

**YOUNGSTOWN METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

James G. Zupka, CPA, Inc.

Certified Public Accountants



Dave Yost • Auditor of State

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

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, 2013 through June 30, 2014. 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 3, 2015

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**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngstown Metropolitan Housing Authority, as of June 30, 2014, and the changes in financial position, and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014, on our consideration of the Youngstown Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

James G. Zupka
CPA, President

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.12.23 11:39:49 -05'00'

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

December 1, 2014

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

As management of the Youngstown Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2014. 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 \$58,990,951 (net position), a decrease of net position of 4.6 percent.
- The Authority's cash and investment balance at June 30, 2014 was \$7,456,577, representing a decrease of \$381,741, or 4.9 percent, from June 30, 2013.
- The Authority had total revenue of \$22,097,290 and total expenditures of \$24,949,055 for the year ended June 30, 2014, decreasing net position by \$2,851,765 for the year.
- The Authority's capital outlays for the year were \$1,415,540.

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, 2014
(Unaudited)

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

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

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

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

Capital Fund Program (CFP) - CFP is one of the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the 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, 2014
(Unaudited)

Notes to the Financial Statements

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

SUPPLEMENTARY INFORMATION

Financial Analysis of the Authority

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

Table 1 - Statement of Net Position

	2014 <u>(thousands)</u>	2013 <u>(thousands)</u>
<u>Assets</u>		
Current and Other Assets	\$ 8,217	\$ 8,279
Capital Assets, Net	<u>53,170</u>	<u>55,920</u>
Total Assets	<u>61,387</u>	<u>64,199</u>
<u>Liabilities</u>		
Current Liabilities	1,520	1,214
NonCurrent Liabilities	<u>876</u>	<u>1,142</u>
Total Liabilities	<u>2,396</u>	<u>2,356</u>
<u>Net Position</u>		
Net Investment in Capital Assets	52,502	54,989
Unrestricted and Restricted Net Position	<u>6,489</u>	<u>6,854</u>
Total Net Position	<u>58,991</u>	<u>61,843</u>
Total Liabilities and Net Position	<u>\$ 61,387</u>	<u>\$ 64,199</u>

During 2014, total assets decreased by \$2,812,535. The largest reason for the decrease is the Authority recently benefitted by receiving ARRA grants which served to increase our Capital Assets, the grants are now expended and our annual depreciated expense of \$4,165,776 was much greater than our Capital expenditures of \$1,415,540. This resulted in a \$2,750,236 decrease in capital assets book value.

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 \$58,990,951 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, 2014
(Unaudited)

By far the largest portion of the Authority's net position (89 percent) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Authority are available for future use to provide program services.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2014 <u>(thousands)</u>	2013 <u>(thousands)</u>
<u>Revenues</u>		
Intergovernmental Revenue	\$ 18,676	\$ 21,065
Program Revenue	2,687	2,603
Other Revenue	734	324
Total Revenues	<u>22,097</u>	<u>23,992</u>
<u>Expenses</u>		
Operating Expenses	10,791	10,695
Depreciation Expense	4,166	4,130
Housing Assistance Payments	9,991	10,725
Other Expenditures	1	(47)
Loss on Demolition	0	1,925
Total Expenses	<u>24,949</u>	<u>27,428</u>
Net Increase (Decrease)	<u>\$ (2,852)</u>	<u>\$ (3,436)</u>

The net position of the Authority decreased by \$2,851,765 during the current fiscal year. The Authority receives its primary source of income from governmental revenues through HUD's Line-of-Credit Control System (eLOCCS). Allowable program expenses, with the exception of non-cash transactions (such as depreciation expense and changes in compensated absences) are drawn down from funds granted to the Authority. Governmental revenues, rental income, and charges for services were sufficient to cover operating expenses incurred during fiscal year 2014.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the Authority's investment in capital assets for its business-type activities was \$53,169,808 (net of accumulated depreciation) as reflected in the following schedule.

Table 3 - Capital Assets

	2014	2013
Land	\$ 3,336,699	\$ 3,336,699
Buildings	121,803,511	117,311,109
Equipment - Administrative	1,220,075	1,213,785
Equipment - Dwellings	835,584	747,263
Accumulated Depreciation	(74,385,035)	(70,219,261)
Construction-in-Progress	358,974	3,530,449
Total	<u>\$ 53,169,808</u>	<u>\$55,920,044</u>

Capital Assets and Debt Administration

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

- Security Cameras at Brier Hill \$219,013.
- New Roof Vasu Manor \$345,042
- Amedia Facade Renovations \$183,192

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

LONG-TERM DEBT

As of June 30, 2014, the Authority had \$668,071 of long-term debt, a decrease of \$262,630, or 28.2 percent over the prior year. The Authority has one note payable that was used to increase the energy efficiency at the Authority's buildings and bears interest at 5.16 percent.

