

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2004**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Youngstown Metropolitan Housing Authority, Mahoning County, prepared by James G. Zupka, C.P.A., Inc., for the audit period July 1, 2003 through June 30, 2004. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

February 11, 2005

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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2004

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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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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Youngstown Metropolitan Housing Authority  
Youngstown, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Youngstown Metropolitan Housing Authority, as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Youngstown Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the Youngstown Metropolitan Housing Authority, as of June 30, 2004, and the changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2004 on our consideration of Youngstown Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken a whole. The supplementary Financial Data Schedule is presented for purposes of additional analysis and are not a required part of the financial statements of the Youngstown Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The accompanying Statement of Modernization/Development Cost - Completed 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 basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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

November 12, 2004



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2004**  
**(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, 2004. 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 \$54,838,725 (net assets), a decrease of 4.0 percent.
- At the close of the current fiscal year, the Authority's unrestricted net assets had a balance of \$1,753,279, a decrease of 41.8 percent.
- The Authority's cash balance at June 30, 2004 was \$2,670,854, representing a decrease of \$372,795, or 12.2 percent, from June 30, 2003.
- The Authority had total revenue of \$22,313,366 and total expenditures of \$24,608,207 for the year ended June 30, 2004, decreasing net assets by \$2,294,841 for the year.
- The Authority's capital outlays for the year were \$3,574,269.

**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 Assets

Statement of Revenues, Expenses, and Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2004**  
**(Unaudited)**

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

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

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

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

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

Low-Income Public Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

Comprehensive Grant Program (CGP) - The Conventional Public Housing Program also included the CGP, which was the primary funding source for physical and management improvements to the Authority's properties. CGP funding was based on a formula allocation that took into consideration the size and age of the Authority's housing stock. The Capital Fund Program replaced this program in federal fiscal year 2000.

Capital Fund Program (CFP) - This is the current primary funding source 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.

Development - These funds are for major improvements or construction of new properties. Housing authorities apply for these funds and HUD competitively scores the applications and awards the grants to the highest ranked applicants.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2004**  
**(Unaudited)**

These financial statements report on the functions of the Authority that are 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.

**Notes to the Financial Statements**

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 13 through 27 of this report.

**SUPPLEMENTARY INFORMATION**

**Financial Analysis of the Authority**

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

**Table 1 - Statement of Net Assets**

	2004 (thousands)	2003 (thousands)
<b><u>Assets</u></b>		
Current and Other Assets	\$ 3,812	\$ 5,274
Capital Assets, Net	<u>54,638</u>	<u>55,982</u>
<b>Total Assets</b>	<b><u>\$ 58,450</u></b>	<b><u>\$ 61,256</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities	\$ 1,796	\$ 1,833
NonCurrent Liabilities	<u>1,816</u>	<u>2,243</u>
Total Liabilities	<u>3,612</u>	<u>4,076</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	\$ 53,085	\$ 54,166
Unrestricted Net Assets	<u>1,753</u>	<u>3,014</u>
Total Net Assets	<u>54,838</u>	<u>57,180</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 58,450</u></b>	<b><u>\$ 61,256</u></b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2004**  
**(Unaudited)**

During 2004, total assets decreased by \$2,806,086 due largely to a \$1,089,887 decrease in the receivable from HUD because of a significant year end settlement due the Authority in 2003, and a \$1,343,668 decrease in capital assets due to a change in depreciating capital assets in open grants. The decrease in net assets is due to the operating loss for the year including the increased depreciation.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$54,838,725 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net assets (97 percent) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

**Statement of Revenues, Expenses, and Changes in Net Assets**

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

	2004 (thousands)	2003 (thousands)
<b><u>Revenues</u></b>		
Intergovernmental Revenue	\$ 20,433	\$ 22,836
Program Revenue	1,428	1,521
Other Revenue	452	643
<b>Total Revenues</b>	<b>22,313</b>	<b>25,000</b>
<b><u>Expenditures</u></b>		
Operating Expenses	10,171	9,173
Depreciation Expense	4,229	3,274
Housing Assistance Payments	10,201	9,267
Other Expenditures	7	46
<b>Total Expenditures</b>	<b>24,608</b>	<b>21,760</b>
Net Increase	<b>\$ (2,295)</b>	<b>\$ 3,240</b>

Intergovernmental or grant revenue decreased \$2,403,260 over the prior year primarily due to a \$2,251,136 decrease in capital grant funding and the expiration of the comp grant program. On the expenditure side two items of note are the \$943,087 increase in HAP expenditures, offset by increased revenue, and the \$974,673 increase in operating expenditures, which is due to a \$237,112 increase in employee benefit costs and a \$539,465 increase in general expenses.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2004**  
**(Unaudited)**

The net assets of the Authority decreased by \$2,294,841 during the current fiscal year. The Authority's revenues are largely governmental revenues received from cost reimbursement grants. The Authority draws down monies from the grants' awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences. The Authority's governmental revenues and charges for services were sufficient to cover all expenses incurred during the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2004, the Authority's investment in capital assets for its business-type activities was \$54,638,417 (net of accumulated depreciation) as reflected in the following schedule.

**Table 3 - Capital Assets**

	<u>2004</u>	<u>2003</u>
Land	\$ 3,522,048	\$ 2,242,766
Buildings	120,889,387	122,415,183
Equipment - Administrative	997,487	947,440
Equipment - Dwellings	270,497	681,302
Leasehold Improvements	472,242	253,147
Accumulated Depreciation	<u>(71,513,244)</u>	<u>(70,557,753)</u>
Total	<u>\$54,638,417</u>	<u>\$55,982,085</u>

**Capital Assets and Debt Administration**

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

- Capital expenditures of \$1,278,668 to purchase the parking lot immediately behind Amedia Plaza.
- Removing from the books \$3,267,327 of fully depreciated capital assets at Kimmelbrook that were torn down and replaced through an MROP grant.

