

**YOUNGSTOWN METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

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

**Certified Public Accountants**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Youngstown Metropolitan Housing Authority, Mahoning County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

February 27, 2017

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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**INDEPENDENT AUDITOR'S REPORT**

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

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Youngstown Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngstown Metropolitan Housing Authority, Ohio, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Youngstown Metropolitan Housing Authority's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the Youngstown Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Youngstown Metropolitan Housing Authority's internal control over financial reporting and compliance.



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

December 21, 2016

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(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, 2016. 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 \$43,717,304 (net position), a decrease of 15.3 percent.
- The Authority's cash and investment balance at June 30, 2016 was \$5,064,159, representing a decrease of \$3,131,201, or 38.2 percent, from June 30, 2015.
- The Authority had total revenue of \$19,697,670 and total expenditures of \$23,720,068 for the year ended June 30, 2016, decreasing net position by \$4,022,398 for the year.
- The Authority's capital outlays for the year were \$2,509,840.

**USING THIS ANNUAL REPORT**

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

**REQUIRED FINANCIAL STATEMENTS**

**MD&A**

Management Discussion and Analysis

**Basic Financial Statements**

Statement of Net Position

Statement of Revenues, Expenses, and Changes in Net Position

Statement of Cash Flows

Notes to the Financial Statements

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

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

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

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

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

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

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

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

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

The financial statements can be found on pages 10 through 12 of this report.

**Fund Financial Statements**

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

**Notes to the Financial Statements**

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 13 through 36 of this report.

**SUPPLEMENTARY INFORMATION**

**Financial Analysis of the Authority**

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

**Table 1 - Statement of Net Position**

	2016 (thousands)	2015 (thousands)
<b><u>Assets</u></b>		
Current and Other Assets	\$ 11,024	\$ 12,404
Capital Assets, Net	<u>40,910</u>	<u>48,003</u>
<b>Total Assets</b>	<u>51,934</u>	<u>60,407</u>
<b>Deferred Outflows of Resources</b>	<u>1,424</u>	<u>321</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 53,358</u>	<u>\$ 60,728</u>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 1,244	\$ 1,527
NonCurrent Liabilities	<u>8,198</u>	<u>7,552</u>
<b>Total Liabilities</b>	<u>9,442</u>	<u>9,079</u>
<b>Deferred Inflows of Resources</b>	<u>199</u>	<u>55</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	37,332	46,187
Unrestricted and Restricted Net Position	<u>6,385</u>	<u>5,407</u>
<b>Total Net Position</b>	<u>43,717</u>	<u>51,594</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 53,358</u>	<u>\$ 60,728</u>

During 2016, total assets decreased by \$(8,472,372). The main decrease is the depreciation exceeded new capital additions by \$3,474,984 not including fixed assets that were purchased with bond proceeds from the Phase II Energy Performance Contract (EPC) which resulted in \$2,224,056 in Capital Improvements being done. Additionally, AMP 7 and AMP 8 were restated eliminating the Capital Assets and reclassifying them to Note Receivable, which resulted in a prior period adjustment of (\$3,854,579).

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$43,717,304 at the close of the most recent fiscal year.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

By far the largest portion of the Authority's net position (85 percent) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

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

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

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

	<u>2016</u>	<u>2015</u>
	<u>(thousands)</u>	<u>(thousands)</u>
<b><u>Revenues</u></b>		
Intergovernmental Revenue	\$ 16,609	\$ 16,888
Program Revenue	2,750	2,737
Other Revenue	267	347
<b>Total Revenues</b>	<u>19,626</u>	<u>19,972</u>
<b><u>Expenses</u></b>		
Operating Expenses	10,726	11,212
Depreciation Expense	3,761	4,185
Housing Assistance Payments	9,030	8,972
Other Expenditures	131	313
<b>Total Expenses</b>	<u>23,648</u>	<u>24,682</u>
Prior Period Adjustment	<u>(3,855)</u>	<u>(2,687)</u>
Net Increase (Decrease)	<u>\$ (7,877)</u>	<u>\$ (7,397)</u>

The net position of the Authority decreased by \$4,022,398 during the current fiscal year. The Authority receives its primary source of income from governmental revenues through HUD's Line-of-Credit Control System (eLOCCS). Allowable program expenses, with the exception of non-cash transactions (such as depreciation expense and changes in compensated absences) are drawn down from funds granted to the Authority. Governmental revenues, rental income, and charges for services were not sufficient to cover operating expenses incurred during fiscal year 2016.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2016, the Authority's investment in capital assets for its business-type activities was \$40,910,288 (net of accumulated depreciation) as reflected in the following schedule.

**Table 3 - Capital Assets**

	2016	2015
Land	\$ 3,336,699	\$ 3,336,699
Buildings	111,158,658	118,708,746
Equipment - Administrative	1,266,731	1,210,783
Equipment - Dwellings	1,216,295	1,113,884
Accumulated Depreciation	(79,695,746)	(78,070,703)
Construction-in-Progress	3,627,651	1,703,477
Total	<u>\$40,910,288</u>	<u>\$48,002,886</u>

**Capital Assets and Debt Administration**

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

- Phase II Energy Performance Contract \$2,191,434.
- Prior period adjustment and reclassification of \$5,456,679 of fixed assets.

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

**LONG-TERM DEBT**

As of June 30, 2016, the Authority had \$4,048,323 of long-term debt, an decrease of \$472,782, or 10.5 percent over the prior year. The Authority has bonds payable that were used to fund the energy efficiency Phase II project as well as refinance the remaining debt of Phase I's and bears interest at rates between 3 percent and 4 percent. As of June 30, 2016 the Authority had \$467,590 of bond proceeds that have not yet been spent. The Authority also had \$2,332 in a Debt Reserve Sinking Fund to pay off bonds that have not yet matured.