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the 2015 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 2014 year, but this is still a significant difference compared to what the Authority is eligible for.
- The Authority's operating expenditures do not show any significant increases other than expected inflationary increases.
- The Housing Authority will begin implementation of Phase II of the EPC (Energy Performance Contract) that the Authority had with Siemens since 2004. This Phase II project will provide \$3.9 million of improvements to various properties. This will be financed with a loan which will be paid back over the next ten years. As part of the financing the Housing Authority paid off the remaining two years of debt owed on the initial EPC loan.

Future Events that will Financially Impact the Authority

Approximately 85 percent of the Authority's revenues come from governmental grants. For the 2014 year the funding was drastically decreased due to sequestration budget cuts, these cuts, while hopefully temporary, have resulted in the Authority reviewing where costs savings can be implemented and what alternative sources can be found. Going forward, the Authority will need to continue to develop alternative sources of income to avoid the risks inherent in being dependent on one primary source of revenue. HUD has encouraged public housing authorities to become more entrepreneurial in their operations to protect against decreasing funding and/or other unforeseen circumstances. Without taking such actions, the Authority could face uncertainty in the future.

Contacting the Authority's Financial Management

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
JUNE 30, 2014

	2014
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 4,334,300
Restricted Cash and Cash Equivalents	1,119,799
Investments	2,002,478
Receivables, Net of Allowance	547,507
Inventory	39,125
Prepaid Expenses and Other Assets	67,154
Total Current Assets	8,110,363
<u>Capital Assets</u>	
Non-Depreciable Capital Assets	3,695,673
Depreciable Capital Assets, Net	49,474,135
Total Capital Assets	53,169,808
<u>Other Noncurrent Assets</u>	
Notes Receivable	106,656
Total Other Noncurrent Assets	106,656
TOTAL ASSETS	\$ 61,386,827
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 528,557
Accrued Compensated Absences	323,505
Tenant Security Deposits	173,954
Accrued Wages and Payroll Taxes	215,652
Intergovernmental Payable	1,965
Current Portion of Long-Term Debt	276,514
Total Current Liabilities	1,520,147
<u>Noncurrent Liabilities</u>	
Noncurrent Liabilities - Other	132,371
Accrued Compensated Absences	351,801
Long-Term Debt - Net of Current Portion	391,557
Total Noncurrent Liabilities	875,729
Total Liabilities	2,395,876
<u>NET POSITION</u>	
Net investment in Capital Assets	52,501,737
Restricted	813,474
Unrestricted	5,675,740
Total Net Position	58,990,951
TOTAL LIABILITIES AND NET POSITION	\$ 61,386,827

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, 2014

	2014
<u>Operating Revenues</u>	
Government Grants	\$ 17,435,979
Tenant Revenue	2,686,447
Other Revenue	<u>713,346</u>
Total Operating Revenues	<u>20,835,772</u>
<u>Operating Expenses</u>	
Administrative	4,332,907
Tenant and Protective Services	428,575
Utilities	2,441,460
Maintenance	2,892,626
General and Other Insurance	654,718
Housing Assistance Payments	<u>9,991,103</u>
Total Operating Expenses Before Depreciation	<u>20,741,389</u>
Income (Loss) Before Depreciation	94,383
Depreciation	<u>4,165,776</u>
Operating Income (Loss)	<u>(4,071,393)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Revenue	21,373
Interest Expense	<u>(41,890)</u>
Total Non-Operating Revenues (Expenses)	<u>(20,517)</u>
Income (Loss) Before Contributions and Special Item	<u>(4,091,910)</u>
Capital Grants	<u>1,240,145</u>
Change in Net Position	<u>(2,851,765)</u>
Total Net Position, Beginning of Year	<u>61,842,716</u>
Net Position, End of Year	<u><u>\$ 58,990,951</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, 2014