Additional information on the Authority's capital assets can be found in Note 4 on pages 20 and 21 of this report.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2004**  
**(Unaudited)**

**LONG-TERM DEBT**

As of June 30, 2004, the Authority had \$1,952,971 of long-term debt, a reduction of \$463,500, or 19.2 percent, over the prior year. Long-term debt consists of a ten-year note payable with an outstanding balance of \$1,185,571, bearing interest at 4.85 percent. The proceeds of the note were used to increase energy efficiency of the Authority's buildings. In 2002 the Authority entered into a settlement agreement on a number of lead-based paint lawsuits, whereas the Authority settled with the claimants in the amount of \$900,000 over five years, there remains \$400,000 payable on this liability. Additionally, there is \$367,400 remaining on a 30-year mortgage of the Authority's Lowellville property. The mortgage bears interest at 7.52 percent.

**Table 4 - Outstanding Debt at Year End**

	2004	2003
Energy Efficiency Note	\$ 1,185,571	\$ 1,379,312
Lead-Based Paint Settlement	400,000	600,000
Mortgage Payable - Component Unit	367,400	437,159
Total	<u>\$ 1,952,971</u>	<u>\$ 2,416,471</u>

Additional information on the Authority's long-term debt can be found in Note 7 on page 24 of this report.

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

The following factors were considered in preparing the Authority's budget for the 2005 fiscal year:

- The most significant change to the Authority's budget for the 2005 fiscal year was implementation of an energy performance contract with Siemens Building Technologies. A primary feature was to change to Authority versus tenant paid utilities. In order to implement this feature, utility payments will be paid directly to the utility companies; and the Authority will no longer include utility allowances in its rent calculations. The utility related changes also resulted in a number of significant changes to the Authority's projected operating budget. The "elimination" of the utility subsidy resulted in our projected rental income increasing by approximately \$1,000,000 with a corresponding loss in operating subsidy. Conversely, the Authority utility costs are expected to increase with a corresponding increase in subsidy. In order to initiate the energy performance contract, the Authority borrowed \$2,722,385 payable over 12 years at 5.16%.
- HUD is currently projecting to fund only 98.1 percent of the current operating subsidy. This will reduce the Authority's operating subsidy by \$107,682.
- The Authority's operating expenditures do not show any significant increases other than expected inflationary increases.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2004**  
**(Unaudited)**

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**Future Events that will Financially Impact the Authority**

Approximately 92 percent of the Authority's revenues come from governmental grants. When an entity is that dependent on one source of revenue, there is always risk that should that funding change due to unforeseen circumstances, the Authority would be facing a financial uncertainty.

**Contacting the Authority's Financial Management**

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

Respectfully submitted,

Eugenia Atkinson  
Executive Director

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT  
JUNE 30, 2004

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total Reporting Entity</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 924,295	\$ 1,156,920	\$ 2,081,215
Receivables, Net	919,614	115	919,729
Prepaid Expenses and Other Assets	120,851	0	120,851
Due from Primary Government	<u>0</u>	<u>100,771</u>	<u>100,771</u>
Total Current Assets	<u>1,964,760</u>	<u>1,257,806</u>	<u>3,222,566</u>
<b><u>Noncurrent Assets</u></b>			
Restricted Cash and Cash Equivalents	394,384	195,255	589,639
Capital Assets:			
Nondepreciable Capital Assets	3,434,048	88,000	3,522,048
Depreciable Capital Assets, Net	<u>50,636,456</u>	<u>479,913</u>	<u>51,116,369</u>
Capital Assets, Net	<u>54,070,504</u>	<u>567,913</u>	<u>54,638,417</u>
Total Noncurrent Assets	<u>54,464,888</u>	<u>763,168</u>	<u>55,228,056</u>
<b>TOTAL ASSETS</b>	<u>\$ 56,429,648</u>	<u>\$ 2,020,974</u>	<u>\$58,450,622</u>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable	\$ 355,947	\$ 737	\$ 356,684
Accrued Liabilities	350,791	5,797	356,588
Accrued Compensated Absences	183,634	0	183,634
Intergovernmental Payables	177,919	0	177,919
Tenant Security Deposits	133,063	7,055	140,118
Deferred Revenue	1,746	0	1,746
Bonds, Notes, and Claims Payable	403,311	75,163	478,474
Due to Component Unit	<u>100,771</u>	<u>0</u>	<u>100,771</u>
Total Current Liabilities	<u>1,707,182</u>	<u>88,752</u>	<u>1,795,934</u>
<b><u>Noncurrent Liabilities</u></b>			
Bonds, Notes, and Claims Payable	1,182,260	292,237	1,474,497
Other NonCurrent Liabilities	140,668	0	140,668
Accrued Compensated Absences	<u>197,422</u>	<u>3,376</u>	<u>200,798</u>
Total Noncurrent Liabilities	<u>1,520,350</u>	<u>295,613</u>	<u>1,815,963</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,227,532</u>	<u>\$ 384,365</u>	<u>\$ 3,611,897</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	\$ 52,884,933	\$ 200,513	\$ 53,085,446
Unrestricted Net Assets	<u>317,183</u>	<u>1,436,096</u>	<u>1,753,279</u>
<b>Total Net Assets</b>	<u>\$ 53,202,116</u>	<u>\$ 1,636,609</u>	<u>\$ 54,838,725</u>