Additional information on the Authority's long-term debt can be found in Note 9 on pages 31 of this report.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

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

The following factors were considered in preparing the Authority's budget for the 2017 fiscal year:

- In the past HUD has not fully funded the operating subsidy but has been funding around 90 percent of the eligible subsidy. For the 2013 year the funding percentage dropped down to 82 percent. This sequestration funding cut necessitated the Housing Authority to lay-off some employees. Proration increased to approximately 87 percent for the 2016 year, but this is still a significant difference compared to what the Authority is eligible for.
- During the 2016 year the Authority offered any early retirement incentive which seventeen employees took advantage of. The Authority only replaced ten of these employees at a lower salary and/or benefit costs. These costs savings had a large impact of the 2017 budget.
- The Authority's operating expenditures do not show any significant increases other than expected inflationary increases.

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

Approximately 85 percent of the Authority's revenues come from governmental grants. For the last few of years the funding has been much lower than it has been historically due to budget cuts, these cuts, while believed to be temporary, have resulted in the Authority reviewing where costs savings can be implemented and what alternative revenue sources can be found. The Authority had hoped that these cuts would be temporary and had been using reserves to offset an unbalanced budget. The funding has yet to increase and the Authority's reserves have decreased to the point they should not be used to offset deficit budgets, this was the reason for the early retirement incentive. The Authority will need to continue to develop alternative sources of income to avoid the risks inherent in being dependent on one primary source of revenue. HUD has encouraged public housing authorities to become more entrepreneurial in their operations to protect against decreasing funding and/or other unforeseen circumstances. Without taking such actions, the Authority could face uncertainty in the future.

**Contacting the Authority's Financial Management**

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE**  
**JUNE 30, 2016**

	2016
<b><u>ASSETS</u></b>	
<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	\$ 2,228,982
Restricted Cash and Cash Equivalents	817,448
Investments	2,017,729
Receivables, Net of Allowance	111,867
Inventory	39,125
Prepaid Expenses and Other Assets	62,976
<b>Total Current Assets</b>	<b>5,278,127</b>
<b><u>Capital Assets</u></b>	
Non-Depreciable Capital Assets	6,964,350
Depreciable Capital Assets, Net	33,945,938
<b>Total Capital Assets</b>	<b>40,910,288</b>
<b><u>Other Noncurrent Assets</u></b>	
Notes Receivable	5,742,276
Other Assets	3,607
<b>Total Other Noncurrent Assets</b>	<b>5,745,883</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension	1,423,950
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 53,358,248</b>
<b><u>LIABILITIES</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts Payable	\$ 208,590
Accrued Compensated Absences	225,350
Tenant Security Deposits	171,416
Accrued Wages and Payroll Taxes	212,101
Current Portion of Long-Term Debt	426,671
<b>Total Current Liabilities</b>	<b>1,244,128</b>
<b><u>Noncurrent Liabilities</u></b>	
Noncurrent Liabilities - Other	176,110
Accrued Compensated Absences	192,347
Long-Term Debt - Net of Current Portion	3,621,652
Net Pension Liability	4,207,996
<b>Total Noncurrent Liabilities</b>	<b>8,198,105</b>
<b>Total Liabilities</b>	<b>9,442,233</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension	198,711
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	37,331,887
Unrestricted	6,385,417
<b>Total Net Position</b>	<b>43,717,304</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>\$ 53,358,248</b>

See accompanying notes to the basic financial statements

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2016
<b><u>Operating Revenues</u></b>	
Government Grants	\$ 16,467,000
Tenant Revenue	2,750,066
Other Revenue	<u>268,273</u>
<b>Total Operating Revenues</b>	<u>19,485,339</u>
 <b><u>Operating Expenses</u></b>	
Administrative	3,839,137
Tenant and Protective Services	356,819
Utilities	2,250,393
Maintenance	3,282,182
General and Other Insurance	1,068,370
Housing Assistance Payments	<u>9,030,605</u>
<b>Total Operating Expenses Before Depreciation</b>	<u>19,827,506</u>
Income (Loss) Before Depreciation	(342,167)
Depreciation	<u>(3,760,768)</u>
 Operating Income (Loss)	 <u>(4,102,935)</u>
 <b><u>Non-Operating Revenues (Expenses)</u></b>	
Interest and Investment Revenue	70,352
Interest Expense	(129,640)
Loss on Disposition of Capital Assets	<u>(2,154)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(61,442)</u>
Income (Loss) Before Contributions	<u>(4,164,377)</u>
 Capital Grants	 141,979
Prior Period Adjustments	<u>(3,854,579)</u>
Change in Net Position	<u>(7,876,977)</u>
 Total Net Position, Beginning of Year	 <u>51,594,281</u>
 <b>Net Position, End of Year</b>	 <u><u>\$ 43,717,304</u></u>