	2014
<u>Cash Flows from Operating Activities</u>	
Cash Received from HUD/Other Governments	\$17,476,021
Cash Received From Tenants	2,703,650
Cash Received Other Sources	705,944
Cash Payments for Housing Assistance Payments	(9,991,103)
Cash Payments for Administrative	(4,320,521)
Cash Payments for Other Operating Expenses	<u>(6,126,259)</u>
Net Cash Provided by Operating Activities	<u>447,732</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Interest and Principal Payments on Debt	(304,520)
Acquisition of Capital Assets - Net	(1,415,540)
Capital Grants Received	<u>869,214</u>
Net Cash (Used) by Capital and Other Related Financing Activities	<u>(850,846)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	21,373
Proceeds from Investments	<u>(8,697)</u>
Net Cash Provided by Investing Activities	<u>12,676</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(390,438)
Cash and Cash Equivalents, Beginning	<u>5,844,537</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,454,099</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Net Operating Income (Loss)	\$ (4,071,393)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	4,165,776
(Increase) Decrease in:	
HUD Receivable	41,015
Accounts Receivables	11,128
Prepaid Expenses and Other Assets	(654)
Increase (Decrease) in:	
Intergovernmental Payable	(8,501)
Accounts Payable	341,007
Other Current Liabilities	(75,181)
Accrued Wages/Payroll Taxes	30,062
Tenant Security Deposits	6,201
Non-Current Liabilities - Other	<u>8,272</u>
Net Cash Used by Operating Activities	<u>\$ 447,732</u>

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

The Youngstown Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The Authority participates in the Section 8 Moderate Rehab, Substantial Rehab, New Construction and Housing Choice Voucher programs provided by HUD. In these section 8 programs, rental assistance is provided to families based on the families' ability to pay in accordance with HUD regulations. Under the Housing Choice Voucher program, the rental assistance is tied to the tenant family. The rental assistance, in general, is provided to help the family pay rent wherever they choose to live. Under the 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, 2014
(CONTINUED)

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

C. **Reporting Entity** (Continued)

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

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

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

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

D. **Fund Accounting**

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

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

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

E. Proprietary Fund Types

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

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

F. Measurement Focus/Basis of Accounting

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

G. Interprogram Balances

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

H. Investments

Investments are restricted by the provisions of the HUD Regulations. Investments are valued at market value. The Authority has cash deposits and investments totaling \$7,456,577 at June 30, 2014. Interest income earned in fiscal year 2014 totaled \$21,373.

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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

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

I. Capital Assets

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

J. Cash and Cash Equivalents

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

K. Compensated Absences

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

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

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

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

L. **Budgetary Accounting**

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

M. **Estimates**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At fiscal year end, the carrying amount of the Authority's deposits were \$5,454,099 and the bank balance was \$5,588,902. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2014, \$750,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority or by pooled collateral. Included in the carrying value of the Authority's deposits is \$500 in petty cash.

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

Investments

The Authority has a formal investment policy. The Authority had investments comprised of U.S. Government Securities (AAA - Moody's) with a market value of \$2,002,478 at June 30, 2014.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

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

Investments (Continued)

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 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as provided by the Ohio Revised Code.

Concentration of Credit Risk

The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, as was mentioned in the preceding, all deposits exceeding the 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, 2014 represents cash on hand for the following:

	Restricted Cash
Tenant Security Deposits	\$ 173,954
Restricted HCV HAP Equity	813,474
FSS Escrow Funds	71,178
Other Restricted Cash	61,193
Total Restricted Cash	\$ 1,119,799

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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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	5,000,000
Automobile Physical Damage/Liability	500/500	ACV/5,000,000
Public Officials	0	5,000,000

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>2014</u>
<u>Capital Assets Not Depreciated</u>	
Land	\$ 3,336,699
Construction in Progress	358,974
Total Capital Assets Not Depreciated	<u>3,695,673</u>
<u>Capital Assets Being Depreciated</u>	
Buildings and Building Improvements	121,803,511
Furniture and Equipment	2,055,659
Total Capital Assets Being Depreciated	<u>123,859,170</u>
Less: Accumulated Depreciation	<u>(74,385,035)</u>
Subtotal Capital Assets Being Depreciated	49,474,135
Total Capital Assets	<u>\$53,169,808</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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, 2013	Additions	Deletions	Balance June 30, 2014
<u>Capital Assets Not Depreciated</u>				
Land	\$ 3,336,699	\$ 0	\$ 0	\$ 3,336,699
Construction in Progress	<u>3,530,449</u>	<u>358,974</u>	<u>(3,530,449)</u>	<u>358,974</u>
Total Capital Assets Not Depreciated	<u>6,867,148</u>	<u>358,974</u>	<u>(3,530,449)</u>	<u>3,695,673</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Building Improvements	117,311,109	4,492,402	0	121,803,511
Furniture, Equipment, and Machinery	<u>1,961,048</u>	<u>94,611</u>	<u>0</u>	<u>2,055,659</u>
Total Capital Assets Being Depreciated	<u>119,272,157</u>	<u>4,587,013</u>	<u>0</u>	<u>123,859,170</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(68,761,759)	(4,024,542)	0	(72,786,301)
Furniture and Equipment	<u>(1,457,502)</u>	<u>(141,232)</u>	<u>0</u>	<u>(1,598,734)</u>
Total Accumulated Depreciation	<u>(70,219,261)</u>	<u>(4,165,774)</u>	<u>0</u>	<u>(74,385,035)</u>
Depreciable Assets, Net	<u>49,052,896</u>	<u>421,239</u>	<u>0</u>	<u>49,474,135</u>
Total Capital Assets, Net	<u>\$ 55,920,044</u>	<u>\$ 780,213</u>	<u>\$(3,530,449)</u>	<u>\$ 53,169,808</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