See accompanying notes to the basic financial statements



YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Totals Reporting Entity</u>
<b><u>Operating Revenues</u></b>			
Tenant Revenue	\$ 1,324,650	\$ 103,849	\$ 1,428,499
Government Operating Grants	17,563,862	163,527	17,727,389
Other Revenue	407,102	2,103	409,205
<b>Total Operating Revenues</b>	<u>19,295,614</u>	<u>269,479</u>	<u>19,565,093</u>
<b><u>Operating Expenses</u></b>			
Administrative	4,611,498	29,206	4,640,704
Tenant Services	346,873	250	347,123
Utilities	1,469,409	47,151	1,516,560
Maintenance	2,829,168	85,830	2,914,998
General	657,251	2,491	659,742
Housing Assistance Payment	10,201,231	0	10,201,231
Other Operating Expenses	6,255	646	6,901
Depreciation	4,195,084	33,833	4,228,917
<b>Total Operating Expenses</b>	<u>24,316,769</u>	<u>199,407</u>	<u>24,516,176</u>
Operating Income (Loss)	<u>(5,021,155)</u>	<u>70,072</u>	<u>(4,951,083)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>			
Interest and Investment Revenue	27,750	14,974	42,724
Interest Expense	(61,842)	(30,189)	(92,031)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(34,092)</u>	<u>(15,215)</u>	<u>(49,307)</u>
Income (Loss) Before Contributions and other Revenue	(5,055,247)	54,857	(5,000,390)
Capital Grants	<u>2,705,549</u>	<u>0</u>	<u>2,705,549</u>
Change in Net Assets	<u>(2,349,698)</u>	<u>54,857</u>	<u>(2,294,841)</u>
Total Net Assets, Beginning of Year	55,598,182	1,581,752	57,179,934
Prior Period Adjustments	(46,368)	0	(46,368)
Total Net Assets, Beginning of Year, Restated	<u>55,551,814</u>	<u>1,581,752</u>	<u>57,133,566</u>
<b>Net Assets, End of Year</b>	<u>\$ 53,202,116</u>	<u>\$ 1,636,609</u>	<u>\$ 54,838,725</u>

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT  
 FOR THE YEAR ENDED JUNE 30, 2004

	Primary Government's Proprietary Funds	Component Unit- Lowellville	Totals Memorandum (Only) Reporting Entity
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash Received from HUD/Other Governments	\$ 18,640,096	\$ 163,527	\$ 18,803,623
Cash Received From Tenants	1,348,156	105,620	1,453,776
Cash Received Other	241,926	70,591	312,517
Cash Payments for Housing Assistance Payments	(10,201,231)	0	(10,201,231)
Cash Payments for Administrative	(4,438,424)	(26,972)	(4,465,396)
Cash Payments for Other Operating Expenses	(1,953,950)	(53,905)	(2,007,855)
Cash Payments for Maintenance	(2,800,874)	(85,830)	(2,886,704)
<b>Net Cash (Used) by Operating Activities</b>	<b><u>835,699</u></b>	<b><u>173,031</u></b>	<b><u>1,008,730</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Principal Payments on Debt	(393,741)	(69,759)	(463,500)
Acquisition of Capital Assets	(3,574,269)	0	(3,574,269)
Capital Grants Received	2,705,549	0	2,705,549
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<b><u>(1,262,461)</u></b>	<b><u>(69,759)</u></b>	<b><u>(1,332,220)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Investment Income	27,750	14,974	42,724
Interest Expense	(61,842)	(30,189)	(92,031)
<b>Net Cash Provided by Investing Activities</b>	<b><u>(34,092)</u></b>	<b><u>(15,215)</u></b>	<b><u>(49,307)</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	(460,854)	88,057	(372,797)
Cash and Cash Equivalents, Beginning	1,779,533	1,264,118	3,043,651
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 1,318,679</u></b>	<b><u>\$ 1,352,175</u></b>	<b><u>\$ 2,670,854</u></b>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</u></b>			
Net Operating Income (Loss)	\$ (5,021,155)	\$ 70,072	\$ (4,951,083)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation	4,195,084	33,833	4,228,917
Capital Assets Expensed	642,652	0	642,652
(Increase) Decrease in:			
Receivables, Net	1,010,732	2,776	1,013,508
Due from Primary Government	0	68,488	68,488
Prepaid Expenses and Other Assets	7,625	0	7,625
Increase (Decrease) in:			
Accounts Payable	(124,439)	(3,367)	(127,806)
Intergovernmental Payables	(13,652)	0	(13,652)
Accrued Wages/Payroll Taxes	174,385	1,744	176,129
Tenant Security Deposits	5,972	(1,005)	4,967
Deferred Revenue	(1,311)	0	(1,311)
Due to Component Unit	(68,488)	0	(68,488)
Other Non-Current Liabilities	28,294	490	28,784
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ 835,699</u></b>	<b><u>\$ 173,031</u></b>	<b><u>\$ 1,008,730</u></b>

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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 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 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, there is a limit to 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 percent of his/her adjusted gross income towards rent and utilities.

**B. Summary of Significant Accounting Policies**

The financial statements of the Youngstown Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the statement include the following:

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

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

**B. Summary of Significant Accounting Policies** (Continued)

The financial statements include a Management Discussion and Analysis (MD&A) section that provides analysis of the Authority's overall financial position and results of operations.

These and other changes are reflected in the accompanying financial statements, including notes to the financial statements. The Authority had elected to implement the provisions of GASB Statement No. 34 in the prior year.

**C. Reporting Entity**

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

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.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 200  
(CONTINUED)

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

C. **Reporting Entity** (Continued)

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.

Based on the criteria established by GASB Codification 2100, there is one component unit to be included with the reporting entity. The Lowellville Apartments is an elderly high-rise apartment complex in the City of Lowellville that is managed by the Authority. Youngstown Metropolitan Housing Authority Board members also serve on the Board of Directors of Lowellville Apartments. The Authority is responsible for the Lowellville mortgage payable and receives the rental income and HUD subsidies and pays the bills of Lowellville. The financial statements for Lowellville are included in the audit of the Authority's financial statements.

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 YEAR ENDED JUNE 30, 2004  
(CONTINUED)

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

E. **Proprietary Fund Types**

Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

F. **Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

G. **Interprogram Balances**

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

H. **Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value and consist of Certificate of Deposits which are classified as cash in the financial statements. Interest income earned in fiscal year 2004 totaled \$27,750 for the primary component and \$14,974 for the component unit.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

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

I. **Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority capitalizes all assets with a cost of \$1,000 or more. See Note 4 for useful lives for depreciation purposes.

