

**YOUNGSTOWN METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

***James G. Zupka, CPA, Inc.***

**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Directors  
Youngstown Metropolitan Housing Authority  
131 W Boardman Street  
Youngstown, OH 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, 2016 through June 30, 2017. 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.

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Dave Yost  
Auditor of State

February 7, 2018

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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(216) 475 - 6136

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board  
Youngstown Metropolitan Housing Authority  
Youngstown, Ohio, 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, Ohio, (the Authority) as of and for the year ended June 30, 2017, 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 business-type activities of the Youngstown Metropolitan Housing Authority as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then 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 and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, 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 our 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 are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 December 21, 2017, on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive, flowing style.

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

December 21, 2017

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

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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, 2017. 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 \$40,385,745 (net position), a decrease of 7.6 percent.
- The Authority's cash and investment balance at June 30, 2017 was \$4,689,925, representing a decrease of \$374,234, or 7.4 percent, from June 30, 2016.
- The Authority had total revenue of \$20,502,815 and total expenditures of \$23,834,374 for the year ended June 30, 2017, decreasing net position by \$3,331,559 for the year.
- The Authority's capital outlays for the year were \$671,039.

**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 deferred outflows, and liabilities and deferred inflows, with the difference being 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, 2017**  
**(Unaudited)**

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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 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 Agency's 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 sources for the Authority's physical and management improvements. While the formula funding methodology used for the CGP 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, 2017**  
**(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 12 through 34 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 Condensed - Statement of Net Position**

	2017 (thousands)	2016 (thousands)
<b><u>Assets</u></b>		
Current and Other Assets	\$ 10,834	\$ 11,024
Capital Assets, Net	<u>37,899</u>	<u>40,910</u>
<b>Total Assets</b>	<u>48,733</u>	<u>51,934</u>
<b>Deferred Outflows of Resources</b>	<u>1,681</u>	<u>1,424</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 50,414</u>	<u>\$ 53,358</u>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 1,226	\$ 1,244
NonCurrent Liabilities	<u>8,457</u>	<u>8,198</u>
<b>Total Liabilities</b>	<u>9,683</u>	<u>9,442</u>
<b>Deferred Inflows of Resources</b>	<u>345</u>	<u>199</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	34,520	37,332
Restricted Net Position	8	0
Unrestricted Net Position	<u>5,858</u>	<u>6,385</u>
<b>Total Net Position</b>	<u>40,386</u>	<u>43,717</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 50,414</u>	<u>\$ 53,358</u>

During 2017, total assets and deferred outflow of resources decreased by \$(2,944,744). The main decrease is the depreciation exceeded new capital additions by \$3,009,849.

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 and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$40,385,745 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, 2017**  
**(Unaudited)**

By far the largest portion of the Authority's net position (85 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 is 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 - Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	2017 <u>(thousands)</u>	2016 <u>(thousands)</u>
<b><u>Revenues</u></b>		
Intergovernmental Revenue	\$ 17,144	\$ 16,609
Program Revenue	2,808	2,750
Other Revenue	<u>551</u>	<u>267</u>
<b>Total Revenues</b>	<u>20,503</u>	<u>19,626</u>
<b><u>Expenses</u></b>		
Operating Expenses	10,771	10,726
Depreciation Expense	3,681	3,761
Housing Assistance Payments	9,244	9,030
Other Expenditures	<u>139</u>	<u>131</u>
<b>Total Expenses</b>	<u>23,835</u>	<u>23,648</u>
Prior Period Adjustment	<u>0</u>	<u>(3,855)</u>
Net Increase (Decrease)	<u>\$ (3,332)</u>	<u>\$ (7,877)</u>

The net position of the Authority decreased by \$3,331,559 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 not sufficient to cover operating expenses incurred during fiscal year 2017.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2017, the Authority's investment in capital assets for its business-type activities was \$37,899,093 (net of accumulated depreciation) as reflected in the following schedule.

**Table 3 - Capital Assets**

	<u>2017</u>	<u>2016</u>
Land	\$ 3,336,699	\$ 3,336,699
Buildings	111,581,275	111,158,658
Equipment - Administrative	528,929	1,266,731
Equipment - Dwellings	1,002,464	1,216,295
Accumulated Depreciation	(82,406,089)	(79,695,746)
Construction-in-Progress	3,855,815	3,627,651
Total	<u>\$37,899,093</u>	<u>\$40,910,288</u>

**Capital Assets and Debt Administration**

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

- Phase II Energy Performance Contract \$216,765.
- Write off \$971,891 of obsolete fully depreciated equipment that was on the books.

Additional information on the Authority's capital assets can be found in Note 5 on pages 20 and 21 of this report.

**LONG-TERM DEBT**

As of June 30, 2017, the Authority had \$3,680,068 of long-term debt, a decrease of \$368,255, or 9.1 percent over the prior year. The Authority has bonds payable that were used to fund the energy efficiency Phase II project as well as refinance the remaining debt of Phase I's and bears interest at rates between 3 percent and 4 percent. As of June 30, 2017 the Authority had \$249,442 of bond proceeds that have not yet been spent. The Authority also had \$50,951 in a Debt Reserve Sinking Fund to pay off bonds that have not yet matured.

