

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 1999

James G. Zupka, Inc.
Certified Public Accountant

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 1999

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 AUDIT REPORT
 FOR THE YEAR ENDED JUNE 30, 1999

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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 AUDIT REPORT
 FOR THE YEAR ENDED JUNE 30, 1999

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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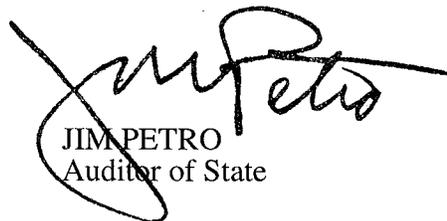
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Members of the Board
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

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, 1998 through June 30, 1999. 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.



JIM PETRO
Auditor of State

April 19, 2000

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

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Members of the Board
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development
Chicago, Illinois

INDEPENDENT ACCOUNTANT'S REPORT

We have audited the accompanying financial statements of the Youngstown Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 1999 as listed in the accompanying Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1C of the financial statements, the Authority prepared its financial statements on the basis of accounting prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngstown Metropolitan Housing Authority, Ohio, as of June 30, 1999, and the results of its operations for the year then ended, on the basis of accounting described in Note 1C.

In accordance with Government Auditing Standards, we have also issued a report dated January 28, 2000 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The supplemental data on pages 24 through 35 (as listed in the Table of Contents) is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

January 28, 2000

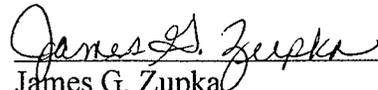

James G. Zupka
Certified Public Accountant

EXHIBIT A

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
BALANCE SHEET
JUNE 30, 1999

	<u>Public Housing</u> <u>C-862</u>	<u>Section 8</u> <u>C-10007</u>
<u>ASSETS</u>		
Cash	\$ 275	\$ 1,374,928
Investments	1,169,551	581,082
Accounts Receivable		
Tenants	38,453	36,575
HUD	0	259,549
Other	404,920	133,664
Deferred Charges	301,777	0
Land, Structures, and Equipment	123,533,747	217,709
	<hr/>	<hr/>
TOTAL ASSETS	\$ 125,448,723	\$ 2,603,507
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND SURPLUS</u>		
Accounts Payable		
Tenant Security Deposit	\$ 145,080	\$ 0
HUD	0	1,194,151
Other	37,996	376,553
Arbitration Costs	490,000	0
Accrued Liabilities	9,320	0
FSS Escrow Payable	0	0
Fixed Liabilities	0	0
Other	16,546	0
Total Liabilities	698,942	1,570,704
	<hr/>	<hr/>
Surplus - Exhibit C-3	124,749,781	1,032,803
	<hr/>	<hr/>
TOTAL LIABILITIES AND SURPLUS	\$ 125,448,723	\$ 2,603,507
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
STATEMENT OF INCOME AND EXPENSE - PHA OWNED HOUSING
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-862

Project OH 002-001-96J

OPERATING INCOME

Dwelling Rental	\$ 1,172,016
Excess Utilities	38,786
Non-Dwelling Rental	4,937
Total Rental Income	<u>1,215,739</u>
Interest on General Fund Investments	24,928
Other Income	130,440
Total Operating Income - Exhibit D-1	<u>1,371,107</u>

OPERATING EXPENSES

Administration	1,149,754
Tenant Services	1,154
Utilities	1,267,141
Ordinary Maintenance & Operation	2,027,115
Protective Services	990
General Expense	1,179,860
Non-Routine Maintenance	1,206
Total Operating Expense - Exhibit D-1	<u>5,627,220</u>
Net Operating Income (Loss)	<u>(4,256,113)</u>

OTHER CHARGES

Interest on Notes and Bonds Payable	0
Prior Period Adjustment - Affecting Residual Receipts	(31,823)
Prior Period Adjustment - Not Affecting Residual Receipts	0
Gain from Disposition of Non-Expendable Equipment	0
Total Other Charges	<u>(31,823)</u>
Net Income (Loss) - Exhibit C-1	<u><u>\$ (4,287,936)</u></u>

The accompanying notes are an integral part of these financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF INCOME AND EXPENSE -
 HOUSING ASSISTANCE PAYMENTS PROGRAM -
 SECTION 8 - EXISTING - ON GOING
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-10007E

Project OH12-E002/004/035

OPERATING INCOME

Interest Earned on General Fund Investments - Exhibit D-2	\$ 18,938
Total Operating Income	18,938

OPERATING EXPENSES

Administrative Expenses	410,812
Housing Assistance Payments	3,596,058
Audit Costs	904
Total Operating Expense - Exhibit D-2	4,007,774

Net Operating Income (Loss) - Exhibit C-1	\$ (3,988,836)
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The notes to the financial statements are an integral part of these statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF INCOME AND EXPENSE
 HOUSING ASSISTANCE PAYMENTS PROGRAM
 SECTION 8 - MODERATE REHAB I
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH002-MR001

OPERATING INCOME

Interest Earned on General Fund Investments - Exhibit D-3	\$ 1,800
Total Operating Income	1,800

OPERATING EXPENSES

Administrative Expense	1,832
Housing Assistance Payments	11,953
Audit Costs	4
Total Operating Expense - Exhibit D-3	13,789

Net Operating Income (Loss) - Exhibit C-1	\$ (11,989)
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The notes to the financial statements are an integral part of these statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF INCOME AND EXPENSE
 HOUSING ASSISTANCE PAYMENTS PROGRAM
 SECTION 8 - MODERATE REHAB II
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-10007K