J. **Cash and Cash Equivalents**

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

K. **Compensated Absences**

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

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

L. **Budgetary Accounting**

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

M. **Estimates**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

***Legal and Other Requirements*** - The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's written investment policy. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, the State Treasurer's investment pool (STAROhio), and obligations of certain political subdivisions of Ohio and the United States government and its agencies. These investments must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.



YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

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

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

**Deposits**

- 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 as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

The carrying amount of Youngstown Metropolitan Housing Authority's deposits was \$1,318,679 plus \$1,352,175 for component unit for a total of \$2,670,854. The corresponding bank balances were \$1,413,349 for the primary government and \$1,352,172 for the component unit for a total of \$2,765,521.

The amount of \$100,000 was covered by federal depository insurance in Sky Bank and the remaining deposits were covered by collateralization held by the bank in the Authority's name as required by HUD and are Category 1 deposits.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

NOTE 3: **INSURANCE COVERAGE**

The Youngstown Metropolitan Housing 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 four Ohio housing authorities, of which YMHA is one. Deductibles and coverage limits are summarized below:

	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 2,500	\$ 50,000,000 (per location)
General Liability	0	5,000,000
Automobile	250	5,000,000
Law Enforcement	0	5,000,000
Public Officials	1,000	5,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. YMHA is also fully insured through a premium payment plan with Medical Mutual of Ohio for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 4: **CAPITAL ASSETS**

The following is a summary of fixed assets held by the Reporting Entity:

Land	\$ 3,522,048
Buildings	120,889,387
Furniture and Equipment - Dwellings	270,497
Furniture and Equipment - Administrative	997,487
Leasehold Improvements	<u>472,242</u>
	126,151,661
Accumulated Depreciation	<u>(71,513,244)</u>
Net Fixed Assets - Reporting Entity	<u>\$ 54,638,417</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

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

The Authority capitalizes all assets with a cost of \$1,000 or more. 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 Authority uses the straight line method of depreciation.

The following is a summary of changes in fixed assets:

	Balance at June 30, 2003	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2004
<i><u>Capital Assets Not Being Depreciated</u></i>				
Primary Government	\$ 2,154,766	\$ 1,279,282	\$ 0	\$ 3,434,048
Component Unit	<u>88,000</u>	<u>0</u>	<u>0</u>	<u>88,000</u>
<i>Total Capital Assets Not Being Depreciated</i>	<u>\$ 2,242,766</u>	<u>\$ 1,279,282</u>	<u>\$ 0</u>	<u>\$ 3,522,048</u>
<i><u>Capital Assets Being Depreciated</u></i>				
Buildings	\$121,161,418	\$ 1,741,531	\$3,267,327	\$119,635,622
Furniture and Equipment				
Dwellings	681,302	0	410,805	270,497
Administrative	926,076	334,361	284,314	976,123
Leasehold Improvements	<u>253,147</u>	<u>219,095</u>	<u>0</u>	<u>472,242</u>
<i>Total Capital Assets Being Depreciated</i>				
Primary Government	<u>123,021,943</u>	<u>2,294,987</u>	<u>3,962,446</u>	<u>121,354,484</u>
Less Accumulated Depreciation				<u>(70,718,028)</u>
<i>Total Capital Assets Being Depreciated, Net</i>				
- Primary Government				50,636,456
- Component Unit				<u>479,913</u>
<b>Total</b>				<u>51,116,369</u>
<b>Total Capital Assets Net</b>				<u>\$ 54,638,417</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

NOTE 5: **PENSION PLAN**

**Ohio Public Employees Retirement System**

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

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

For the fiscal year ended June 30, 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries which is being paid by the Authority on behalf of the members. The Authority's contribution rate for pension benefits for 2004 was 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional plan for the years ended June 30, 2004, 2003, and 2002 were \$294,796, \$249,647, and \$232,640 respectively; 100 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the combined and member-directed plan for 2004 were \$5,704 made by the Authority and \$3,578 made by the plan members.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

NOTE 6: **POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provided post-retirement health care coverage to age and service retirees with ten and more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$172,393. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care plan. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (CONTINUED)

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

**Ohio Public Employees Retirement System** (Continued)

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considering extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

NOTE 7: **LONG-TERM DEBT**

Long-term debt for Low Rent Public Housing consists of a ten-year 1999 note payable to Citicorp. The proceeds of \$2,052,658 were used to improve the energy efficiency of the Authority's buildings. In 2002, the Authority entered into a settlement agreement on a number of lead-based paint lawsuits, whereas the Authority settled with the claimants in the amount of \$900,000 over five years. There remains \$400,000 payable on this liability. The note is secured by the equipment purchased and bears interest at 4.85 percent. The note and settlement agreement matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004-2005	\$ 403,311	\$ 53,840	\$ 457,151
2005-2006	313,353	43,798	357,151
2006-2007	323,890	33,261	357,151
2007-2008	234,948	22,203	257,151
2008-2009	246,551	10,599	257,151
2009-2010	63,518	770	64,288
	<u>\$ 1,585,571</u>	<u>\$ 164,471</u>	<u>\$ 1,750,042</u>

Long-term debt for the component unit of Lowellville consists of a 30 year mortgage entered into in 1978 for \$1,191,617 which bears interest at 7.52 percent and is secured by the building. The mortgage matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004-2005	\$ 75,163	\$ 24,785	\$ 99,948
2005-2006	80,985	18,963	99,948
2006-2007	87,258	12,690	99,948
2007-2008	94,017	5,931	99,948
2008-2009	29,977	544	30,521
	<u>\$ 367,400</u>	<u>\$ 62,913</u>	<u>\$ 430,313</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (CONTINUED)

NOTE 8: **DISCRETELY PRESENTED COMPONENT UNIT**

**Organization (Lowellville Apartment Complex)**

The Lowellville Apartments, a component unit of the Youngstown Metropolitan Housing Authority (YMHA) is an elderly high-rise apartment complex in the City of Lowellville. It is managed by YMHA. YMHA Board members also serve on the Board of Directors of Lowellville Apartments. YMHA is responsible for the Lowellville mortgage payable. YMHA receives the rental income and HUD subsidies and pays the bills of Lowellville.