Additional information on the Authority's long-term debt can be found in Note 9 on pages 33 of this report.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

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**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Authority's budget for the 2018 fiscal year:

- In the past HUD has not fully funded 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 Housing Authority to lay-off some employees. Proration increased to approximately 91 percent for the 2017 year, but this is still a significant difference compared to what the Authority is eligible for.
- 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 85 percent of the Authority's revenues come from governmental grants. For the last few years the funding has been much lower than it has been historically due to budget cuts, these cuts, while believed to be temporary, have resulted in the Authority reviewing where costs savings can be implemented and what alternative revenue sources can be found. The Authority had hoped that these cuts would be temporary and had been using reserves to offset an unbalanced budget. The funding has yet to increase and the Authority's reserves have decreased to the point they should not be used to offset deficit budgets, this was the reason for the early retirement incentive. 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, 2017**

	2017
<b><u>ASSETS</u></b>	
<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	\$ 2,053,679
Restricted Cash and Cash Equivalents	640,139
Investments	1,996,107
Receivables, Net of Allowance	249,836
Inventory	39,125
Prepaid Expenses and Other Assets	59,330
<b>Total Current Assets</b>	<b>5,038,216</b>
<b><u>Capital Assets</u></b>	
Non-Depreciable Capital Assets	7,192,514
Depreciable Capital Assets, Net	30,706,579
<b>Total Capital Assets</b>	<b>37,899,093</b>
<b><u>Other Noncurrent Assets</u></b>	
Notes Receivable	5,789,555
Other Assets	6,301
<b>Total Other Noncurrent Assets</b>	<b>5,795,856</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension	1,680,339
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 50,413,504</b>
<b><u>LIABILITIES</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts Payable	\$ 133,140
Accrued Compensated Absences	227,779
Tenant Security Deposits	176,827
Accrued Wages and Payroll Taxes	247,521
Current Portion of Long-Term Debt	440,832
<b>Total Current Liabilities</b>	<b>1,226,099</b>
<b><u>Noncurrent Liabilities</u></b>	
Noncurrent Liabilities - Other	162,919
Accrued Compensated Absences	203,304
Long-Term Debt - Net of Current Portion	3,239,236
Net Pension Liability	4,851,402
<b>Total Noncurrent Liabilities</b>	<b>8,456,861</b>
<b>Total Liabilities</b>	<b>9,682,960</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension	344,799
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	34,519,418
Restricted	8,433
Unrestricted	5,857,894
<b>Total Net Position</b>	<b>40,385,745</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>\$ 50,413,504</b>

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, 2017**

	2017
<b><u>Operating Revenues</u></b>	
Government Grants	\$ 16,730,333
Tenant Revenue	2,808,309
Other Revenue	<u>501,265</u>
<b>Total Operating Revenues</b>	<u>20,039,907</u>
<b><u>Operating Expenses</u></b>	
Administrative	3,897,105
Tenant and Protective Services	367,265
Utilities	2,409,145
Maintenance	3,188,108
General and Other Insurance	908,769
Housing Assistance Payments	<u>9,243,949</u>
<b>Total Operating Expenses Before Depreciation</b>	<u>20,014,341</u>
Income (Loss) Before Depreciation	25,566
Depreciation	<u>(3,680,888)</u>
Operating Income (Loss)	<u>(3,655,322)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Interest and Investment Revenue	33,208
Interest Expense	(139,145)
Gain on Disposition of Capital Assets	<u>15,751</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(90,186)</u>
Income (Loss) Before Contributions	<u>(3,745,508)</u>
Capital Grants	<u>413,949</u>
Change in Net Position	<u>(3,331,559)</u>
Total Net Position, Beginning of Year	<u>43,717,304</u>
<b>Net Position, End of Year</b>	<u><u>\$ 40,385,745</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, 2017**

	2017
<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from HUD/Other Governments	\$16,646,531
Cash Received From Tenants	2,751,125
Cash Received Other Sources	509,693
Cash Payments for Housing Assistance Payments	(9,243,949)
Cash Payments for Administrative	(3,350,614)
Cash Payments for Other Operating Expenses	(6,922,862)
<b>Net Cash (Used in) by Operating Activities</b>	<b>389,924</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Cash from Asset Sale	17,097
Interest and Principal Payments on Debt	(507,400)
Acquisition of Capital Assets and Other Assets	(673,733)
Capital Grants Received	413,949
<b>Net Cash (Used in) Capital and Other Related Financing Activities</b>	<b>(750,087)</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Investment Income	33,208
Proceeds from Investments	21,622
Proceeds from Notes Receivable	(47,279)
<b>Net Cash Provided by Investing Activities</b>	<b>7,551</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(352,612)
Cash and Cash Equivalents, Beginning	3,046,430
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 2,693,818</b>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>	
Net Operating Income (Loss)	\$ (3,655,322)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	3,680,888
(Increase) Decrease in:	
Accounts Receivables	(137,969)
Prepaid Expenses and Other Assets	3,646
Deferred Outflows	(256,389)
Increase (Decrease) in:	
Accounts Payable	(75,450)
Other Current Liabilities	2,429
Accrued Wages/Payroll Taxes	35,420
Net Pension Liability	643,406
Tenant Security Deposits	5,411
Deferred Inflows	146,088
Non-Current Liabilities - Other	(2,234)
<b>Net Cash (Used in) Operating Activities</b>	<b>\$ 389,924</b>

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, 2017**

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**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 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 New Construction Program 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, 2017**  
**(CONTINUED)**

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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, 2017**  
**(CONTINUED)**

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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.

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 (See Note 2). Investments are valued at market value. The Authority has cash deposits and investments totaling \$4,689,925 at June 30, 2017. Interest income earned in fiscal year 2017 totaled \$33,208.

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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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 10.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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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.

**N. Pensions**

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statements of net position (see Note 7).