Project OH12-K002-002

OPERATING INCOME

Interest Earned on General Fund Investment	\$	0
Total Operating Income		0

OPERATING EXPENSES

Administrative Expense		1,959
Housing Assistance Payments		28,617
Audit Costs		4
Total Operating Expense - Exhibit D-4		30,580

Net Operating Income (Loss) - Exhibit C-1	\$	(30,580)
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The notes to the financial statements are an integral part of these statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF INCOME AND EXPENSE
 HOUSING ASSISTANCE PAYMENTS PROGRAM
 SECTION 8 - EXISTING - MODERATE REHAB III
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH12-K002-003

OPERATING INCOME

Interest Earned on General Fund Investments - Exhibit D-5	\$	0
Total Operating Income		0

OPERATING EXPENSES

Administrative Expense		23,536
Housing Assistance Payments		140,196
Audit Costs		53
Total Operating Expense - Exhibit D-5		163,785

Net Operating Income (Loss) - Exhibit C-1	\$	(163,785)
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The notes to the financial statements are an integral part of these statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF INCOME AND EXPENSES -
 HOUSING ASSISTANCE PAYMENTS PROGRAM -
 SECTION 8 - NEW CONSTRUCTION
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH16-0013-022

OPERATING INCOME

Interest Earned on General Fund Investments-Exhibit D-6	\$	49
Total Operating Income		49

OPERATING EXPENSES

Administrative Expense		8,650
Housing Assistance Payments		148,614
Audit Costs		20
Total Operating Expense - Exhibit D-6		157,284

Net Operating Income (Loss) - Exhibit C-1	\$	(157,235)
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The accompanying notes are an integral part of these financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF INCOME AND EXPENSES - SECTION 8 - VOUCHERS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH002Voucher

OPERATING INCOME

Total Operating Income	\$ 1,797

OPERATING EXPENSES

Administrative Expense	122,030
Housing Assistance Payments	823,010
Audit Costs	276

Total Operating Expense - Exhibit D-7	945,316

Net Operating Income (Loss) - Exhibit C-1	\$ (943,519)

The accompanying notes are an integral part of these financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Description of the Entity and Programs**

The Youngstown Metropolitan Housing Authority is a political subdivision created under the 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 participates in the Section 8 Existing, Moderate Rehab, and Voucher Program provided by HUD. These programs help assist families in the payment of rent. Under the Certificate program, the dwelling unit a family will occupy must not exceed rent limitations in accordance with HUD guidelines. Under the Voucher program, the Authority determines the amount of subsidy a family will receive using HUD guidelines, however, does not limit the owner of the unit the amount charged to the family. Under the Moderate Rehab program, subsidy payments are made directly to the landlord on behalf of families living in their respective unit. The Authority also participates in the Public Housing program. Under this program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay 30% of his/her adjusted gross income towards rent and utilities.

B. **Reporting Entity**

As defined by generally accepted accounting principles established by Governmental Accounting Standards Board, GASB No. 14, the financial reporting entity consists of the Authority (primary government), as well as its component units. Component units are defined as appointment of a voting majority of the component units board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on the criteria established by GASB codification 2300, there are no component units to be included with the reporting entity.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

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

C. **Basis of Accounting**

The Authority's policy is to maintain its accounting records on the accrual basis of accounting in accordance with accounting practices prescribed by the Department of Housing and Urban Development. These policies differ in some respects from generally accepted accounting principles; significant differences under HUD procedures include:

Certain transactions are recorded directly in the surplus (deficit), equity accounts rather than in the statements of income and expense.

Operational contract expenses are recorded in the period which the services are obligated rather than when the services are performed.

Purchase of property, plant and equipment are recorded as an allowable expenditure in the year of acquisition. Accordingly, there are no provisions recorded for the depreciation of any assets nor does the fund balance at any date include any amount pertaining to the value of property, plant and equipment that has been acquired with federal funds.

D. **Cash and Investments**

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, country, municipal corporation, or other legally constituted authority of any other state or any instrumentality of such country, municipal corporation, or other authority. Certificates of deposits with maturities of less than three months are included in the financial as cash and cash equivalents. Investment procedures are restricted by the provisions of the Ohio Revised Code and by HUD regulations. Purchased investments are valued at cost.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

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

E. **Structures and Equipment**

Structures and equipment are stated at cost and not depreciated.

F. **Financial Statement Format and Content**

The format and content of the financial statements included in this report conform to the format and content of annual report forms submitted to HUD, with certain modifications for terminology.

NOTE 2: **CASH AND INVESTMENTS**

The Governmental Accounting Standards Board has established risk categories for deposits as follows:

Category 1 - Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3 - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging institution or its trust department or agent but not in the Authority's name.)

All deposits are carried at cost. At year end, the carrying amount of the Authority's cash was \$1,375,203, and the bank balance was \$1,428,232. Of the bank balances, \$200,000 was insured by FDIC insurance. The remaining balance of \$1,228,232 was classified as Category 3 for deposits.

The Government Accounting Standards Board has established risk categories for investments as follows:

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

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

Category 1 - Investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparts trust department or agent in the Authority's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the counterpart or by its trust department or agent, but not in the Authority's name.