NOTE 9: **COMPENSATED ABSENCES**

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

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

Management		Maintenance	
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

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

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

The estimated liability for compensated absences is detailed as follows:

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

NOTE 9: **COMPENSATED ABSENCES** (Continued)

	Current Accrued Compensated <u>Absences</u>	Long-Term Accrued Compensated <u>Absences</u>	Total Accrued Compensated <u>Absences</u>
Public Housing	\$ 149,721	\$ 163,715	\$ 313,436
Section 8 - Rental Voucher	30,826	33,707	64,533
Lowellville	<u>3,087</u>	<u>3,376</u>	<u>6,463</u>
	<u>\$ 183,634</u>	<u>\$ 200,798</u>	<u>\$ 384,432</u>

NOTE 10: **INTERPROGRAM RECEIVABLES AND PAYABLES**

The following balances at June 30, 2004 represent individual fund interprogram receivables and payables:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Public Housing	\$ 289,759	\$ 97,118
Resident Opportunity	0	5,495
Local Grants	0	42,987
Section 8 N/C S/R	0	16,611
Hope VI	46,009	0
Business Activities	48,592	58,389
Section 8 Voucher	0	286,859
Section 8 Moderate Rehab	64,935	0
Lowellville - Component Unit	100,771	0
Capital Fund	0	38,711
Economic Development Program	1,746	0
Public and Indian Drug Elimination Program	0	0
Youthbuild Program	<u>0</u>	<u>5,642</u>
Total	<u>\$ 551,812</u>	<u>\$ 551,812</u>

These interprogram receivables and payables have been eliminated in the statement of net assets. The primary government has a net outstanding amount due to the component of \$100,771 at June 30, 2004.



YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(CONTINUED)

NOTE 11: **CHANGES IN ACCOUNTING PRINCIPLES, RECLASSIFICATIONS, AND RESTATEMENT OF PRIOR YEAR'S FUND EQUITY**

Beginning net assets of the primary government were adjusted due to the following:

Prior Year ending Net Assets	\$ 55,598,182
Adjustments Due to Correction of Prior Year Accounts Balances	<u>(46,368)</u>
Adjusted Net Assets at 7/1/04	<u>\$ 55,551,814</u>

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 expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

**BALANCE SHEET BY PROGRAM**

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth_Youthbuild Program	Low Rent Public Housing	Development	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehab	Public Housing Comprehensive Grant Program
<b>ASSETS</b>									
111	Cash - Unrestricted	\$0	\$5,258	\$0	\$743,613	\$0	\$0	\$0	\$0
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113	Cash - Other Restricted	\$0	\$0	\$0	\$86,686	\$0	\$0	\$0	\$0
100	Total Cash	\$0	\$5,258	\$0	\$830,299	\$0	\$0	\$0	\$0
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$5,642	\$0	\$0	\$0	\$0	\$0
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$169,779	\$0	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$48,460	\$0	\$0	\$0	\$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	(\$17,641)	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$5,642	\$200,598	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$120,851	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$48,592	\$0	\$0	\$289,759	\$0	\$0	\$64,935	\$0
150	Total Current Assets	\$48,592	\$5,258	\$5,642	\$1,441,507	\$0	\$0	\$64,935	\$0
161	Land	\$50	\$0	\$0	\$1,790,777	\$364,553	\$0	\$0	\$0
162	Buildings	\$0	\$0	\$0	\$109,487,335	\$2,272,207	\$0	\$0	\$0
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$235,752	\$1,250	\$0	\$0	\$0
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$636,018	\$0	\$0	\$0	\$0
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	\$0	\$0	\$0	(\$69,946,440)	(\$151,481)	\$0	\$0	\$0
160	Total Fixed Assets, Net of Accumulated Depreciation	\$50	\$0	\$0	\$42,203,442	\$2,486,529	\$0	\$0	\$0
180	Total Non-Current Assets	\$50	\$0	\$0	\$42,203,442	\$2,486,529	\$0	\$0	\$0
190	Total Assets	\$48,642	\$5,258	\$5,642	\$43,644,949	\$2,486,529	\$0	\$64,935	\$0

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
June 30, 2004

**BALANCE SHEET BY PROGRAM**

Line Item No.	Account Description	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Total
<b>ASSETS</b>									
111	Cash - Unrestricted	\$0	\$0	\$0	\$175,424	\$0	\$0	\$1,156,920	\$2,081,215
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$134,366	\$0	\$0	\$0	\$134,366
113	Cash - Other Restricted	\$173,332	\$0	\$0	\$0	\$0	\$0	\$195,255	\$455,273
100	Total Cash	\$173,332	\$0	\$0	\$309,790	\$0	\$0	\$1,352,175	\$2,670,854
122	Accounts Receivable - HUD Other Projects	\$0	\$86,791	\$9,590	\$345,104	\$225,803	\$0	\$0	\$672,930
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$41,779	\$0	\$211,558
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$48,575
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$17,641)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$4,307	\$0	\$0	\$0	\$4,307
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$86,791	\$9,590	\$349,411	\$225,803	\$41,779	\$115	\$919,729
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,851
144	Interprogram Due From	\$1,746	\$46,009	\$0	\$0	\$0	\$0	\$100,771	\$551,812
150	Total Current Assets	\$175,078	\$132,800	\$9,590	\$659,201	\$225,803	\$41,779	\$1,453,061	\$4,263,246
161	Land	\$0	\$0	\$0	\$0	\$1,278,668	\$0	\$88,000	\$3,522,048
162	Buildings	\$0	\$1,615,557	\$0	\$0	\$6,260,523	\$0	\$1,253,765	\$120,889,387
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$33,495	\$0	\$0	\$270,497
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$104,839	\$232,235	\$3,031	\$21,364	\$997,487
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$472,242	\$0	\$472,242
166	Accumulated Depreciation	\$0	(\$85,851)	\$0	(\$47,782)	(\$485,536)	(\$938)	(\$795,216)	(\$71,513,244)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$1,529,706	\$0	\$57,057	\$7,319,385	\$474,335	\$567,913	\$54,638,417
180	Total Non-Current Assets	\$0	\$1,529,706	\$0	\$57,057	\$7,319,385	\$474,335	\$567,913	\$54,638,417
190	Total Assets	\$175,078	\$1,662,506	\$9,590	\$716,258	\$7,545,188	\$516,114	\$2,020,974	\$58,901,663