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

***Deposits***

At fiscal year end, the carrying amount of the Authority's deposits were \$2,444,376 and the bank balance was \$2,531,100. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2017, \$500,000 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 and \$50,952 deposits held in trust.

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 had investments comprised of U.S. Government Securities (AAA - Moody's) with a market value of \$2,245,549 at June 30, 2017.

***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 \$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.



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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

*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 Position at June 30, 2017 to the deposits and investments included in this note is as follows:

Cash, Cash Equivalents and Investments	\$ 4,049,786
Cash Restricted	640,139
<b>Total</b>	<b><u>\$ 4,689,925</u></b>
Carrying Amount of Deposits	\$ 2,444,376
Carrying Amount of Investments	2,245,549
<b>Total</b>	<b><u>\$ 4,689,925</u></b>

NOTE 3: **RESTRICTED CASH**

The restricted cash balance as of June 30, 2017 represents cash on hand for the following:

	<u>Restricted Cash</u>
Tenant Security Deposits	\$ 176,827
FSS Escrow Funds	162,919
Debt Reserve Sinking Fund	50,951
Unspent Debt Proceeds	249,442
<b>Total Restricted Cash</b>	<b><u>\$ 640,139</u></b>

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(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>2017</u>
<b><u>Capital Assets Not Depreciated</u></b>	
Land	\$ 3,336,699
Construction in Progress	<u>3,855,815</u>
<b>Total Capital Assets Not Depreciated</b>	<u>7,192,514</u>
<b><u>Capital Assets Being Depreciated</u></b>	
Buildings and Building Improvements	111,581,275
Furniture and Equipment	<u>1,531,393</u>
<b>Total Capital Assets Being Depreciated</b>	113,112,668
Less: Accumulated Depreciation	<u>(82,406,089)</u>
Subtotal Capital Assets Being Depreciated	<u>30,706,579</u>
<b>Total Capital Assets</b>	<u>\$37,899,093</u>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(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, 2016	Additions	Deletions	Balance June 30, 2017
<b><u>Capital Assets Not Depreciated</u></b>				
Land	\$ 3,336,699	\$ 0	\$ 0	\$ 3,336,699
Construction in Progress	3,627,651	228,164	0	3,855,815
<b>Total Capital Assets Not Depreciated</b>	<u>6,964,350</u>	<u>228,164</u>	<u>0</u>	<u>7,192,514</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and Building Improvements	111,158,658	422,617	0	111,581,275
Furniture, Equipment, and Machinery	2,483,026	20,258	(971,891)	1,531,393
<b>Total Capital Assets Being Depreciated</b>	<u>113,641,684</u>	<u>442,875</u>	<u>(971,891)</u>	<u>113,112,668</u>
<b><u>Accumulated Depreciation</u></b>				
Buildings and Improvements	(77,824,499)	(3,533,651)	0	(81,358,150)
Furniture and Equipment	(1,871,247)	(147,237)	970,545	(1,047,939)
<b>Total Accumulated Depreciation</b>	<u>(79,695,746)</u>	<u>(3,680,888)</u>	<u>970,545</u>	<u>(82,406,089)</u>
Depreciable Assets, Net	33,945,938	(3,238,013)	(1,346)	30,706,579
<b>Total Capital Assets, Net</b>	<u>\$ 40,910,288</u>	<u>\$ (3,009,849)</u>	<u>\$ (1,346)</u>	<u>\$ 37,899,093</u>

NOTE 6: **MIXED FINANCE CONSTRUCTION LOAN**

The Authority advanced funds to a development partner in conjunction with multi-lender mixed finance arrangements for construction of the Village at Arlington and Village at Arlington II, Arlington Heights, and Arlington Heights II developments. Repayment is subject to the projects realizing surplus cash flows. The loans are secured by the property. The Notes bear interest at 1 percent. While the Housing Authority has received payments of the Village at Arlington, loans not payments have been received on the Arlington Heights loans, due to this, interest has not been accrued on these loans. At June 30, 2017, the Note Receivable and Interest Receivable balance is \$5,789,555. Due to the uncertainty of the projects generating surplus cash that would trigger a repayment obligation, no portion is considered to be current.

The following is a summary of Notes Receivable at June 30, 2017:

Note Receivable Village at Arlington I	\$1,909,253
Interest on Note Receivable	27,538
Note Receivable Village at Arlington II	1,736,085
Interest on Note Receivable	23,148
Note Receivable Arlington Heights	977,500
Note Receivable Arlington Heights II	1,000,000
Other Notes Receivable	116,031
<b>Total Notes Receivable</b>	<u>\$5,789,555</u>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN**

*Net Pension Liability*

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually. Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional and combined pension plans.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<b>State and Local</b>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-Employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contributions was \$366,355 for fiscal year ending June 30, 2017.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>Traditional Pension Plan</u>	<u>Combined Pension Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset			
Prior Measurement Date	0.024320%	0.009310%	
Proportion of the Net Pension Liability/Asset			
Current Measurement Date	<u>0.021364%</u>	<u>0.008716%</u>	
Change in Proportionate Share	<u>-0.002956%</u>	<u>-0.000594%</u>	
Proportionate Share of the Net Pension			
Liability/(Asset)	\$ 4,851,402	\$ (6,301)	\$ 4,845,101
Pension Expense	\$ 1,029,963	\$ 3,505	\$ 1,033,468