See accompanying notes to the basic financial statements.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2016
<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from HUD/Other Governments	\$16,487,146
Cash Received From Tenants	2,781,252
Cash Received Other Sources	211,476
Cash Payments for Housing Assistance Payments	(9,030,605)
Cash Payments for Administrative	(4,268,255)
Cash Payments for Other Operating Expenses	<u>(6,543,326)</u>
<b>Net Cash (Used in) by Operating Activities</b>	<b><u>(362,312)</u></b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Cash from Asset Sale	6,835
Interest and Principal Payments on Debt	(618,394)
Acquisition of Capital Assets and Other Assets	(2,521,529)
Capital Grants Received	<u>142,603</u>
<b>Net Cash (Used in) Capital and Other Related Financing Activities</b>	<b><u>(2,990,485)</u></b>
<b><u>Cash Flows from Investing Activities</u></b>	
Investment Income	70,352
Purchase of Investments	(12,326)
Proceeds from Notes Receivable	<u>151,246</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>209,272</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,143,525)
Cash and Cash Equivalents, Beginning	<u>6,189,957</u>
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 3,046,432</u></b>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>	
Net Operating Income (Loss)	\$ (4,102,935)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	3,760,768
(Increase) Decrease in:	
Accounts Receivables	61,925
Prepaid Expenses and Other Assets	12,902
Deferred Outflows	<u>(1,102,856)</u>
Increase (Decrease) in:	
Accounts Payable	51,072
Other Current Liabilities	(51,138)
Accrued Wages/Payroll Taxes	(28,232)
Net Pension Liability	878,309
Tenant Security Deposits	(2,618)
Deferred Inflows	143,466
Non-Current Liabilities - Other	<u>17,025</u>
<b>Net Cash (Used in) Operating Activities</b>	<b><u>\$ (362,312)</u></b>

See accompanying notes to the basic financial statements.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

The Youngstown Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The Authority participates in the Section 8 New Construction, and Housing Choice Voucher programs provided by HUD. In these Section 8 programs, rental assistance is provided to families based on the families' ability to pay in accordance with HUD regulations. Under the Housing Choice Voucher program, the rental assistance is tied to the tenant family. The rental assistance, in general, is provided to help the family pay rent wherever they choose to live. Under the New Construction Program the rental assistance is tied to the dwelling unit selected by HUD. A tenant family becomes eligible for rental assistance when they rent the unit selected by HUD. The Authority also participates in the Public Housing program. Under this program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay a percentage of his/her adjusted gross income towards rent and utilities.

**B. Summary of Significant Accounting Policies**

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

**C. Reporting Entity**

The accompanying general purpose financial statements comply with the provision of GASB No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

C. **Reporting Entity** (Continued)

Section 2100 indicates that the reporting entity consists of **a)** the primary government, **b)** organizations for which the primary government is financially accountable, and **c)** other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

D. **Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and Public Housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

E. **Proprietary Fund Types**

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

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

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

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

G. **Interprogram Balances**

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

H. **Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. The Authority has cash deposits and investments totaling \$5,064,159 at June 30, 2016. Interest income earned in fiscal year 2016 totaled \$70,352.

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

I. **Capital Assets**

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority capitalizes all assets with a cost of \$1,000 or more. See Note 5 for useful lives for depreciation purposes.

J. **Cash and Cash Equivalents**

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

K. **Compensated Absences**

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability. Information regarding compensated absences is detailed in Note 10.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

**L. Budgetary Accounting**

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

**M. Estimates**

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

**N. Pensions**

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

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

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

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

***Deposits***

At fiscal year end, the carrying amount of the Authority's deposits were \$3,046,430 and the bank balance was \$3,065,562. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2016, \$750,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority or by pooled collateral. Included in the carrying value of the Authority's deposits is \$500 in petty cash and \$469,922 deposits held in trust.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.

***Investments***

The Authority has a formal investment policy. The Authority had investments comprised of U.S. Government Securities (AAA - Moody's) with a market value of \$2,017,729 at June 30, 2016.

***Interest Rate Risk***

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

***Credit Risk***

Any deposits of the Authority exceeding the \$750,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as provided by the Ohio Revised Code.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

*Concentration of Credit Risk*

The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, as was mentioned in the preceding, all deposits exceeding the \$750,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code.

NOTE 3: **RESTRICTED CASH**

The restricted cash balance as of June 30, 2016 represents cash on hand for the following:

	Restricted Cash
Tenant Security Deposits	\$ 171,416
FSS Escrow Funds	176,110
Unspent Debt Proceeds	469,922
Total Restricted Cash	<u>\$ 817,448</u>

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

**NOTE 4: INSURANCE COVERAGE**

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

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

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

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

**NOTE 5: CAPITAL ASSETS**

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

	<u>2016</u>
<b><u>Capital Assets Not Depreciated</u></b>	
Land	\$ 3,336,699
Construction in Progress	<u>3,627,651</u>
<b>Total Capital Assets Not Depreciated</b>	<u>6,964,350</u>
<b><u>Capital Assets Being Depreciated</u></b>	
Buildings and Building Improvements	111,158,658
Furniture and Equipment	<u>2,483,026</u>
<b>Total Capital Assets Being Depreciated</b>	113,641,684
Less: Accumulated Depreciation	<u>(79,695,746)</u>
Subtotal Capital Assets Being Depreciated	<u>33,945,938</u>
<b>Total Capital Assets</b>	<u>\$40,910,288</u>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

**NOTE 5: CAPITAL ASSETS (Continued)**

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

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

The following is a summary of changes in capital assets:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>Capital Assets Not Depreciated</u></b>				
Land	\$ 3,336,699	\$ 0	\$ 0	\$ 3,336,699
Construction in Progress	1,703,477	1,924,174	0	3,627,651
<b>Total Capital Assets Not Depreciated</b>	<u>5,040,176</u>	<u>1,924,174</u>	<u>0</u>	<u>6,964,350</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and Building Improvements	118,708,746	427,307	(7,977,395)	111,158,658
Furniture, Equipment, and Machinery	2,324,667	158,359	0	2,483,026
<b>Total Capital Assets Being Depreciated</b>	<u>121,033,413</u>	<u>585,666</u>	<u>(7,977,395)</u>	<u>113,641,684</u>
<b><u>Accumulated Depreciation</u></b>				
Buildings and Improvements	(76,359,967)	(3,600,257)	2,135,725	(77,824,499)
Furniture and Equipment	(1,710,736)	(160,511)	0	(1,871,247)
<b>Total Accumulated Depreciation</b>	<u>(78,070,703)</u>	<u>(3,760,768)</u>	<u>2,135,725</u>	<u>(79,695,746)</u>
Depreciable Assets, Net	42,962,710	(3,175,102)	(5,841,670)	33,945,938
<b>Total Capital Assets, Net</b>	<u>\$ 48,002,886</u>	<u>\$(1,250,928)</u>	<u>\$(5,841,670)</u>	<u>\$40,910,288</u>