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

LIABILITIES

**BALANCE SHEET BY PROGRAM**

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth Youthbuild Program	Low Rent Public Housing	Development	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Public Housing Comprehensive Grant Program
312	Accounts Payable <= 90 Days	\$0	\$0	\$0	\$75,955	\$0	\$0	\$0	\$0
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$321,969	\$0	\$0	\$0	\$0
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$149,721	\$0	\$0	\$0	\$0
325	Accrued Interest Payable	\$0	\$0	\$0	\$9,583	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$1,344	\$0	\$0	\$0	\$0	\$3,243	\$0
341	Tenant Security Deposits	\$0	\$0	\$0	\$133,063	\$0	\$0	\$0	\$0
342	Deferred Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$203,311	\$0	\$0	\$0	\$0
347	Interprogram Due To	\$0	\$16,611	\$5,642	\$97,118	\$0	\$0	\$0	\$0
310	<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$17,955</b>	<b>\$5,642</b>	<b>\$990,720</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,243</b>	<b>\$0</b>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$982,260	\$0	\$0	\$0	\$0
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$0	\$163,715	\$0	\$0	\$0	\$0
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$6,302	\$0	\$0	\$0	\$0
350	<b>Total Noncurrent Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,152,277</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
300	<b>Total Liabilities</b>	<b>\$0</b>	<b>\$17,955</b>	<b>\$5,642</b>	<b>\$2,142,997</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,243</b>	<b>\$0</b>
<b>EQUITY</b>									
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$50	\$0	\$0	\$41,017,871	\$2,486,529	\$0	\$0	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$48,592	(\$12,697)	\$0	\$484,081	\$0	\$0	\$61,692	\$0
513	<b>Total Equity/Net Assets</b>	<b>\$48,642</b>	<b>(\$12,697)</b>	<b>\$0</b>	<b>\$41,501,952</b>	<b>\$2,486,529</b>	<b>\$0</b>	<b>\$61,692</b>	<b>\$0</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>\$48,642</b>	<b>\$5,258</b>	<b>\$5,642</b>	<b>\$43,644,949</b>	<b>\$2,486,529</b>	<b>\$0</b>	<b>\$64,935</b>	<b>\$0</b>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

**LIABILITIES**

**BALANCE SHEET BY PROGRAM**

Line Item No.	Account Description	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Total
312	Accounts Payable <= 90 Days	\$0	\$74,411	\$4,095	\$1,375	\$187,092	\$13,019	\$737	\$356,684
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$22,326	\$0	\$0	\$2,710	\$347,005
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$30,826	\$0	\$0	\$3,087	\$183,634
325	Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,583
331	Accounts Payable - HUD PHA Programs	\$173,332	\$0	\$0	\$0	\$0	\$0	\$0	\$177,919
341	Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$7,055	\$140,118
342	Deferred Revenues	\$1,746	\$0	\$0	\$0	\$0	\$0	\$0	\$1,746
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$200,000	\$0	\$0	\$75,163	\$478,474
347	Interprogram Due To	\$0	\$58,389	\$5,495	\$286,859	\$38,711	\$42,987	\$0	\$551,812
310	<b>Total Current Liabilities</b>	<b>\$175,078</b>	<b>\$132,800</b>	<b>\$9,590</b>	<b>\$541,386</b>	<b>\$225,803</b>	<b>\$56,006</b>	<b>\$88,752</b>	<b>\$2,246,975</b>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$292,237	\$1,274,497
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$0	\$33,707	\$0	\$0	\$3,376	\$200,798
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$334,366	\$0	\$0	\$0	\$340,668
350	<b>Total Noncurrent Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$368,073</b>	<b>\$0</b>	<b>\$0</b>	<b>\$295,613</b>	<b>\$1,815,963</b>
300	<b>Total Liabilities</b>	<b>\$175,078</b>	<b>\$132,800</b>	<b>\$9,590</b>	<b>\$909,459</b>	<b>\$225,803</b>	<b>\$56,006</b>	<b>\$384,365</b>	<b>\$4,062,938</b>
<b>EQUITY</b>									
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$1,529,706	\$0	\$57,057	\$7,319,385	\$474,335	\$200,513	\$53,085,446
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$0	\$0	\$0	(\$250,258)	\$0	(\$14,227)	\$1,436,096	\$1,753,279
513	<b>Total Equity/Net Assets</b>	<b>\$0</b>	<b>\$1,529,706</b>	<b>\$0</b>	<b>(\$193,201)</b>	<b>\$7,319,385</b>	<b>\$460,108</b>	<b>\$1,636,609</b>	<b>\$54,838,725</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>\$175,078</b>	<b>\$1,662,506</b>	<b>\$9,590</b>	<b>\$716,258</b>	<b>\$7,545,188</b>	<b>\$516,114</b>	<b>\$2,020,974</b>	<b>\$58,901,663</b>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY BY PROGRAM**

**REVENUE**

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth Youthbuild Program	Low Rent Public Housing	Development	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Public Housing Comprehensive Grant Program
703	Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
704	Tenant Revenue - Other	\$0	\$0	\$0	\$67,025	\$0	\$0	\$0	\$0
705	Total Tenant Revenue	\$0	\$0	\$0	\$1,324,650	\$0	\$0	\$0	\$0
706	HUD PHA Operating Grants	\$0	\$140,926	\$120,421	\$4,696,768	\$0	\$52,671	\$140,490	\$0
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$70,713	\$0	\$0	\$0
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
711	Investment Income - Unrestricted	\$0	\$144	\$0	\$14,825	\$0	\$0	\$144	\$0
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$766	\$0	\$0	\$27,574	\$0	\$0	\$0	\$0
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$766	\$141,070	\$120,421	\$6,063,817	\$70,713	\$52,671	\$140,634	\$0