HUD Handbook 7475.1, Chapter 4, Section 1, authorized the PHA to make investments in:

Direct Obligations of the Federal Government
Obligations of Federal Government Agencies
Securities of Government-Sponsored Agencies
Demand and Savings Deposits and Certificates of Deposit

The Authority had only certificates of deposits on hand and are classified as investments. As of June 30, 1999 the balance was \$1,750,633 and categorized as Category 1 for investments.

NOTE 3: **LAND, STRUCTURES, AND EQUIPMENT**

The following is a summary as of June 30, 1999 by program and asset type:

Public Housing:	
Development	\$ 90,718,473
Land, Structures, and Equipment	59,697,432
	150,415,905
Development Contra Account	(26,882,158)
Total Public Housing	\$ 123,533,747
Section 8:	
Land, Structures, and Equipment	\$ 217,709
Total Section 8	\$ 217,709

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

NOTE 4: **PENSION PLAN**

The Authority's employees participate in a retirement system which is a cost-sharing multiple employer defined benefit pension plan.

A. **Public Employees Retirement System ("PERS" of Ohio)**

The following information was provided by the PERS of Ohio to assist the Authority in complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

Pension Benefit Obligation

All employees of the Authority participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution rate for employees is 8.5%. The 1998 employer rate for local government employer units was 13.55% of covered payroll, 8.44% to fund the pension benefit obligation and 5.11% to fund health care. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the PERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$400,625, \$379,143, and \$362,461, respectively, which were equal to the required contribution for each year. The Authority pays both the employee's and employer's share.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

NOTE 4: **PENSION PLAN** (Continued)

A. **Public Employees Retirement System ("PERS" of Ohio)** (Continued)

Other Postemployment Benefits

In addition to the pension benefit obligation described above, the PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 5.11%.

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

Expenditures for other postemployment benefits during 1998 were \$440,596,663. As of December 31, 1998, the unaudited estimated net assets available for future other postemployment benefits payments were \$9,447,325,318. The number of benefit recipients eligible for other postemployment benefits at December 31, 1998 was 115,579.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to other postemployment benefits. Under the new method, effective January 1, 1999, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

NOTE 5: **RISK MANAGEMENT**

Effective May 1, 1999, the Authority joined a self-insurance pool known as Ohio Housing Authority Property and Casualty, Inc. (OHAPCI). Membership in OHAPCI presently consists of four housing authorities in the Ohio area.

Claims are covered in 3 stages as follows:

1st Stage - The deductible amount which each Authority is responsible for with varying amounts depending on the type of claim:

Property	\$ 2,500
Casual Liability	0
Law Enforcement	0
Public Officials	1,000
Auto Liability	0
Auto Comprehensive	250
Auto Collision	250
Crime	0

2nd Stage - If a claim exceeds the deductible amount, the pool (OHAPCI) will pay up to \$100,000.

3rd Stage - Stop loss insurance policies with various insurances begin coverage after the \$100,000 from Stage 2 is exhausted.

Arthur J. Gallagher & Company has been contracted with by OHAPCI to act as a 3rd party administrator. Stop loss policy coverages are as follows:

Property	\$ 50,000
Employer Dishonesty	1,000,000
Depositor's Forgery	100,000
Money and Securities	50,000
General Liability	5,000,000
Lead Based Paint	1,000,000
Employee Benefits	1,000,000
Ohio Stop-Gap	1,000,000
Law Enforcement	5,000,000
Auto Liability	5,000,000
Auto Physical Damage	Actual Cash Value
Public Officials	5,000
Boiler and Machinery	50,000

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

NOTE 6: **CONTINGENCIES**

In addition, the Authority is party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. It is the opinion of the Authority that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial position of the Authority.

Subsequent to June 30, 1999, the Authority lost, in arbitration, a lawsuit with a contractor on the Kirwan Homes project. The amount awarded was \$370,000, of which \$340,000 was paid in January, 2000 by the Authority. Additional costs of this lawsuit have not yet been determined, but the Authority's attorney estimates additional costs of \$120,000, for a total of \$490,000. This amount has been set up as a liability on the balance sheet at June 30, 1999.

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Authority's management believes disallowances, if any, will be immaterial.

NOTE 7: **NOTES PAYABLE**

In prior years, the Authority was granted development loans for the public housing projects by HUD per HUD instructions; as of June 30, 1999, the principal balance of \$20,565,355, with an accrued interest payable of \$7,407,477 and New Housing Bonds of \$4,894,438 for a total debt of \$32,867,270, was transferred to capital contributions. No payments have been made on these notes, pending the notes being forgiven by HUD.

NOTE 8: **YEAR 2000 ISSUE**

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Authority's operations.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(CONTINUED)

NOTE 8: **YEAR 2000 ISSUE** (Continued)

As of January 28, 2000, the Authority has inventoried its mission-critical computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the Authority's operations. Based on this inventory, the Authority has determined that no further remediation or systems testing is required.