**NOTE 6: MIXED FINANCE CONSTRUCTION LOAN**

The Authority advanced funds to a development partner in conjunction with multi-lender mixed finance arrangements for construction of the Village at Arlington and Village at Arlington II developments. Repayment is subject to the projects realizing surplus cash flows. The loans are secured by the property. The Notes bear interest at 1 percent. At June 30, 2016, the Note Receivable and Interest Receivable balance is \$5,742,276. Due to the uncertainty of the projects generating surplus cash that would trigger a repayment obligation, no portion is considered to be current.

The following is a summary of Notes Receivable at June 30, 2016:

Note Receivable Village at Arlington I	\$ 1,909,253
Interest on Note Receivable	8,445
Note Receivable Village at Arlington II	1,736,085
Interest on Note Receivable	5,787
Note Receivable Arlington Heights	977,500
Note Receivable Arlington Heights II	1,000,000
Other Notes Receivable	105,206
<b>Total Notes Receivable</b>	<u>\$5,742,276</u>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 7: **DEFINED BENEFIT PENSION PLAN**

*Net Pension Liability*

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

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

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

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

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

**Plan Description** – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The Tradition Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple employer defined benefit pension plan with defined contribution features. While member (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employees are in OPERS’ Traditional Plan; therefore, the following disclosures focuses on the Traditional Pension Plan.

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

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

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

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

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

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

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

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

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

	<u>State and Local</u>
<b>2015 Statutory Maximum Contribution Rates:</b>	
Employer	14.0%
Employee	10.0%
<b>2015 Actual Contribution Rates:</b>	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	<u>2.0%</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution for the year ended June 30, 2016 was \$343,768.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

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

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability/Asset	\$ 4,212,528	\$ (4,532)	\$ 4,207,996
Proportion of the Net Pension Liability/(Asset)	0.024320%	0.009310%	
Pension Expense	\$ 591,898	\$ 2,389	\$ 594,287

At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 1,238,220	\$ 1,956	\$ 1,240,176
Authority contributions subsequent to the measurement date	<u>181,740</u>	<u>2,034</u>	<u>183,774</u>
Total Deferred Outflows of Resources	<u>\$ 1,419,960</u>	<u>\$ 3,990</u>	<u>\$ 1,423,950</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 81,395	\$ 2,068	\$ 83,463
Changes in Proportion and differences Between Authority contributions and proportionate share of contributions	<u>114,273</u>	<u>975</u>	<u>115,248</u>
Total Deferred Inflows of Resources	<u>\$ 195,668</u>	<u>\$ 3,043</u>	<u>\$ 198,711</u>

\$183,774 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

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

Year Ending June 30:		
2017		\$ 218,210
2018		238,009
2019		306,501
2020		280,280
2021		(377)
Thereafter		(1,158)
Total		<u>\$ 1,041,465</u>

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	-
Future Salary Increases, including inflation	3.75 percent
COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation
	Pre 1/7/2013 retirees: 3 percent, simple;
	Post 1/7/2013 retirees: 3 percent, simple
	through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projections Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

*Actuarial Assumptions - OPERS* (Continued)

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving the maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investments	18.00%	4.59%
<b>Total</b>	<b>100.00%</b>	<b>5.28%</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

*Actuarial Assumptions - OPERS* (Continued)

**Discount Rate:** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all period of projected payments to determine the total pension liability.

**Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Authority’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

Authority’s proportionate share of the net pension liability	1% Decrease <u>(7.00%)</u>	Discount Rate <u>(8.00%)</u>	1%Increase <u>(9.00%)</u>
Traditional Plan	\$6,711,590	\$ 4,212,528	\$ 2,104,653
Combined Plan	(93)	(4,532)	(8,100)

*This space intentionally left blank.*

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

**B. Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015 and 2016, State and Local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401 (h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percentage. The portion of actual Authority contributions for the year ended June 30, 2016, 2015, and 2014, which were used by OPERS to fund post-employment benefits were \$57,295, \$47,985, and \$86,006, respectively.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

**NOTE 9: LONG-TERM DEBT**

Long-term debt for Low-Rent Public Housing program consists of a \$4,740,000 bond issue through the Bank of the Ozarks. The bonds bear interest at varying amounts from 3%-4% with the final maturity date of 11/30/2024. The Bond proceeds are being used to finance a Phase II Energy Performance contract and to pay off the remaining balance on the PNC loan at June 30, 2016 there were \$467,590 of bond proceeds that were unexpended. The Authority had \$2,322 of funds held in a debt service reserve fund pending the next bond maturity date. The bonds mature as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016-2017	\$ 426,671	\$ 128,114	\$ 554,785
2017-2018	440,833	115,180	556,013
2018-2019	455,833	101,867	557,700
2019-2020	466,667	88,118	554,785
2020-2021	485,833	74,580	560,413
Thereafter	<u>1,772,486</u>	<u>131,994</u>	<u>1,904,480</u>
	<u>\$ 4,048,323</u>	<u>\$ 639,853</u>	<u>\$ 4,688,176</u>