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$722,486	\$1,185	\$723,671
Changes of assumptions	769,491	1,183	\$770,674
Differences between expected and actual experience	6,576	0	\$6,576
Changes in proportion and differences between City contributions and proportionate share of contributions	0	250	250
City contributions subsequent to the measurement date	177,038	2,190	179,228
<b>Total Deferred Outflows of Resources</b>	<b><u>\$1,675,591</u></b>	<b><u>\$4,808</u></b>	<b><u>\$1,680,399</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$28,873	\$2,480	\$31,353
Changes in proportion and differences between City contributions and proportionate share of contributions	312,587	859	313,446
<b>Total Deferred Inflows of Resources</b>	<b><u>\$341,460</u></b>	<b><u>\$3,339</u></b>	<b><u>\$344,799</u></b>

\$179,228 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>	<u>Total</u>
Year Ending June 30:			
2018	\$461,998	\$144	\$462,142
2019	498,623	145	498,768
2020	246,522	95	\$246,617
2021	(21,177)	(327)	(\$21,504)
2022	0	(282)	(282)
Thereafter	<u>0</u>	<u>(496)</u>	<u>(496)</u>
Total	<u>\$1,185,966</u>	<u>(\$721)</u>	<u>\$1,185,245</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
<b>Total</b>	<b>100.00 %</b>	<b>5.66 %</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	7,411,598.88	\$4,851,402	\$2,717,928
Combined Plan	\$349	(\$6,301)	(\$8,890)

*This space intentionally left blank.*

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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NOTE 8: **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 two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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 visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

**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 plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016 and 2017, State and Local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401 (h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 remained at 1.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2016 was 5.0 percent. The portion of actual Authority contributions for the year ended June 30, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were \$44,008, \$57,295, and \$47,985, respectively.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**NOTE 9: LONG-TERM DEBT**

Long-term debt for Low-Rent Public Housing program consists of a \$4,740,000 bond issue through the Bank of the Ozarks. The bonds bear interest at varying amounts from 3%-4% with the final maturity date of 11/30/2024. The Bond proceeds are being used to finance a Phase II Energy Performance contract and to pay off the remaining balance on the PNC loan at June 30, 2017 there were \$249,442 of bond proceeds that were unexpended. The Authority had \$50,951 of funds held in a debt service reserve fund pending the next bond maturity date. The bonds mature as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-2018	\$ 440,832	\$ 115,181	\$ 556,013
2018-2019	455,833	101,867	557,700
2019-2020	466,667	88,118	554,785
2020-2021	485,833	74,580	560,413
2021-2022	496,667	59,276	555,943
Thereafter	<u>1,334,236</u>	<u>72,718</u>	<u>1,604,954</u>
	<u>\$ 3,680,068</u>	<u>\$ 511,740</u>	<u>\$ 4,191,808</u>

A summary of changes in the Authority's long-term liabilities is as follows:

	<u>Balance</u> <u>at 6/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 6/30/2017</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Long-Term Debt</u></b>					
<i>Primary Government</i>					
Accrued Compensated Absences	\$ 417,697	\$ 195,702	\$(182,316)	\$ 431,083	\$ 227,779
Debt	4,048,323	0	(368,255)	3,680,068	440,832
Net Pension Liability	4,207,996	643,406	0	4,851,402	0
FSS Escrows	<u>176,110</u>	<u>91,018</u>	<u>(104,179)</u>	<u>162,949</u>	<u>0</u>
<b>Total Long-Term</b>					
<b>Debt Obligation</b>	<u>\$ 8,850,126</u>	<u>\$ 930,126</u>	<u>\$(654,750)</u>	<u>\$ 9,125,502</u>	<u>\$ 668,611</u>

**NOTE 10: 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 for employees hired prior to September 1, 2013:

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

NOTE 10: **COMPENSATED ABSENCES** (Continued)

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

Employees hired after September 1, 2013 earn annual leave as follows:

Management		Maintenance and Administration	
1-7 years	2 weeks	1-7 years	2 weeks
8-14 years	3 weeks	8-14 years	3 weeks
15-24 years	4 weeks	15-24 years	4 weeks
25 years and over	5 weeks	25 years and over	5 weeks

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 75 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 75 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.



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**NOTE 10: COMPENSATED ABSENCES** (Continued)

The estimated liability for compensated absences at June 30, 2017, based on the vesting method is detailed as follows:

	Current Accrued Compensated Absences	Long-Term Accrued Compensated Absences	Total Accrued Compensated Absences
Public Housing	\$ 97,449	\$ 89,918	\$ 187,367
Central Office	83,143	76,163	159,306
Section 8 - Rental Voucher	47,187	37,223	84,410
	<u>\$ 227,779</u>	<u>\$ 203,304</u>	<u>\$ 431,083</u>

**NOTE 11: INTERPROGRAM RECEIVABLES AND PAYABLES**

The following balances at June 30, 2017 represent individual fund interprogram receivables and payables:

<u>Program</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Total AMPs	\$ 1,398	\$ 0
PIH Family Self-Sufficiency	0	19,580
Local Grants	0	288
Section 8 New Construction	0	1,065
Housing Counseling	0	20,713
Central Office	41,646	2,494
Section 8 Voucher	1,096	0
Total	<u>\$ 44,140</u>	<u>\$ 44,140</u>

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

**NOTE 12: 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.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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**NOTE 13: CONSTRUCTION COMMITMENTS**

The Authority had the following material capital or construction commitment at June 30, 2017:

	<u>Contract Amount</u>	<u>Balance Outstanding June 30, 2017</u>
PL Straits Renovation	\$ 1,490,000	\$ 1,490,000