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY BY PROGRAM**

**REVENUE**

Line Item No.	Account Description	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Total
703	Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$103,849	\$1,361,474
704	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,025
705	Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$103,849	\$1,428,499
706	HUD PHA Operating Grants	\$0	\$449,727	\$126,678	\$11,052,786	\$783,395	\$0	\$0	\$17,563,862
706.1	Capital Grants	\$0	\$440,159	\$0	\$0	\$2,194,677	\$0	\$0	\$2,705,549
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$163,527	\$163,527
711	Investment Income - Unrestricted	\$0	\$0	\$0	\$10,802	\$0	\$0	\$14,974	\$40,889
714	Fraud Recovery	\$0	\$0	\$0	\$1,953	\$0	\$0	\$0	\$1,953
715	Other Revenue	\$0	\$0	\$0	\$0	\$0	\$376,809	\$2,103	\$407,252
720	Investment Income - Restricted	\$1,835	\$0	\$0	\$0	\$0	\$0	\$0	\$1,835
700	Total Revenue	\$1,835	\$889,886	\$126,678	\$11,065,541	\$2,978,072	\$376,809	\$284,453	\$22,313,366

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY BY PROGRAM**

**EXPENSES**

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth Youthbuild Program	Low Rent Public Housing	Development	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Public Housing Comprehensive Grant Program
911	Administrative Salaries	\$0	\$6,801	\$0	\$1,226,709	\$0	\$0	\$6,801	\$0
912	Auditing Fees	\$0	\$49	\$0	\$10,068	\$0	\$0	\$49	\$0
914	Compensated Absences	\$0	\$18	\$0	\$21,959	\$0	\$0	\$18	\$0
915	Employee Benefit Contributions - Administrative	\$0	\$3,466	\$0	\$681,627	\$0	\$0	\$3,466	\$0
916	Other Operating - Administrative	\$255	\$1,169	\$12,188	\$393,720	\$0	\$0	\$1,169	\$0
924	Tenant Services - Other	\$0	\$0	\$108,233	\$5,132	\$0	\$52,671	\$0	\$0
931	Water	\$0	\$0	\$0	\$453,722	\$0	\$0	\$0	\$0
932	Electricity	\$0	\$80	\$0	\$458,751	\$0	\$0	\$80	\$0
933	Gas	\$0	\$0	\$0	\$304,303	\$0	\$0	\$0	\$0
934	Fuel	\$0	\$0	\$0	\$244,088	\$0	\$0	\$0	\$0
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$1,319,455	\$0	\$0	\$0	\$0
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$9	\$0	\$236,529	\$0	\$0	\$9	\$0
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$17	\$0	\$459,367	\$0	\$0	\$17	\$0
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$733,337	\$0	\$0	\$0	\$0
961	Insurance Premiums	\$0	\$339	\$0	\$272,145	\$0	\$0	\$339	\$0
962	Other General Expenses	\$0	\$3	\$0	\$287,964	\$0	\$0	\$3	\$0
963	Payments in Lieu of Taxes	\$0	\$0	\$0	\$6,022	\$0	\$0	\$0	\$0
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$44,797	\$0	\$0	\$0	\$0
967	Interest Expense	\$0	\$0	\$0	\$61,842	\$0	\$0	\$0	\$0
968	Severance Expense	\$0	\$0	\$0	\$19,212	\$0	\$0	\$0	\$0
969	<b>Total Operating Expenses</b>	<b>\$255</b>	<b>\$11,951</b>	<b>\$120,421</b>	<b>\$7,240,749</b>	<b>\$0</b>	<b>\$52,671</b>	<b>\$11,951</b>	<b>\$0</b>
970	<b>Excess Operating Revenue over Operating Expenses</b>	<b>\$511</b>	<b>\$129,119</b>	<b>\$0</b>	<b>(\$1,176,932)</b>	<b>\$70,713</b>	<b>\$0</b>	<b>\$128,683</b>	<b>\$0</b>
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$0	\$6,255	\$0	\$0	\$0	\$0
973	Housing Assistance Payments	\$0	\$130,401	\$0	\$0	\$0	\$0	\$109,038	\$0
974	Depreciation Expense	\$0	\$0	\$0	\$3,463,377	\$151,480	\$0	\$0	\$0
900	<b>Total Expenses</b>	<b>\$255</b>	<b>\$142,352</b>	<b>\$120,421</b>	<b>\$10,710,381</b>	<b>\$151,480</b>	<b>\$52,671</b>	<b>\$120,989</b>	<b>\$0</b>
1010	<b>Total Other Financing Sources (Uses)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
1000	<b>Excess (Deficiency) of Operating Revenue Over (Under) Expenses</b>	<b>\$511</b>	<b>(\$1,282)</b>	<b>\$0</b>	<b>(\$4,646,564)</b>	<b>(\$80,767)</b>	<b>\$0</b>	<b>\$19,645</b>	<b>\$0</b>



YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
June 30, 2004

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY BY PROGRAM**

**EXPENSES**

Line Item No.	Account Description	Economic	Revitalization	Resident	Housing	Public	State/Local	Component Units	Total
		Development and Supportive Services Program	of Severely Distressed Public Housing	Opportunity and Supportive Services	Choice Vouchers	Housing Capital Fund Program			
911	Administrative Salaries	\$0	\$0	\$0	\$509,575	\$289,301	\$34,179	\$16,016	\$2,089,382
912	Auditing Fees	\$0	\$0	\$0	\$3,659	\$0	\$0	\$342	\$14,167
914	Compensated Absences	\$0	\$0	\$0	\$1,342	\$0	\$0	\$609	\$23,946
915	Employee Benefit Contributions - Administrative	\$0	\$0	\$0	\$259,652	\$0	\$17,907	\$8,169	\$974,287
916	Other Operating - Administrative	\$0	\$449,727	\$0	\$102,382	\$494,094	\$80,148	\$4,070	\$1,538,922
924	Tenant Services - Other	\$1,835	\$0	\$126,678	\$0	\$0	\$52,324	\$250	\$347,123
931	Water	\$0	\$0	\$0	\$0	\$0	\$714	\$13,949	\$468,385
932	Electricity	\$0	\$0	\$0	\$6,000	\$0	\$472	\$29,709	\$495,092
933	Gas	\$0	\$0	\$0	\$0	\$0	\$1,199	\$3,493	\$308,995
934	Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$244,088
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$36,796	\$1,356,251
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$698	\$0	\$43,831	\$12,787	\$293,863
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$0	\$1,306	\$0	\$34,593	\$17,478	\$512,778
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$18,769	\$752,106
961	Insurance Premiums	\$0	\$0	\$0	\$25,365	\$0	\$833	\$515	\$299,536
962	Other General Expenses	\$0	\$0	\$0	\$229	\$0	\$0	\$16	\$288,215
963	Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,022
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$1,960	\$46,757
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$30,189	\$92,031
968	Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,212
969	<b>Total Operating Expenses</b>	<b>\$1,835</b>	<b>\$449,727</b>	<b>\$126,678</b>	<b>\$910,208</b>	<b>\$783,395</b>	<b>\$266,200</b>	<b>\$195,117</b>	<b>\$10,171,158</b>
970	Excess Operating Revenue over Operating Expenses	\$0	\$440,159	\$0	\$10,155,333	\$2,194,677	\$110,609	\$89,336	\$12,142,208
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$646	\$6,901
973	Housing Assistance Payments	\$0	\$0	\$0	\$9,961,792	\$0	\$0	\$0	\$10,201,231
974	Depreciation Expense	\$0	\$85,850	\$0	\$8,409	\$485,535	\$433	\$33,833	\$4,228,917
900	<b>Total Expenses</b>	<b>\$1,835</b>	<b>\$535,577</b>	<b>\$126,678</b>	<b>\$10,880,409</b>	<b>\$1,268,930</b>	<b>\$266,633</b>	<b>\$229,596</b>	<b>\$24,608,207</b>
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$354,309	\$0	\$185,132	\$1,709,142	\$110,176	\$54,857	<b>(\$2,294,841)</b>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY BY PROGRAM**

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth Youthbuild Program	Low Rent Public Housing	Development	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Public Housing Comprehensive Grant Program
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$193,742	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$48,131	(\$11,415)	\$0	\$29,502,693	\$15,576,223	\$0	\$42,047	\$3,683,269
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$16,645,823	(\$13,008,927)	\$0	\$0	(\$3,683,269)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$196,849	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$1,521,614	\$0	\$0	\$0	\$0	\$228,129	\$0
1116	Total Annual Contributions Available	\$0	\$1,521,614	\$0	\$0	\$0	\$0	\$424,978	\$0
1120	Unit Months Available	0	504	0	17,990	0	0	720	0
1121	Number of Unit Months Leased	0	467	0	14,134	0	0	720	0

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 June 30, 2004

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY BY PROGRAM**

Line Item No.	Account Description	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Component Units	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$69,759	\$263,501
1103	Beginning Equity	\$0	\$1,175,392	\$0	(\$378,333)	\$5,610,243	\$349,932	\$1,581,752	\$57,179,934
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$5	\$0	\$0	\$0	\$0	\$0	(\$46,368)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$9,721,060	\$0	\$0	\$0	\$9,917,909
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$3,125,083	\$0	\$0	\$0	\$4,874,826
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$12,846,143	\$0	\$0	\$0	\$14,792,735
1120	Unit Months Available	0	0	0	25,356	0	0	528	45,098
1121	Number of Unit Months Leased	0	0	0	23,819	0	0	505	39,645



YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 STATEMENT OF MODERNIZATION/DEVELOPMENT COST - COMPLETED  
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2004

Annual Contributions Contract C-862

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

<u>Project OH</u>	<u>Capital Grant OH12P002024</u>
Funds Approved	\$ 13,378,156
Funds Expended	<u>13,378,156</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 13,378,156
Funds Expended	<u>13,378,156</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the comprehensive grant has been completed.
3. The entire actual modernization cost or liabilities incurred by the housing authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Youngstown Metropolitan Housing Authority  
Youngstown, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the basic financial statements of the business-type activities and the discretely presented component unit of the Youngstown Metropolitan Housing Authority as of and for the year ended June 30, 2004, and have issued our report thereon dated November 12, 2004. The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2001. This results in a change to the Authority's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Youngstown Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 Youngstown Metropolitan Housing Authority'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 operation that we consider to be material weaknesses.

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

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

November 12, 2004

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

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Youngstown Metropolitan Housing Authority  
Youngstown, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Youngstown Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended June 30, 2004. Youngstown Metropolitan Housing Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Youngstown Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Youngstown Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Youngstown Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.



### **Internal Control Over Compliance**

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

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

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, and Federal Awarding Agencies and is not intended to be used by anyone other than these specified parties.

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

November 12, 2004

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2004

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

2004(i)	Type of Financial Statement Opinion	Unqualified
2004(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2004(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2004(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2004(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2004(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2004(v)	Type of Major Programs' Compliance Opinion	Unqualified
2004(vi)	Are there any reportable findings under .510?	No
2004(vii)	Major Programs (list):	Revitalization of Severely Distressed Public Housing (Hope VI) CFDA #14.866 Housing Choice Vouchers CFDA #14.871
2004(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$608,082 Type B: > all others
2004(ix)	Low Risk Auditee?	Yes

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
(CONTINUED)  
JUNE 30, 2004

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.





**Auditor of State  
Betty Montgomery**

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**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 24, 2005**