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

	<u>Balance</u> <u>at 6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 6/30/2016</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Long-Term Debt</u></b>					
<i><u>Primary Government</u></i>					
Accrued Compensated Absences	\$ 668,563	\$ 17,011	\$(267,877)	\$ 417,697	\$ 225,350
Debt	4,521,105	0	(472,782)	4,048,323	426,671
Net Pension Liability	3,106,462	1,101,534	0	4,207,996	0
FSS Escrows	<u>159,085</u>	<u>106,711</u>	<u>(89,686)</u>	<u>176,110</u>	<u>0</u>
<b>Total Long-Term</b>					
<b>Debt Obligation</b>	<u>\$ 8,455,215</u>	<u>\$1,225,256</u>	<u>\$(830,345)</u>	<u>\$ 8,850,126</u>	<u>\$ 652,021</u>

**NOTE 10: COMPENSATED ABSENCES**

Full time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation days exceeding those earned in the current year may not be carried over into the next calendar year. Generally, upon termination after one year of service, employees are entitled to be paid all accrued vacation. The following schedule details earned annual leave based on length of service for employees hired prior to September 1, 2013:

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

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

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

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

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

Sick leave accrued to full time, permanent employees to specified maximums. Sick leave may be cumulative without limit. However, management employees with 7 years or more of service, upon termination of employment, may receive 100 percent of their accumulated sick leave, up to a maximum of 75 days. Maintenance and administrative employees with 7 or more years of service, upon termination of employment, may receive 50 percent of their accumulated sick leave, up to a maximum of 75 days.

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

The estimated liability for compensated absences at June 30, 2016, based on the vesting method is detailed as follows:

	Current Accrued Compensated Absences	Long-Term Accrued Compensated Absences	Total Accrued Compensated Absences
Public Housing	\$ 100,182	\$ 97,187	\$ 197,369
Central Office	86,324	61,190	147,514
Section 8 - Rental Voucher	<u>38,844</u>	<u>33,970</u>	<u>72,814</u>
	<u>\$ 225,350</u>	<u>\$ 192,347</u>	<u>\$ 417,697</u>

**NOTE 11: INTERPROGRAM RECEIVABLES AND PAYABLES**

The following balances at June 30, 2016 represent individual fund interprogram receivables and payables:

<u>Program</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Total AMPs	\$ 0	\$ 304
Resident Opportunity	0	19,516
Local Grants	0	4,582
SRO Program	1,672	0
Central Office	24,402	25,725
Section 8 Voucher	24,053	0
Total	<u>\$ 50,127</u>	<u>\$ 50,127</u>

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

**NOTE 12: CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority. The Authority has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenses disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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**NOTE 13: CONSTRUCTION COMMITMENTS**

The Authority had the following material capital or construction commitment at June 30, 2016:

	<u>Contract</u> <u>Amount</u>	<u>Balance</u> <u>Outstanding</u> <u>June 30, 2016</u>
Norton Roof Replacement	\$ 322,218	\$ 322,218
Rockford Exterior Renovations	\$ 255,000	\$ 25,555

**NOTE 14: PRIOR PERIOD ADJUSTMENT**

In prior periods the Agency reported as capital assets, assets that had been conveyed to partner developers in prior periods. While the assets may ultimately become capital assets of Youngstown Metropolitan Housing Authority once again at some point in the future depending on the outcome of future events, the assets the Agency currently has related to these development partnerships are Note Receivables from the partner developers. A Prior Period Adjustment of (\$3,854,589) was needed to reclassify the assets as Note Receivables at June 30, 2016.

**NOTE 15: NET INVESTMENT IN CAPITAL ASSETS**

Capital Assets	\$40,910,288
Less Outstanding Debt	(4,048,323)
Add Back in Unspent Debt Proceeds	<u>469,922</u>
Total	<u>\$37,331,887</u>

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

<u>Traditional Plan</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability/Asset	0.024320%	0.025756%	0.025756%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,212,528	\$3,106,462	\$3,036,297
Authority's Covered-Employee Payroll	\$ 2,831,633	\$3,635,517	\$3,676,033
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	148.77%	85.45%	82.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
<u>Combined Plan</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability/Asset	0.009310%	0.005605%	0.005605%
Authority's Proportionate Share of the Net Pension Liability/ (Asset)	\$(4,532)	\$(2,157)	\$(588)
Authority's Covered-Employee Payroll	\$ 33,100	\$38,575	\$5,300
Authority's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Employee Payroll	(13.69)%	(5.59)%	(11.09)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available.

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Contractually Required Contributions</u>					
Traditional Plan	\$ 339,796	\$ 436,262	\$ 441,124	\$ 473,197	\$ 468,083
Combined Plan	3,972	4,629	636	0	1,141
Total Required Contributions	<u>\$ 343,768</u>	<u>\$ 440,891</u>	<u>\$ 441,760</u>	<u>\$ 473,197</u>	<u>\$ 469,224</u>
Contributions in Relation to the Contractually Required Contribution	<u>(343,768)</u>	<u>(440,891)</u>	<u>(441,760)</u>	<u>(473,197)</u>	<u>(469,224)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>				
<u>Authority's Covered-Employee Payroll</u>					
Traditional Plan	\$ 2,831,633	\$ 3,635,517	\$ 3,676,033	\$ 3,639,977	\$ 4,680,830
Combined Plan	\$ 33,100	\$ 38,575	\$ 5,300	\$ 0	\$ 14,352
<u>Pension Contributions as Percentage of Covered Employee Payroll</u>					
Traditional Plan	12.00%	12.00%	12.00%	13.00%	10.00%
Combined Plan	12.00%	12.00%	12.00%	13.00%	7.95%

(1) - Information prior to 2012 not available.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COSTS - COMPLETED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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1. Actual Modernization Costs of the Project are as follows:

	<u>OH12P00250113</u>
Fund Approved	\$ 1,760,092
Funds Expended	<u>1,760,092</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

Funds Advanced	\$ 1,760,092
Funds Expended	<u>1,760,092</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the Project has been completed.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2016**