**NOTE 14: NET INVESTMENT IN CAPITAL ASSETS**

Capital Assets	\$37,899,093
Less Outstanding Debt	(3,680,068)
Add Back in Unspent Debt Proceeds and Debt Reserve Funds	<u>300,393</u>
Total	<u>\$34,519,418</u>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS (1)**

<u>Traditional Plan</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.021364%	0.024320%	0.025756%	0.025756%
Authority's Proportionate Share of the Net Pension Liability	\$4,851,402	\$4,212,528	\$3,106,462	\$3,036,297
Authority's Covered-Employee Payroll	\$2,831,633	\$3,635,517	\$3,676,033	\$3,639,977
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	171.33%	115.87%	84.51%	83.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
<u>Combined Plan</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension (Asset)	0.008716%	0.009310%	0.005605%	0.005605%
Authority's Proportionate Share of the Net Pension (Asset)	\$(6,301)	\$(4,532)	\$(2,157)	\$(588)
Authority's Covered-Employee Payroll	\$33,100	\$38,575	\$5,300	\$0
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	19.04%	11.75%	40.70%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>					
Traditional Plan	\$ 340,710	\$ 339,796	\$ 436,262	\$ 441,124	\$ 473,197
Combined Plan	25,645	3,972	4,629	636	-
<b>Total Required Contributions</b>	<b>\$366,355</b>	<b>\$343,768</b>	<b>\$440,891</b>	<b>\$441,760</b>	<b>\$ 473,197</b>
<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>(\$366,355)</u>	<u>(\$343,768)</u>	<u>(\$440,891)</u>	<u>(\$441,760)</u>	<u>(\$473,197)</u>
<u>Contribution Deficiency / (Excess)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Authority's Covered Employee Payroll</u>					
Traditional Plan	\$2,725,680	\$2,831,633	\$3,635,517	\$3,676,033	\$3,639,977
Combined Plan	\$205,160	\$33,100	\$38,575	\$5,300	\$0
<u>Pension Contributions as a Percentage of Covered Employee Payroll</u>					
Traditional Plan	12.50%*	12.00%	12.00%	12.00%	13.00%
Combined Plan	12.50%*	12.00%	12.00%	12.00%	13.00%

(1) – Information prior to 2013 is not available.

\*Contribution rate increased from 12.00% to 13.00% as of January 1, 2017

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2017**

	Project Total	14,169 Housing Counseling Assistance Program	14,896 PIH Family Self-Sufficiency	14,871 Housing Choice Vouchers	14,182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	523,041	-	-	271,836	783,688	12,150	462,964	2,053,679	-	2,053,679
112 Cash - Restricted - Modernization and Development	249,442	-	-	-	-	-	-	249,442	-	249,442
113 Cash - Other Restricted	30,575	-	-	132,344	-	-	-	162,919	-	162,919
114 Cash - Tenant Security Deposits	168,703	-	-	-	8,124	-	-	176,827	-	176,827
115 Cash - Restricted for Payment of Current Liabilities	50,951	-	-	-	-	-	-	50,951	-	50,951
<b>100 Total Cash</b>	<b>1,022,712</b>	<b>-</b>	<b>-</b>	<b>404,180</b>	<b>791,812</b>	<b>12,150</b>	<b>462,964</b>	<b>2,693,818</b>	<b>-</b>	<b>2,693,818</b>
122 Accounts Receivable - HUD Other Projects	-	20,713	28,117	67,800	-	-	-	116,630	-	116,630
124 Accounts Receivable - Other Government	-	-	-	-	-	288	-	288	-	288
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	62	62	-	62
126 Accounts Receivable - Tenants	156,879	-	-	-	1,200	-	-	158,079	-	158,079
126.1 Allowance for Doubtful Accounts -Tenants	-25,223	-	-	-	-	-	-	-25,223	-	-25,223
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>131,656</b>	<b>20,713</b>	<b>28,117</b>	<b>67,800</b>	<b>1,200</b>	<b>288</b>	<b>62</b>	<b>249,836</b>	<b>-</b>	<b>249,836</b>
131 Investments - Unrestricted	1,773,084	-	-	-	-	-	223,023	1,996,107	-	1,996,107
142 Prepaid Expenses and Other Assets	51,846	-	-	1,503	652	-	5,329	59,330	-	59,330
143 Inventories	37,125	-	-	-	2,000	-	-	39,125	-	39,125
144 Inter Program Due From	1,398	-	-	1,096	-	-	41,646	44,140	-44,140	-
<b>150 Total Current Assets</b>	<b>3,017,821</b>	<b>20,713</b>	<b>28,117</b>	<b>474,579</b>	<b>795,664</b>	<b>12,438</b>	<b>733,024</b>	<b>5,082,356</b>	<b>-44,140</b>	<b>5,038,216</b>
161 Land	3,226,199	-	-	-	88,000	-	22,500	3,336,699	-	3,336,699
162 Buildings	108,850,675	-	-	-	2,414,824	-	315,776	111,581,275	-	111,581,275
163 Furniture, Equipment & Machinery - Dwellings	1,002,464	-	-	-	-	-	-	1,002,464	-	1,002,464
164 Furniture, Equipment & Machinery - Administration	47,399	-	-	62,101	27,740	-	391,689	528,929	-	528,929
166 Accumulated Depreciation	-80,430,424	-	-	-62,101	-1,543,075	-	-370,489	-82,406,089	-	-82,406,089
167 Construction in Progress	3,844,415	-	-	-	-	11,400	-	3,855,815	-	3,855,815
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>36,540,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>987,489</b>	<b>11,400</b>	<b>359,476</b>	<b>37,899,093</b>	<b>-</b>	<b>37,899,093</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	105,206	-	-	-	-	-	5,684,349	5,789,555	-	5,789,555
174 Other Assets	2,447	-	-	649	76	-	3,129	6,301	-	6,301
<b>180 Total Non-Current Assets</b>	<b>36,648,381</b>	<b>-</b>	<b>-</b>	<b>649</b>	<b>987,565</b>	<b>11,400</b>	<b>6,046,954</b>	<b>43,694,949</b>	<b>-</b>	<b>43,694,949</b>
200 Deferred Outflow of Resources	909,035	-	-	211,437	25,370	-	534,497	1,680,339	-	1,680,339
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>40,575,237</b>	<b>20,713</b>	<b>28,117</b>	<b>686,665</b>	<b>1,808,599</b>	<b>23,838</b>	<b>7,314,475</b>	<b>50,457,644</b>	<b>-44,140</b>	<b>50,413,504</b>
312 Accounts Payable <= 90 Days	112,424	-	-	1,812	2,218	-	16,686	133,140	-	133,140
321 Accrued Wage/Payroll Taxes Payable	116,193	-	8,537	33,311	3,256	-	86,224	247,521	-	247,521
322 Accrued Compensated Absences - Current Portion	97,449	-	-	40,941	6,246	-	83,143	227,779	-	227,779
341 Tenant Security Deposits	168,703	-	-	-	8,124	-	-	176,827	-	176,827
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	440,832	-	-	-	-	-	-	440,832	-	440,832
347 Inter Program - Due To	-	20,713	19,580	-	1,065	288	2,494	44,140	-44,140	-
<b>310 Total Current Liabilities</b>	<b>935,601</b>	<b>20,713</b>	<b>28,117</b>	<b>76,064</b>	<b>20,909</b>	<b>288</b>	<b>188,547</b>	<b>1,270,239</b>	<b>-44,140</b>	<b>1,226,099</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	3,239,236	-	-	-	-	-	-	3,239,236	-	3,239,236