To the best of management's knowledge and belief, as of January 28, 2000, the Authority experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise and parties with whom the Authority does business may also experience Year 2000 readiness issues that are as yet unknown.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

FEDERAL GRANTOR/ PROGRAM TITLES	CFDA NUMBER	ENTITY IDENTIFYING NUMBER	FUNDS RECEIVED	FUNDS DISBURSED
<u>U.S. DEPARTMENT OF HUD</u>				
<u>Direct Programs</u>				
Annual Contribution Contract C-862:				
PHA Owned Housing:				
Operating Subsidy - Exhibit D(1)	14.850		\$ 4,479,802	\$ 4,479,802
MROP	14.850		220,787	220,787
Development 2-22	14.850		12,907	12,907
Development 2-20	14.850		57,363	57,363
Subtotal 14.850			<u>4,770,859</u>	<u>4,770,859</u>
Drug Elimination	14.854		510,160	510,160
Service Coordinators	14.861		26,266	26,266
Economic Development	14.863		71,484	71,484
Total - Public Housing			<u>5,378,769</u>	<u>5,378,769</u>
PHA Owned Housing:				
Comprehensive Grant				
2-704	14.859		266,340	266,340
2-705	14.859		1,037,298	1,037,298
2-706	14.859		494,045	494,045
2-707	14.859		231,485	231,485
Total Comprehensive Grants			<u>2,029,168</u>	<u>2,029,168</u>
Section 8 Cluster C-10007:				
Housing Assistance Payments:				
Annual Contribution - Exhibit D-2	14.857		4,044,215	4,044,215
Exhibit D-3	14.856		12,267	12,267
Exhibit D-4	14.856		30,876	30,876
Exhibit D-5	14.856		167,344	167,344
Subtotal			<u>4,254,702</u>	<u>4,254,702</u>
Exhibit D-6	14.182		158,543	158,543
Exhibit D-7	14.855		966,967	966,967
Total - Section 8 Cluster			<u>5,380,212</u>	<u>5,380,212</u>
TOTAL - ALL PROGRAMS			<u><u>\$12,788,149</u></u>	<u><u>\$12,788,149</u></u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE A: **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND INTERNAL CONTROL STRUCTURE OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To Members of the Board
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

We have audited the financial statements of the Youngstown Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 28, 2000. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and standards set forth in the Audit Guide of Public Housing Agencies by Independent Public Accountants.

Compliance

As part of obtaining reasonable assurance about whether the Youngstown Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

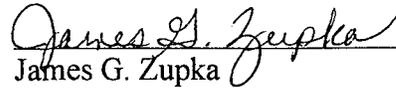
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Youngstown Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operating that we consider to be material weaknesses.

We noted certain matters involving the internal control structure and non-compliance over financial reporting that we have reported to the management of the Youngstown Metropolitan Housing Authority, Ohio, in a separate letter dated January 28, 2000.

This report is intended for the information and use of the audit committee, the members of the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 28, 2000



James G. Zupka
Certified Public Accountant

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

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5240 East 98th Street
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To Members of the Board
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Compliance

We have audited the compliance of the Youngstown Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Youngstown Metropolitan Housing Authority, Ohio's major federal programs identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Youngstown Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Youngstown Metropolitan Housing Authority, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996, Notice PIH 96-32. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Youngstown Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Youngstown Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the Youngstown Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

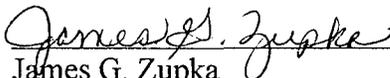
The management of the Youngstown Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered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

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

We noted other matters involving the internal control and non-compliance over financial reporting that we have reported to the management of the Authority in a separate letter dated January 28, 2000.

This report is intended for the information and use of the audit committee, the members of the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 28, 2000


James G. Zupka
Certified Public Accountant

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR AUDIT CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1999

The prior audit report, as of June 30, 1998, included no reportable citations or recommendations.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
ANALYSIS OF SURPLUS
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

	<u>Annual Contributions Contract</u>	
	<u>C-862</u>	<u>C-10007</u>
<u>Unreserved Surplus</u>		
Balance per Prior Audit at June 30, 1998:	\$ (87,645,413)	\$ (73,504,311)
Debit and Credit Adjustments during Year	(5,213)	(3,697,981)
Net Profit (Loss) for Year:		
PHA Owned Housing - Exhibit B-1	(4,287,936)	
Housing Assistance Payments Program -		
Exhibit B-2		(3,988,836)
Exhibit B-3		(11,989)
Exhibit B-4		(30,580)
Exhibit B-5		(163,785)
Exhibit B-6		(157,235)
Exhibit B-7		(943,519)
 (Provision for) Reduction of Reserves for Year ended June 30, 1999:		
PHA Owned Housing - Exhibit D-1	(166,892)	
Housing Assistance Payments Program -		
Exhibit D-2		(89,367)
Exhibit D-3		(3,024)
Exhibit D-4		(296)
Exhibit D-5		(3,559)
Exhibit D-6		(1,975)
Exhibit D-7		(33,634)
 (Provision for) Reduction of Project Account for Year Ended June 30, 1999:		
Housing Assistance Payments Program -		
Exhibit D-2		(570,380)
Exhibit D-3		12,267
Exhibit D-4		(30,876)
Exhibit D-5		(15,456)
Exhibit D-6		(8,813)
Exhibit D-7		(278,755)
 Balance at June 30, 1999	<u>(92,105,454)</u>	<u>(83,522,104)</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
ANALYSIS OF SURPLUS
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

