10,695,633
97000 Excess of Operating Revenue over Operating Expenses	262,234	191,979	263,517	13,296,607	-	13,296,607
97200 Casualty Losses - Non-capitalized		-		-47,172		-47,172
97300 Housing Assistance Payments		199,479		10,725,275		10,725,275
97400 Depreciation Expense	1,480	-	69,391	4,130,092		4,130,092
90000 Total Expenses	54,673	214,269	2,177,528	27,643,182	-2,139,354	25,503,828
10010 Operating Transfer In		-		661,234	-661,234	-
10020 Operating transfer Out		-		-661,234	-661,234	-1,322,468
10080 Special Items (Net Gain/Loss)		-		-1,924,707		-1,924,707
10091 InterProject Excess Cash Transfer In		-		150,000	-150,000	-
10092 InterProject Excess Cash Transfer Out		-		-150,000	150,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-1,924,707	-1,322,468	-3,247,175
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	260,754	-1,500	194,126	-3,436,295	-1,322,468	-4,758,763
11020 Required Annual Debt Principal Payments	-	-	-	226,993		226,993
11030 Beginning Equity	417,119	121,181	50,803	65,279,011		65,279,011
11170 Administrative Fee Equity		-		99,915		99,915
11180 Housing Assistance Payments Equity		-		754,611		754,611
11190 Unit Months Available		720	-	42,799		42,799
11210 Number of Unit Months Leased		720	-	40,420		40,420

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Funds Expended
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs</i>		
Public and Indian Housing Operating Subsidy	14.850	\$ 5,387,246
Housing Counseling Assistance Program	14.169	3,479
Resident Opportunity and Support Services	14.870	58,592
<i>Capital Fund Program Cluster:</i>		
Capital Fund Program	14.872	2,981,664
Capital Fund Competitive Stimulus Grant	14.884	<u>750,672</u>
<i>Total Capital Fund Program Cluster</i>		<u>3,732,336</u>
<i>Section 8 Programs:</i>		
Housing Choice Voucher	14.871	11,235,743
<i>Project Based Programs Cluster:</i>		
Project Based - Mod Rehabilitation	14.856	212,745
- New Construction - PHA Owned	14.182	<u>129,755</u>
Total Section 8 Project Based Programs		<u>342,500</u>
Total U.S. Department of Housing and Urban Development		<u>20,759,896</u>
TOTAL ALL PROGRAMS		<u>\$ 20,759,896</u>

This schedule is prepared on the accrual basis of accounting.

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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
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Youngstown Metropolitan Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Youngstown Metropolitan Housing Authority's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

November 22, 2013

JAMES G. ZUPKA, C.P.A., INC.
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Youngstown Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2013. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Youngstown Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Youngstown Metropolitan Housing Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

November 22, 2013

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510(a)?	No
2013(vii)	Major Programs (list): Public Housing Program - CFDA #14.850 Capital Fund Cluster: Capital Fund Program - CFDA #14.872 Capital Fund Competitive Stimulus Grant - CFDA #14.884	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$622,797 Type B: > all others
2013(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.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The audit report for the fiscal year ending June 30, 2012 contained no audit findings.

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Dave Yost • 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
JANUARY 23, 2014**