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2017**

	Project Total	14.169 Housing Counseling Assistance Program	14.896 PIH Family Self- Sufficiency	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
353 Non-current Liabilities - Other	30,575	-	-	132,344	-	-	-	162,919	-	162,919
354 Accrued Compensated Absences - Non Current	89,918	-	-	34,557	2,666	-	76,163	203,304	-	203,304
357 Accrued Pension and OPEB Liabilities	2,566,584	-	-	631,460	81,661	-	1,571,697	4,851,402	-	4,851,402
<b>350 Total Non-Current Liabilities</b>	<b>5,926,313</b>	<b>-</b>	<b>-</b>	<b>798,361</b>	<b>84,327</b>	<b>-</b>	<b>1,647,860</b>	<b>8,456,861</b>	<b>-</b>	<b>8,456,861</b>
<b>300 Total Liabilities</b>	<b>6,861,914</b>	<b>20,713</b>	<b>28,117</b>	<b>874,425</b>	<b>105,236</b>	<b>288</b>	<b>1,836,407</b>	<b>9,727,100</b>	<b>-44,140</b>	<b>9,682,960</b>
400 Deferred Inflow of Resources	179,504	-	-	44,738	5,150	-	115,407	344,799	-	344,799
508.4 Net Investment in Capital Assets	33,161,053	-	-	-	987,489	11,400	359,476	34,519,418	-	34,519,418
511.4 Restricted Net Position	-	-	-	8,433	-	-	-	8,433	-	8,433
512.4 Unrestricted Net Position	372,766	-	-	-240,931	710,724	12,150	5,003,185	5,857,894	-	5,857,894
<b>513 Total Equity - Net Assets / Position</b>	<b>33,533,819</b>	<b>-</b>	<b>-</b>	<b>-232,498</b>	<b>1,698,213</b>	<b>23,550</b>	<b>5,362,661</b>	<b>40,385,745</b>	<b>-</b>	<b>40,385,745</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>40,575,237</b>	<b>20,713</b>	<b>28,117</b>	<b>686,665</b>	<b>1,808,599</b>	<b>23,838</b>	<b>7,314,475</b>	<b>50,457,644</b>	<b>-44,140</b>	<b>50,413,504</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Project Total	14,169 Housing Counseling Assistance Program	14,896 PIH Family Self- Sufficiency	14,871 Housing Choice Vouchers	14,182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	2,435,201	-	-	-	143,075	-	5,400	2,583,676	-	2,583,676
70400 Tenant Revenue - Other	224,621	-	-	-	12	-	-	224,633	-	224,633
<b>70500 Total Tenant Revenue</b>	<b>2,659,822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,087</b>	<b>-</b>	<b>5,400</b>	<b>2,808,309</b>	<b>-</b>	<b>2,808,309</b>
70600 HUD PHA Operating Grants	6,067,987	20,713	258,545	10,242,976	139,824	-	-	16,730,045	-	16,730,045
70610 Capital Grants	413,949	-	-	-	-	-	-	413,949	-	413,949
70710 Management Fee	-	-	-	-	-	-	1,018,772	1,018,772	-1,018,772	-
70720 Asset Management Fee	-	-	-	-	-	-	135,990	135,990	-135,990	-
70730 Book Keeping Fee	-	-	-	-	-	-	105,577	105,577	-105,577	-
70740 Front Line Service Fee	-	-	-	-	-	-	193,752	193,752	-193,752	-
70750 Other Fees	-	-	-	-	-	-	79,867	79,867	-79,867	-
<b>70700 Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,533,958</b>	<b>1,533,958</b>	<b>-1,533,958</b>	<b>-</b>
70800 Other Government Grants	-	-	-	-	-	288	-	288	-	288
71100 Investment Income - Unrestricted	-9,851	-	-	2	3,344	-	39,713	33,208	-	33,208
71400 Fraud Recovery	-	-	-	55,135	-	-	-	55,135	-	55,135
71500 Other Revenue	114,409	-	-	49,472	1,045	20,000	261,204	446,130	-	446,130
71600 Gain or Loss on Sale of Capital Assets	17,097	-	-	-1,208	-	-	-138	15,751	-	15,751
<b>70000 Total Revenue</b>	<b>9,263,413</b>	<b>20,713</b>	<b>258,545</b>	<b>10,346,377</b>	<b>287,300</b>	<b>20,288</b>	<b>1,840,137</b>	<b>22,036,773</b>	<b>-1,533,958</b>	<b>20,502,815</b>
91100 Administrative Salaries	623,857	15,838	166,321	376,662	9,286	-	676,051	1,868,015	-	1,868,015
91200 Auditing Fees	18,684	-	-	5,484	758	-	-	24,926	-	24,926
91300 Management Fee	735,668	-	-	276,768	6,336	-	-	1,018,772	-1,018,772	-
91310 Book-keeping Fee	101,618	-	-	-	3,960	-	-	105,578	-105,578	-
91400 Advertising and Marketing	965	-	-	185	-	-	4,428	5,578	-	5,578
91500 Employee Benefit contributions - Administrative	414,857	4,875	92,224	321,567	7,298	-	520,485	1,361,306	-	1,361,306
91600 Office Expenses	12,668	-	-	5,934	48	974	7,353	26,977	-	26,977
91700 Legal Expense	46,980	-	-	1,782	-	-	15,627	64,389	-	64,389
91800 Travel	11,095	-	-	37	-	3,949	36,337	51,418	-	51,418
91900 Other	248,356	-	-	61,515	13,842	17,766	232,884	574,363	-79,867	494,496
<b>91000 Total Operating - Administrative</b>	<b>2,214,748</b>	<b>20,713</b>	<b>258,545</b>	<b>1,049,934</b>	<b>41,528</b>	<b>22,689</b>	<b>1,493,165</b>	<b>5,101,322</b>	<b>-1,204,217</b>	<b>3,897,105</b>
92000 Asset Management Fee	135,990	-	-	-	-	-	-	135,990	-135,990	-
92400 Tenant Services - Other	20,323	-	-	-	218	250	-	20,791	-	20,791
<b>92500 Total Tenant Services</b>	<b>20,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218</b>	<b>250</b>	<b>-</b>	<b>20,791</b>	<b>-</b>	<b>20,791</b>