	<u>Annual Contributions Contract</u>	
	<u>C-862</u>	<u>C-10007</u>
<u>Cumulative HUD Contributions</u>		
Balance per Prior Audit at June 30, 1998:	\$ 111,192,614	\$ 66,560,821
Reclassify HUD Guaranteed Debt to Contributed Capital	32,285,453	(102,205)
Annual Contributions for the Year Ended June 30, 1999:		
Housing Assistance Payments Program -		
Exhibit D-2		4,044,215
Exhibit D-3		12,267
Exhibit D-4		30,876
Exhibit D-5		167,344
Exhibit D-6		158,543
Exhibit D-7		966,967
Operating Subsidies for the Year ended June 30, 1999:		
PHA Owned Housing - Exhibit D-1	4,479,802	
Balance at June 30, 1999	<u>147,957,869</u>	<u>71,838,828</u>
<u>Cumulative HUD Grants</u>		
Balance per Prior Audit at June 30, 1998:	61,613,514	0
Adjustment to Prior Period	168,075	0
Cumulative HUD Grants:		
COMP Grant 704	266,340	0
COMP Grant 705	1,037,298	0
COMP Grant 706	494,045	0
COMP Grant 707	231,485	0
Drug Elimination	510,160	0
Development	291,057	0
Service Coordinator	26,266	0
Economic Development	71,484	0
Balance at June 30, 1999	<u>64,709,724</u>	<u>0</u>
Cumulative Donation at June 30, 1999	8,920	0
Other Surplus Adjustments	2,525,752	0
Contract Payments to HUD - Conveyed Projects June 30, 1999	(27,828)	0
TOTAL SURPLUS - EXHIBIT A	<u><u>\$ 124,749,781</u></u>	<u><u>\$ 1,032,803</u></u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 COMPUTATION OF RESIDUAL RECEIPTS AND
 ACCRUING ANNUAL CONTRIBUTIONS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-862

Project OH39-002-001/016

Computation of Residual Receipts

Operating Receipts

Operating Income - Exhibit B-1	\$ 1,371,107
HUD Operating Subsidy - Exhibit C-3	4,479,802

Total Operating Receipts	5,850,909
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Operating Expenditures

Operating Expenses - Exhibit B-1	5,627,220
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Capital Expenditures:

Replacement of Nonexpendable Equipment	22,403
Property Betterments and Additions	2,571
Prior Period Adjustment - Exhibit B-1	31,823

Total Operating Expenditures	5,684,017
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Residual Receipts (Deficit)	166,892
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Provision for (Reduction of) Operating Reserve - Exhibit C-1	166,892
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Residual Receipts (Deficit)	\$ 0
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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND PROJECT ACCOUNT-
 OPERATING RESERVE CHANGES
 HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8 - EXISTING
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-10007

Project OH12-E002-004-035

Maximum Contributions Available

Maximum Annual Contribution Authorized	\$ 4,614,595
Pro Rata Maximum Annual Contribution Applicable to a Period of Less than Twelve Months	0
Maximum Contribution for Period	4,614,595
Project Account Balance at Beginning of Year	3,021,609
Total Annual Contributions Available	<u>\$ 7,636,204</u>

Annual Contributions Required

Administrative Fee	460,160
Hard-to-House Fee	6,030
Housing Assistance Payments	3,596,058
Audit Costs	904
Total Funds Required	4,063,152
Project Receipts Other than Annual Contributions	18,938
Total Annual Contribution Required	<u>\$ 4,044,215</u>

Project Account Change

Provision for Project Account - Exhibit C-1	\$ 570,380
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Annual Contribution Earned - Lesser of Contributions Available
or Contribution Required - Exhibit C-3

\$ 4,044,215

Operating Reserve Changes

Operating Income	\$ 18,938
Interest on Operating Reserve Investment	33,988
Annual Contributions Earned	4,044,215
Total Operating Receipts	4,097,141

Operating Expenditures

Operating Expenses - Exhibit B-2	4,007,774
Prior Year Adjustments Affecting Residual Receipts	0
Total Operating Expenditures	4,007,774

Net Operating Receipts Available 89,367

Provision for (Reduction of) Operating Reserve - Exhibit C-1 89,367

Deficit Carry-Over \$ 0

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND PROJECT ACCOUNT -
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8 - MODERATE REHAB I
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH002-MR001

Maximum Contributions Available

Maximum Annual Contribution Authorized	\$ 0
Pro rata Maximum Annual Contribution Applicable to a Period of less than Twelve Months	0
Maximum Contribution for Period	0
Project Account Balance at Beginning of Year	1,619,707
Total Annual Contributions Available	<u>\$ 1,619,707</u>

Annual Contributions Required

Administrative Fee	\$ 2,109
Housing Assistance Payments	11,954
Audit Costs	4
Total Funds Required	<u>14,067</u>
Project Receipts Other Than Annual Contributions	(1,800)
Total Annual Contribution Required	<u>\$ 12,267</u>

Project Account Change

Provision for Project Account - Exhibit C-1	<u>\$ (12,267)</u>
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Annual Contribution Earned - Lesser of Contributions Available
or Contribution Required - Exhibit C-3

\$ 12,267

Operating Reserve Changes

Operating Income	1,800
Annual Contributions Earned	12,267
Interest Earned on Operating Reserve Investment	2,746
Total Operating Receipts	<u>16,813</u>

Operating Expenditures

Operating Expenses - Exhibit B-3	13,789
Prior Year Adjustments Affecting Residual Receipts	0
Total Operating Expenditures	<u>13,789</u>
Net Operating Receipts Available	<u>3,024</u>

Provision for (Reduction of) Operating Reserve -
Exhibit C-1

3,024

Deficit Carry-Over	<u>\$ 0</u>
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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND PROJECT ACCOUNT -
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8 - MODERATE REHAB II
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH002-MP002