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	788,240			211,560	680,902	15,428		532,852	2,228,982		2,228,982
113 Cash - Other Restricted	489,783			153,917					643,700		643,700
114 Cash - Tenant Security Deposits	164,136				7,280				171,416		171,416
115 Cash - Restricted for Payment of Current Liabilities	2,332								2,332		2,332
<b>100 Total Cash</b>	<b>1,444,491</b>	<b>-</b>	<b>-</b>	<b>365,477</b>	<b>688,182</b>	<b>15,428</b>	<b>-</b>	<b>532,852</b>	<b>3,046,430</b>	<b>-</b>	<b>3,046,430</b>
122 Accounts Receivable - HUD Other Projects			28,534						28,534		28,534
124 Accounts Receivable - Other Government						4,582			4,582		4,582
125 Accounts Receivable - Miscellaneous							3,079		3,079		3,079
126 Accounts Receivable - Tenants	99,415				250				99,665		99,665
126.1 Allowance for Doubtful Accounts -Tenants	-23,993								-23,993		-23,993
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>75,422</b>	<b>-</b>	<b>28,534</b>	<b>-</b>	<b>250</b>	<b>4,582</b>	<b>-</b>	<b>3,079</b>	<b>111,867</b>	<b>-</b>	<b>111,867</b>
131 Investments - Unrestricted	1,893,109							124,620	2,017,729		2,017,729
142 Prepaid Expenses and Other Assets	53,757			2,626	586			6,007	62,976		62,976
143 Inventories	37,125				2,000				39,125		39,125
144 Inter Program Due From				24,053	1,672			24,402	50,127	-50,127	-
<b>150 Total Current Assets</b>	<b>3,503,904</b>	<b>-</b>	<b>28,534</b>	<b>392,156</b>	<b>692,690</b>	<b>20,010</b>	<b>-</b>	<b>690,960</b>	<b>5,328,254</b>	<b>-50,127</b>	<b>5,278,127</b>
161 Land	3,226,199				88,000			22,500	3,336,699		3,336,699
162 Buildings	108,366,356				2,414,824	11,112		366,366	111,158,658		111,158,658
163 Furniture, Equipment & Machinery - Dwellings	1,216,295								1,216,295		1,216,295
164 Furniture, Equipment & Machinery - Administration	214,390			193,125	29,902			829,314	1,266,731		1,266,731
166 Accumulated Depreciation	-77,199,736			-190,590	-1,504,113			-801,307	-79,695,746		-79,695,746
167 Construction in Progress	3,627,651								3,627,651		3,627,651
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>39,451,155</b>	<b>-</b>	<b>-</b>	<b>2,535</b>	<b>1,028,613</b>	<b>11,112</b>	<b>-</b>	<b>416,873</b>	<b>40,910,288</b>	<b>-</b>	<b>40,910,288</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	105,206							5,637,070	5,742,276		5,742,276
174 Other Assets	1,142			284	39			2,142	3,607		3,607
<b>180 Total Non-Current Assets</b>	<b>39,557,503</b>	<b>-</b>	<b>-</b>	<b>2,819</b>	<b>1,028,652</b>	<b>11,112</b>	<b>-</b>	<b>6,056,085</b>	<b>46,656,171</b>	<b>-</b>	<b>46,656,171</b>
200 Deferred Outflow of Resources	784,805			176,672	21,866			440,607	1,423,950		1,423,950
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>43,846,212</b>	<b>-</b>	<b>28,534</b>	<b>571,647</b>	<b>1,743,208</b>	<b>31,122</b>	<b>-</b>	<b>7,187,652</b>	<b>53,408,375</b>	<b>-50,127</b>	<b>53,358,248</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL SCHEDULE**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2016**