93100 Water	336,202	-	-	582	7,183	-	2,874	346,841	-	346,841
93200 Electricity	824,058	-	-	4,601	34,049	-	23,466	886,174	-	886,174
93300 Gas	503,241	-	-	1,155	1,221	-	6,146	511,763	-	511,763
93600 Sewer	647,968	-	-	944	10,408	-	5,047	664,367	-	664,367
<b>93000 Total Utilities</b>	<b>2,311,469</b>	<b>-</b>	<b>-</b>	<b>7,282</b>	<b>52,861</b>	<b>-</b>	<b>37,533</b>	<b>2,409,145</b>	<b>-</b>	<b>2,409,145</b>
94100 Ordinary Maintenance and Operations - Labor	943,815	-	-	-	29,789	-	120,387	1,093,991	-	1,093,991
94200 Ordinary Maintenance and Operations - Materials and Other	389,186	-	-	1,942	8,377	195	61,846	461,546	-	461,546
94300 Ordinary Maintenance and Operations Contracts	866,899	-	-	3,502	29,595	-	38,829	938,825	-193,751	745,074
94500 Employee Benefit Contributions - Ordinary Maintenance	775,203	-	-	-	23,413	-	88,881	887,497	-	887,497
<b>94000 Total Maintenance</b>	<b>2,975,103</b>	<b>-</b>	<b>-</b>	<b>5,444</b>	<b>91,174</b>	<b>195</b>	<b>309,943</b>	<b>3,381,859</b>	<b>-193,751</b>	<b>3,188,108</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL SCHEDULE**  
**ENTITY WIDE REVENUE AND EXPENSE SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Project Total	14.169 Housing Counseling Assistance Program	14.896 PIH Family Self-Sufficiency	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
95200 Protective Services - Other Contract Costs	344,074	-	-	-	1,923	-	477	346,474	-	346,474
<b>95000 Total Protective Services</b>	<b>344,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,923</b>	<b>-</b>	<b>477</b>	<b>346,474</b>	<b>-</b>	<b>346,474</b>
96110 Property Insurance	183,612	-	-	-	2,103	-	-	185,715	-	185,715
96120 Liability Insurance	-	-	-	7,921	-	-	20,129	28,050	-	28,050
96130 Workmen's Compensation	24,028	-	-	5,978	619	-	15,353	45,978	-	45,978
<b>96100 Total insurance Premiums</b>	<b>207,640</b>	<b>-</b>	<b>-</b>	<b>13,899</b>	<b>2,722</b>	<b>-</b>	<b>35,482</b>	<b>259,743</b>	<b>-</b>	<b>259,743</b>
96200 Other General Expenses	400,154	-	-	-	-	-	2,828	402,982	-	402,982
96210 Compensated Absences	5,219	-	-	7,424	4,207	-	10,622	27,472	-	27,472
96300 Payments in Lieu of Taxes	36,704	-	-	-	9	-	1,191	37,904	-	37,904
96400 Bad debt - Tenant Rents	148,747	-	-	-	-	-	-	148,747	-	148,747
96800 Severance Expense	-	-	-	-	-	-	21,289	21,289	-	21,289
<b>96000 Total Other General Expenses</b>	<b>590,824</b>	<b>-</b>	<b>-</b>	<b>7,424</b>	<b>4,216</b>	<b>-</b>	<b>35,930</b>	<b>638,394</b>	<b>-</b>	<b>638,394</b>
96710 Interest of Mortgage (or Bonds) Payable	139,145	-	-	-	-	-	-	139,145	-	139,145
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>139,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,145</b>	<b>-</b>	<b>139,145</b>
<b>96900 Total Operating Expenses</b>	<b>8,939,316</b>	<b>20,713</b>	<b>258,545</b>	<b>1,083,983</b>	<b>194,642</b>	<b>23,134</b>	<b>1,912,530</b>	<b>12,432,863</b>	<b>-1,533,958</b>	<b>10,898,905</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>324,097</b>	<b>-</b>	<b>-</b>	<b>9,262,394</b>	<b>92,658</b>	<b>-2,846</b>	<b>-72,393</b>	<b>9,603,910</b>	<b>-</b>	<b>9,603,910</b>
97200 Casualty Losses - Non-capitalized	10,282	-	-	-	-	-	350	10,632	-	10,632
97300 Housing Assistance Payments	-	-	-	9,243,949	-	-	-	9,243,949	-	9,243,949
97400 Depreciation Expense	3,613,041	-	-	1,328	41,124	-	25,395	3,680,888	-	3,680,888
<b>99000 Total Expenses</b>	<b>12,562,639</b>	<b>20,713</b>	<b>258,545</b>	<b>10,329,260</b>	<b>235,766</b>	<b>23,134</b>	<b>1,938,275</b>	<b>25,368,332</b>	<b>-1,533,958</b>	<b>23,834,374</b>
10010 Operating Transfer In	379,659	-	-	-	-	-	-	379,659	-379,659	-
10020 Operating transfer Out	-379,659	-	-	-	-	-	-	-379,659	379,659	-
10091 Inter Project Excess Cash Transfer In	200,000	-	-	-	-	-	-	200,000	-200,000	-
10092 Inter Project Excess Cash Transfer Out	-200,000	-	-	-	-	-	-	-200,000	200,000	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-3,299,226</b>	<b>-</b>	<b>-</b>	<b>17,117</b>	<b>51,534</b>	<b>-2,846</b>	<b>-98,138</b>	<b>-3,331,559</b>	<b>-</b>	<b>-3,331,559</b>
11020 Required Annual Debt Principal Payments	368,255	-	-	-	-	-	-	368,255	-	368,255
11030 Beginning Equity	36,781,441	-	-	-249,615	1,646,679	26,396	5,512,403	43,717,304	-	43,717,304
11170 Administrative Fee Equity	-	-	-	-240,931	-	-	-	-240,931	-	-240,931
11180 Housing Assistance Payments Equity	-	-	-	8,433	-	-	-	8,433	-	8,433
11190 Unit Months Available	14,842	-	-	26,556	528	-	-	41,926	-	41,926
11210 Number of Unit Months Leased	14,801	-	-	23,224	528	-	-	38,553	-	38,553