Maximum Contributions Available

Maximum Annual Contribution Authorized	\$ 0
Pro Rata Maximum Annual Contribution Applicable to a Period of Less than Twelve Months	0
Maximum Contribution for Period	0
Project Account Balances at Beginning of Year	966,390
Total Annual Contributions Available	<u>\$ 966,390</u>

Annual Contributions Required

Administrative Fee	2,255
Housing Assistance Payments	28,617
Audit Costs	4
Total Funds Required	<u>30,876</u>
Project Receipts Other Than Annual Contributions	0
Total Annual Contribution Required	<u>\$ 30,876</u>

Project Account Change

Provision for Project Account - Exhibit C-1	<u>\$ 30,876</u>
Annual Contribution Earned - Lesser of Contributions Available or Contribution Required - Exhibit C-3	<u>\$ 30,876</u>

Operating Reserve Changes

Operating Income	\$ 0
Annual Contributions Earned	30,876
Interest Earned on Operating Reserve Investment	0
Total Operating Receipts	<u>30,876</u>

Operating Expenditures

Operating Expenses - Exhibit B-4	30,580
Prior Year Adjustments Affecting Residual Receipts	0
Total Operating Expenditures	<u>30,580</u>
Net Operating Receipts Available	<u>296</u>
Provision for (Reduction of) Operating Reserve - Exhibit C-1	296
Deficit Carry-Over	<u>\$ 0</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND PROJECT ACCOUNT -
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8 - MODERATE REHAB III
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH12-K002-003

Maximum Contributions Available

Maximum Annual Contribution Authorized	\$ 182,800
Pro rata Maximum Annual Contribution Applicable to a Period of less than Twelve Months	0
Maximum Contribution for Period	182,800
Project Account Balance at Beginning of Year	2,952
Total Annual Contributions Available	<u>\$ 185,752</u>

Annual Contributions Required

Administrative Fee	\$ 27,095
Housing Assistance Payments	140,196
Audit Costs	53
Total Funds Required	<u>167,344</u>
Project Receipts Other Than Annual Contributions	0
Total Annual Contribution Required	<u>\$ 167,344</u>

Project Account Change

Provision for Project Account - Exhibit C-1	<u>\$ 15,456</u>
Annual Contribution Earned - Lesser of Contributions Available or Contribution Required - Exhibit C-3	<u>\$ 167,344</u>

Operating Reserve Changes

Operating Income	\$ 0
Annual Contributions Earned	167,344
Interest Earned on Operating Reserve Investment	0
Total Operating Receipts	<u>167,344</u>
<u>Operating Expenditures</u>	
Operating Expenses - Exhibit B-5	163,785
Prior Year Adjustments Affecting Residual Receipts	0
Total Operating Expenditures	<u>163,785</u>
Net Operating Receipts Available	<u>3,559</u>
Provision for (Reduction of) Operating Reserve - Exhibit C-1	3,559
Deficit Carry-Over	<u>\$ 0</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND PROJECT ACCOUNT-
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8 - NEW CONSTRUCTION
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH16-0013-022

Maximum Contributions Available

Maximum Annual Contribution Authorized	\$ 167,356
Pro Rata Maximum Annual Contribution Applicable to a Period of Less than Twelve Months	0
Maximum Contribution for Period	167,356
Project Account Balance at Beginning of Year	120,880
Total Annual Contributions Available	\$ 288,236

Annual Contributions Required

Administrative Fee	\$ 9,959
Housing Assistance Payments	148,613
Audit Costs	20
Total Funds Required	158,592
Project Receipts Other than Annual Contributions - Exhibit B-6	49
Total Annual Contribution Required	\$ 158,543

Project Account Change

Provision for Project Account - Exhibit C-1	\$ 8,813
Annual Contribution Earned - Lesser of Contributions Available Or Contribution Required - Exhibit C-3	\$ 158,543

Operating Reserve Changes

Operating Income - Exhibit B-6	\$ 49
Annual Contributions Earned	158,543
Interest Earned on Operating Reserve Investment	667
Total Operating Receipts	159,259
<u>Operating Expenditures</u>	
Operating Expenses - Exhibit B-6	157,284
Prior Year Adjustments Affecting Residual Receipts	0
Total Operating Expenditures	157,284
Net Operating Receipts Available	1,975
Provision for (Reduction of) Operating Reserve - Exhibit C-1	1,975
Deficit Carry-Over	\$ 0

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND PROJECT ACCOUNT-
OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8 - RENTAL VOUCHERS
FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-1007

Project OH002-Voucher

Maximum Contributions Available

Maximum Annual Contribution Authorized	\$ 1,245,722
Pro Rata Maximum Annual Contribution Applicable to a Period of Less than Twelve Months	0
Maximum Contribution for Period	1,245,722
Project Account Balance at Beginning of Year	5,339,186
Total Annual Contributions Available	<u>\$ 6,584,908</u>

Annual Contributions Required

Administrative Fee	\$ 140,483
Hard-to-House Fee	4,995
Housing Assistance Payments	823,010
Audit Costs	276
Total Funds Required	<u>968,764</u>
Project Receipts Other than Annual Contributions	1,797
Total Annual Contribution Required	<u>\$ 966,967</u>

Project Account Change

Provision for Project Account - Exhibit C-1	<u>\$ 278,755</u>
Annual Contribution Earned - Lesser of Contributions Available Or Contribution Required - Exhibit C-3	<u>\$ 966,967</u>

Operating Reserve Changes

Operating Income	\$ 1,797
Annual Contributions Earned	966,967
Interest Earned on Operating Reserve Investment	10,186
Total Operating Receipts	<u>978,950</u>