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	171,326			1,875	5,631	144		29,614	208,590		208,590
321 Accrued Wage/Payroll Taxes Payable	97,568		9,018	28,250	2,858			74,407	212,101		212,101
322 Accrued Compensated Absences - Current Portion	100,182			35,736	3,108			86,324	225,350		225,350
341 Tenant Security Deposits	164,136				7,280				171,416		171,416
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	426,671								426,671		426,671
347 Inter Program - Due To	304		19,516			4,582		25,725	50,127	-50,127	-
<b>310 Total Current Liabilities</b>	<b>960,187</b>	<b>-</b>	<b>28,534</b>	<b>65,861</b>	<b>18,877</b>	<b>4,726</b>	<b>-</b>	<b>216,070</b>	<b>1,294,255</b>	<b>-50,127</b>	<b>1,244,128</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	3,621,652								3,621,652		3,621,652
353 Non-current Liabilities - Other	22,193			153,917					176,110		176,110
354 Accrued Compensated Absences - Non Current	97,187			32,339	1,631			61,190	192,347		192,347
357 Accrued Pension and OPEB Liabilities	2,254,832			544,216	72,868			1,336,080	4,207,996		4,207,996
<b>350 Total Non-Current Liabilities</b>	<b>5,995,864</b>	<b>-</b>	<b>-</b>	<b>730,472</b>	<b>74,499</b>	<b>-</b>	<b>-</b>	<b>1,397,270</b>	<b>8,198,105</b>	<b>-</b>	<b>8,198,105</b>
<b>300 Total Liabilities</b>	<b>6,956,051</b>	<b>-</b>	<b>28,534</b>	<b>796,333</b>	<b>93,376</b>	<b>4,726</b>	<b>-</b>	<b>1,613,340</b>	<b>9,492,360</b>	<b>-50,127</b>	<b>9,442,233</b>
400 Deferred Inflow of Resources	108,720			24,929	3,153			61,909	198,711		198,711
508.4 Net Investment in Capital Assets	35,872,754			2,535	1,028,613	11,112		416,873	37,331,887		37,331,887
511.4 Restricted Net Position									-		-
512.4 Unrestricted Net Position	908,687			-252,150	618,066	15,284		5,095,530	6,385,417		6,385,417
<b>513 Total Equity - Net Assets / Position</b>	<b>36,781,441</b>	<b>-</b>	<b>-</b>	<b>-249,615</b>	<b>1,646,679</b>	<b>26,396</b>	<b>-</b>	<b>5,512,403</b>	<b>43,717,304</b>	<b>-</b>	<b>43,717,304</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>43,846,212</b>	<b>-</b>	<b>28,534</b>	<b>571,647</b>	<b>1,743,208</b>	<b>31,122</b>	<b>-</b>	<b>7,187,652</b>	<b>53,408,375</b>	<b>-50,127</b>	<b>53,358,248</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	2,404,696				142,738			5,492	2,552,926		2,552,926
70400 Tenant Revenue - Other	197,125				15				197,140		197,140
<b>70500 Total Tenant Revenue</b>	<b>2,601,821</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,753</b>	<b>-</b>	<b>-</b>	<b>5,492</b>	<b>2,750,066</b>	<b>-</b>	<b>2,750,066</b>
70600 HUD PHA Operating Grants	6,167,050	14,547	218,807	9,933,631	131,898				16,465,933		16,465,933
70610 Capital Grants	141,979								141,979		141,979
70710 Management Fee								1,048,314	1,048,314	-1,048,314	-
70720 Asset Management Fee								102,840	102,840	-102,840	-
70730 Book Keeping Fee								105,315	105,315	-105,315	-
70740 Front Line Service Fee								184,545	184,545	-184,545	-
70750 Other Fees								53,838	53,838	-53,838	-
<b>70700 Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,494,852</b>	<b>1,494,852</b>	<b>-1,494,852</b>	<b>-</b>
70800 Other Government Grants						1,067			1,067		1,067
71100 Investment Income - Unrestricted	27,733			33	867			41,719	70,352		70,352
71400 Fraud Recovery				14,393					14,393		14,393
71500 Other Revenue	159,187			16,997	1,122	15,000		61,574	253,880		253,880
71600 Gain or Loss on Sale of Capital Assets	-2,154								-2,154		-2,154
<b>70000 Total Revenue</b>	<b>9,095,616</b>	<b>14,547</b>	<b>218,807</b>	<b>9,965,054</b>	<b>276,640</b>	<b>16,067</b>	<b>-</b>	<b>1,603,637</b>	<b>21,190,368</b>	<b>-1,494,852</b>	<b>19,695,516</b>
91100 Administrative Salaries	695,137	9,310	131,634	359,387	11,265	1,900		696,574	1,905,207		1,905,207
91200 Auditing Fees	19,214			5,639	779				25,632		25,632
91300 Management Fee	771,714			270,300	6,300				1,048,314	-1,048,314	-
91310 Book-keeping Fee	101,378				3,937				105,315	-105,315	-
91400 Advertising and Marketing	744			594	107			3,433	4,878		4,878
91500 Employee Benefit contributions - Administrative	424,846	5,237	87,173	278,467	8,637			436,510	1,240,870		1,240,870
91600 Office Expenses	13,381			11,882	143	262		8,263	33,931		33,931
91700 Legal Expense	53,242			775				11,394	65,411		65,411
91800 Travel	7,454			1,346		1,592		23,154	33,546		33,546
91900 Other	262,589			64,853	13,941	10,511		231,606	583,500	-53,838	529,662
<b>91000 Total Operating - Administrative</b>	<b>2,349,699</b>	<b>14,547</b>	<b>218,807</b>	<b>993,243</b>	<b>45,109</b>	<b>14,265</b>	<b>-</b>	<b>1,410,934</b>	<b>5,046,604</b>	<b>-1,207,467</b>	<b>3,839,137</b>
92000 Asset Management Fee	102,840								102,840	-102,840	-
92400 Tenant Services - Other	10,343				21	525			10,889		10,889
<b>92500 Total Tenant Services</b>	<b>10,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>525</b>	<b>-</b>	<b>-</b>	<b>10,889</b>	<b>-</b>	<b>10,889</b>
93100 Water	356,481			200	7,411			1,066	365,158		365,158
93200 Electricity	880,584			4,673	40,632			24,442	950,331		950,331
93300 Gas	400,294			849	813			4,694	406,650		406,650
93600 Sewer	516,820			321	8,880			2,233	528,254		528,254
<b>93000 Total Utilities</b>	<b>2,154,179</b>	<b>-</b>	<b>-</b>	<b>6,043</b>	<b>57,736</b>	<b>-</b>	<b>-</b>	<b>32,435</b>	<b>2,250,393</b>	<b>-</b>	<b>2,250,393</b>
94100 Ordinary Maintenance and Operations - Labor	996,345				26,456			114,125	1,136,926		1,136,926
94200 Ordinary Maintenance and Operations - Materials and Other	330,818			1,960	15,428			46,133	394,339		394,339
94300 Ordinary Maintenance and Operations Contracts	1,066,920			2,166	36,025			30,230	1,135,341	-184,545	950,796
94500 Employee Benefit Contributions - Ordinary Maintenance	708,739				20,284			71,098	800,121		800,121
<b>94000 Total Maintenance</b>	<b>3,102,822</b>	<b>-</b>	<b>-</b>	<b>4,126</b>	<b>98,193</b>	<b>-</b>	<b>-</b>	<b>261,586</b>	<b>3,466,727</b>	<b>-184,545</b>	<b>3,282,182</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
95200 Protective Services - Other Contract Costs	336,021				9,350			559	345,930		345,930
<b>95000 Total Protective Services</b>	<b>336,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,350</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>345,930</b>	<b>-</b>	<b>345,930</b>
96110 Property Insurance	210,705				2,485				213,190		213,190
96120 Liability Insurance				10,728				11,406	22,134		22,134
96130 Workmen's Compensation	11,205			1,795	37			6,113	19,150		19,150
<b>96100 Total insurance Premiums</b>	<b>221,910</b>	<b>-</b>	<b>-</b>	<b>12,523</b>	<b>2,522</b>	<b>-</b>	<b>-</b>	<b>17,519</b>	<b>254,474</b>	<b>-</b>	<b>254,474</b>
96200 Other General Expenses	384,182							7,944	392,126		392,126
96210 Compensated Absences				8,252					8,252		8,252
96300 Payments in Lieu of Taxes	40,122				9			1,308	41,439		41,439
96400 Bad debt - Tenant Rents	165,245				13				165,258		165,258
96800 Severance Expense	116,209			38,512	461			49,974	205,156		205,156
<b>96000 Total Other General Expenses</b>	<b>705,758</b>	<b>-</b>	<b>-</b>	<b>46,764</b>	<b>483</b>	<b>-</b>	<b>-</b>	<b>59,226</b>	<b>812,231</b>	<b>-</b>	<b>812,231</b>
96720 Interest on Notes Payable (Short and Long Term)	129,640								129,640		129,640
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>129,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,640</b>	<b>-</b>	<b>129,640</b>
<b>96900 Total Operating Expenses</b>	<b>9,113,212</b>	<b>14,547</b>	<b>218,807</b>	<b>1,062,699</b>	<b>213,414</b>	<b>14,790</b>	<b>-</b>	<b>1,782,259</b>	<b>12,419,728</b>	<b>-1,494,852</b>	<b>10,924,876</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>-17,596</b>	<b>-</b>	<b>-</b>	<b>8,902,355</b>	<b>63,226</b>	<b>1,277</b>	<b>-</b>	<b>-178,622</b>	<b>8,770,640</b>	<b>-</b>	<b>8,770,640</b>
97200 Casualty Losses - Non-capitalized	1,665								1,665		1,665
97300 Housing Assistance Payments				9,030,605					9,030,605		9,030,605
97400 Depreciation Expense	3,665,769			6,901	41,162			46,936	3,760,768		3,760,768
<b>90000 Total Expenses</b>	<b>12,780,646</b>	<b>14,547</b>	<b>218,807</b>	<b>10,100,205</b>	<b>254,576</b>	<b>14,790</b>	<b>-</b>	<b>1,829,195</b>	<b>25,212,766</b>	<b>-1,494,852</b>	<b>23,717,914</b>
10010 Operating Transfer In	365,905								365,905	-365,905	-
10020 Operating transfer Out	-365,905								-365,905	365,905	-
10091 Inter Project Excess Cash Transfer In	600,000								600,000	-600,000	-
10092 Inter Project Excess Cash Transfer Out	-600,000								-600,000	600,000	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-3,685,030</b>	<b>-</b>	<b>-</b>	<b>-135,151</b>	<b>22,064</b>	<b>1,277</b>	<b>-</b>	<b>-225,558</b>	<b>-4,022,398</b>	<b>-</b>	<b>-4,022,398</b>
11020 Required Annual Debt Principal Payments	488,754								488,754		488,754
11030 Beginning Equity	46,455,567			-114,505	1,624,615	40,183	133,022	3,455,399	51,594,281		51,594,281
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-5,989,096			41		-15,064	-133,022	2,282,562	-3,854,579		-3,854,579
11170 Administrative Fee Equity				-235,172					-235,172		-235,172
11180 Housing Assistance Payments Equity				-14,443					-14,443		-14,443
11190 Unit Months Available	15,013			26,556	528				42,097		42,097
11210 Number of Unit Months Leased	14,673			22,525	525				37,723		37,723