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Funds Expended</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
<b><u>Public Housing Programs</u></b>		
Low Rent Public Housing Program	14.850	\$ 5,498,499
Capital Fund Program	14.872	<u>983,437</u>
Total Public Housing Programs		<u>6,481,936</u>
<b><u>Housing Choice Voucher Program Cluster</u></b>		
Section 8 Housing Choice Voucher Program	14.871	<u>10,242,976</u>
Total Housing Choice Voucher Cluster		<u>10,242,976</u>
<b><u>Section 8 Project - Based Cluster</u></b>		
Section 8 New Construction and Substantial Rehabilitation	14.182	<u>139,824</u>
Total Section 8 Project Based Cluster		<u>139,824</u>
Family Self-Sufficiency Program	14.896	258,545
Housing Counseling Assistance Program	14.169	<u>20,713</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>17,143,994</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 17,143,994</u>

This schedule is prepared on the accrual basis of accounting.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of Expenditures of federal awards (the Schedule) includes the federal award activity of the Youngstown Metropolitan Housing Authority under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Youngstown Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Youngstown Metropolitan Housing Authority.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3: INDIRECT COST RATE**

Youngstown Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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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**

To the Members of the Board  
Youngstown Metropolitan Housing Authority  
Youngstown, Ohio, 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, (the Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2017.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 opinion 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 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

December 21, 2017

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE**

To the Members of the Board  
Youngstown Metropolitan Housing Authority  
Youngstown, Ohio, 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, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2017. The Authority's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the 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 its major federal program for the year ended June 30, 2017.

### ***Report on Internal Control over Compliance***

Management of the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 a 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 be 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

December 21, 2017

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

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

2017(i)	Type of Financial Statement Opinion	Unmodified
2017(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2017(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2017(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2017(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2017(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2017(v)	Type of Major Programs' Compliance Opinion	Unmodified
2017(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2017(vii)	Major Programs (list):  Housing Choice Voucher Program - CFDA #14.871	
2017(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: > all others
2017(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, 2017**

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The audit report for the fiscal year ending June 30, 2016 contained no audit findings.





# 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  
FEBRUARY 20, 2018**