Operating Expenditures

Operating Expenses - Exhibit B-7	945,316
Prior Year Adjustments Affecting Residual Receipts	0
Total Operating Expenditures	<u>945,316</u>
Net Operating Receipts Available	<u>33,634</u>
Provision for (Reduction of) Operating Reserve - Exhibit C-1	33,634
Deficit Carry-Over	<u>\$ 0</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF MODERNIZATION COSTS UNCOMPLETED
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1999

Annual Contributions Contract C-862

<u>Project OH</u>	<u>Comp Grant OH12P002705</u>	<u>Comp Grant OH12P002706</u>	<u>Comp Grant OH12P002707</u>
Funds Approved	\$ 3,529,374	\$ 3,506,685	\$ 3,810,347
Funds Expended	2,002,454	1,304,085	301,448
Excess (Deficiency) of Funds Approved	<u>\$ 1,526,920</u>	<u>\$ 2,202,600</u>	<u>\$ 3,508,899</u>
Funds Advanced	\$ 2,002,454	\$ 1,304,085	\$ 301,448
Funds Expended	2,002,454	1,304,085	301,448
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 YOUNGSTOWN, OHIO
 STATEMENT OF MODERNIZATION COSTS - COMPLETED
 TWELVE MONTHS ENDED JUNE 30, 1999

1. The total amount of modernization costs of the comprehensive grant is shown below:

Annual Contributions Contract C-862

<u>Project OH</u>	<u>OH12P002704</u>
Funds Approved	\$ 4,143,755
Funds Expended	4,143,755
	<hr/>
Excess (Deficiency) of Funds Approved	\$ 0
	<hr/> <hr/>
Funds Advanced	\$ 4,143,755
Funds Expended	4,134,755
	<hr/>
Excess (Deficiency) of Funds Advanced	\$ 0
	<hr/> <hr/>

2. All modernization work in connection with the comprehensive grant has been completed.
3. The entire actual modernization cost or liabilities incurred by the PHA have been fully paid.
4. There are no undischarged mechanics, laborers, contractors, or material-men's liens against such modernization work or file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed expired.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
TWELVE MONTHS ENDED JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

1999(i)	Type of Financial Statement Opinion	Unqualified
1999(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
1999(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
1999(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
1999(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
1999(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
1999(v)	Type of Major Programs' Compliance Opinion	Unqualified
1999(vi)	Are there any reportable findings under &.510?	No
1999(vii)	Major Programs (list):	1. Public Housing 2. Comprehensive Grants 3. Section 8 Cluster
1999(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$383,644 Type B:>all others
1999(ix)	Low Risk Auditee?	Yes

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
YOUNGSTOWN, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
TWELVE MONTHS ENDED JUNE 30, 1999

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.

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS**

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO Single Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal year ending date for this submission Month Day Year 06 / 30 / 99		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other - _____ Months 2 <input type="checkbox"/> Biennial		FEDERAL GOVERNMENT USE ONLY	4. Date received by Federal clearinghouse
5. Employer Identification Number (EIN) a. Auditee EIN: 3 4 6 0 0 3 1 9 8 b. Are multiple EINs covered in this report? 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No			

6. AUDITEE INFORMATION

a. Auditee name Youngstown Metropolitan Housing Authority
b. Auditee address (Number and street) 131 West Boardman Street City Youngstown State ZIP Code Ohio 44503
c. Auditee contact Name Rudy Vazmina Title Executive Director
d. Auditee contact telephone (330) 744 - 2161
e. Auditee contact FAX (Optional) (330) 742 - 4826
f. Auditee contact E-mail (Optional)

7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name James G. Zupka, CPA, Inc.
b. Auditor address (Number and street) 5240 East 98th Street City Garfield Heights State ZIP Code Ohio 44125
c. Auditor contact Name Jim Zupka Title President
d. Auditor contact telephone (216) 475 - 6136
e. Auditor contact FAX (Optional) (216) 475 - 1006
f. Auditor contact E-mail (Optional)

g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Signature of certifying official _____ Date Month Day Year 3 / 22 / 00
Name/Title of certifying official
Rudy Vazmina, Executive Director

g. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of auditor _____ Date Month Day Year 3 / 22 / 00
James G. Zupka

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

1 Cognizant agency 2 Oversight agency

9. Name of Federal cognizant or oversight agency for audit (Mark (X) one box)

01 <input type="checkbox"/> African Development Foundation	83 <input type="checkbox"/> Federal Emergency Management Agency	16 <input type="checkbox"/> Justice	08 <input type="checkbox"/> Peace Corps
02 <input type="checkbox"/> Agency for International Development	34 <input type="checkbox"/> Federal Mediation and Conciliation Service	17 <input type="checkbox"/> Labor	59 <input type="checkbox"/> Small Business Administration
10 <input type="checkbox"/> Agriculture	39 <input type="checkbox"/> General Services Administration	43 <input type="checkbox"/> National Aeronautics and Space Administration	96 <input type="checkbox"/> Social Security Administration
11 <input type="checkbox"/> Commerce	93 <input type="checkbox"/> Health and Human Services	89 <input type="checkbox"/> National Archives and Records Administration	19 <input type="checkbox"/> State
94 <input type="checkbox"/> Corporation for National and Community Service	14 <input checked="" type="checkbox"/> Housing and Urban Development	05 <input type="checkbox"/> National Endowment for the Arts	20 <input type="checkbox"/> Transportation
12 <input type="checkbox"/> Defense	03 <input type="checkbox"/> Institute for Museum Services	06 <input type="checkbox"/> National Endowment for the Humanities	21 <input type="checkbox"/> Treasury
84 <input type="checkbox"/> Education	04 <input type="checkbox"/> Inter-American Foundation	06 <input type="checkbox"/> National Endowment for the Humanities	82 <input type="checkbox"/> United States Information Agency
81 <input type="checkbox"/> Energy	15 <input type="checkbox"/> Interior	47 <input type="checkbox"/> National Science Foundation	64 <input type="checkbox"/> Veterans Affairs
66 <input type="checkbox"/> Environmental Protection Agency		07 <input type="checkbox"/> Office of National Drug Control Policy	<input type="checkbox"/> Other - Specify:

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)

1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance

1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs § .520(b)?

\$ 383,644

3. Did the auditee qualify as a low-risk auditee (§ .530)?

1 Yes 2 No

4. Are there any audit findings required to be reported under § .510(a)?

1 Yes 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

01 <input type="checkbox"/> African Development Foundation	83 <input type="checkbox"/> Federal Emergency Management Agency	16 <input type="checkbox"/> Justice	08 <input type="checkbox"/> Peace Corps
02 <input type="checkbox"/> Agency for International Development	34 <input type="checkbox"/> Federal Mediation and Conciliation Service	17 <input type="checkbox"/> Labor	59 <input type="checkbox"/> Small Business Administration
10 <input type="checkbox"/> Agriculture	39 <input type="checkbox"/> General Services Administration	43 <input type="checkbox"/> National Aeronautics and Space Administration	96 <input type="checkbox"/> Social Security Administration
11 <input type="checkbox"/> Commerce	93 <input type="checkbox"/> Health and Human Services	89 <input type="checkbox"/> National Archives and Records Administration	19 <input type="checkbox"/> State
94 <input type="checkbox"/> Corporation for National and Community Service	14 <input type="checkbox"/> Housing and Urban Development	05 <input type="checkbox"/> National Endowment for the Arts	20 <input type="checkbox"/> Transportation
12 <input type="checkbox"/> Defense	03 <input type="checkbox"/> Institute for Museum Services	06 <input type="checkbox"/> National Endowment for the Humanities	21 <input type="checkbox"/> Treasury
84 <input type="checkbox"/> Education	04 <input type="checkbox"/> Inter-American Foundation	06 <input type="checkbox"/> National Endowment for the Humanities	82 <input type="checkbox"/> United States Information Agency
81 <input type="checkbox"/> Energy	15 <input type="checkbox"/> Interior	47 <input type="checkbox"/> National Science Foundation	64 <input type="checkbox"/> Veterans Affairs
66 <input type="checkbox"/> Environmental Protection Agency		07 <input type="checkbox"/> Office of National Drug Control Policy	00 <input checked="" type="checkbox"/> None
			<input type="checkbox"/> Other - Specify:

PART III FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR		7. AUDIT FINDINGS AND QUESTIONED COSTS					
CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
14.850	Occupancy - Operating Subsidies	\$ 4,479,802	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.850	Occupancy - MRDP	\$ 220,787	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.850	Occupancy - Development 2-20	\$ 57,363	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.850	Occupancy - Development 2-22	\$ 12,907	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.856	Section 8 - Modern Rehab I	\$ 12,267	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.856	Section 8 - Modern Rehab II	\$ 30,876	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.856	Section 8 - Modern Rehab III	\$ 167,344	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.855	Section 8 - Voucher	\$ 966,967	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.182	Section 8 - New Construction	\$ 158,543	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.857	Section 8 - Rental Certificates	\$ 4,044,215	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
TOTAL FEDERAL AWARDS EXPENDED		\$					

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

¹ Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.
² Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)
 A. Activities allowed or unallowed
 B. Allowable costs/cost principles
 C. Cash management
 D. Davis-Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching level of effort, earmarking
 H. Period of availability of funds
 I. Procurement
 J. Program income
 K. Real property acquisition and relocation assistance
 L. Reporting
 M. Subrecipient monitoring
 N. Special tests and provisions
 O. None
³ Type of internal control findings. (Mark (X) all that apply)
 A. Material weaknesses
 B. Reportable conditions
 C. None reported

PART III FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR		7. AUDIT FINDINGS AND QUESTIONED COSTS					
CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
14.859	Modernization CGP 704	\$ 266,340	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.859	Modernization CGP 705	\$ 1,037,298	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.859	Modernization CGP 706	\$ 494,045	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.859	Modernization CGP 707	\$ 231,485	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.854	PHDEP - Drug Elimination	\$ 510,160	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.861	Service Coordinator	\$ 26,266	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.863	Economic Development	\$ 71,484	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	\$ 0	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
TOTAL FEDERAL AWARDS EXPENDED →		\$ 12,788,149					

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

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 A. Activities allowed or unallowed
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 C. Cash management
 D. Davis - Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching, level of effort, earmarking
 H. Period of availability of funds
 I. Procurement
 J. Program income
 K. Real property acquisition and relocation assistance
 L. Reporting
 M. Subrecipient monitoring
 N. Special tests and provisions
 O. None

³ Type of internal control findings (Mark (X) all that apply)
 A. Material weaknesses
 B. Reportable conditions
 C. None reported



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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.

By: Susan Babbitt

Date: MAY 2, 2000