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Funds Expended</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<u>Direct Awards</u>		
Public and Indian Housing	14.850	\$ 5,389,348
Housing Counseling Assistance Program	14.169	14,547
Resident Opportunity and Support Services	14.870	218,807
Capital Fund Program	14.872	919,681
<i>Section 8 Programs:</i>		
Housing Choice Voucher	14.871	9,933,631
Project Based - New Construction - PHA Owned	14.182	<u>131,898</u>
<b>Total Direct Awards</b>		<u>16,607,912</u>
<u>Pass Through from the City of Youngstown</u>		
HOME Investment Partnership Program	14.239	<u>1,067</u>
<b>TOTAL ALL PROGRAMS</b>		<u><u>\$ 16,608,979</u></u>

The Housing Authority did not elect to use the 10% de-minimus cost rate.

This schedule is prepared on the accrual basis of accounting.

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

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

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Youngstown Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2016.

***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Youngstown Metropolitan Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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



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

December 21, 2016

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

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

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

***Report on Compliance for Each Major Federal Program***

We have audited the Youngstown Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Youngstown Metropolitan Housing Authority's major federal programs for the year ended June 30, 2016. The 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Youngstown Metropolitan Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Youngstown Metropolitan Housing Authority's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the Youngstown Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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

Management of the Youngstown Metropolitan Housing Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Youngstown Metropolitan Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Youngstown Metropolitan Housing Authority's internal control over compliance.

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

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

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



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

December 21, 2016

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

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

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v)	Type of Major Programs' Compliance Opinion	Unmodified
2016(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2016(vii)	Major Programs (list):  Low Rent Public Housing- CFDA #14.850 Capital Fund Program - CFDA #14.872	
2016(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: > all others
2016(ix)	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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The audit report for the fiscal year ending June 30, 2015 contained no audit findings.

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# Dave Yost • Auditor of State

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 9, 2017**