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

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or 1-800-222-7377, or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 and 2013, member and employer contribution rates were consistent across all three plans. The 2014 and 2013 member contribution rates were 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the years ended June 30, 2014, 2013, and 2012 were \$447,862, \$481,633, and \$480,242, respectively. These costs have been charged to the employee fringe benefit account. 100 percent has been contributed for 2014, 2013 and 2012.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. Plan Description

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

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

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

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

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

B. Funding Policy

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

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

B. Funding Policy (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2014, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for calendar year 2013. Effective January 1, 2014, the portion of the employer contributions allocated to healthcare was raised to 2.0 percent.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2014, 2013, and 2012 which were used to fund post-employment benefits were \$47,985, \$86,006, and \$137,212, respectively.

Changes to the healthcare plan were adopted by the OPERS Board in September, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved healthcare changes, OPERS expects to be able to consistently allocate 4.0 percent of employer contributions toward the healthcare fund after the end of the transition period.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 8: LONG-TERM DEBT

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

	<u>Balance</u> <u>at 6/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 6/30/2014</u>	<u>Due Within</u> <u>One Year</u>
<u>Long-Term Debt</u>					
<i><u>Primary Government</u></i>					
PNC Bank, 12/01/04, 5.16%, \$2,722,385	\$ 930,701	\$ 0	\$(262,630)	\$ 668,071	\$ 276,514
Compensated Absences	<u>662,920</u>	<u>419,273</u>	<u>(406,887)</u>	<u>675,306</u>	<u>323,505</u>
Total Long-Term Debt Obligation	<u>\$ 1,593,621</u>	<u>\$ 419,273</u>	<u>\$(669,517)</u>	<u>\$ 1,343,377</u>	<u>\$ 600,019</u>

Long-term debt for Low-Rent Public Housing program consists of a 12-year 2005 note payable to PNC Bank. The proceeds of \$2,722,385 were used to improve the energy efficiency of the Authority's properties. The note is secured by the equipment purchased and bears a rate of 5.16 percent. The note and settlement agreement matures as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014-2015	\$ 276,514	\$ 28,007	\$ 304,521
2015-2016	291,130	13,391	304,521
2016-2017	<u>100,427</u>	<u>1,080</u>	<u>101,507</u>
	<u>\$ 668,071</u>	<u>\$ 42,478</u>	<u>\$ 710,549</u>

NOTE 9: COMPENSATED ABSENCES

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

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

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

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

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.

The estimated liability for compensated absences at June 30, 2014, based on the vesting method is detailed as follows:

	<u>Current Accrued Compensated Absences</u>	<u>Accrued Compensated Absences</u>	<u>Total Accrued Compensated Absences</u>
Public Housing	\$ 148,090	\$ 182,554	\$ 330,644
Central Office	136,033	137,557	273,590
Section 8 - Rental Voucher	39,382	31,690	71,072
	<u>\$ 323,505</u>	<u>\$ 351,801</u>	<u>\$ 675,306</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 10: INTERPROGRAM RECEIVABLES AND PAYABLES

The following balances at June 30, 2014 represent individual fund interprogram receivables and payables:

<u>Program</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Total AMPs	\$ 2,984	\$ 11,197
Resident Opportunity	0	4,475
Local Grants	0	27,313
Housing Counseling	0	3,154
SRO Program	0	548
Central Office	44,724	6,007
Section 8 Voucher	4,986	0
Total	<u>\$ 52,694</u>	<u>\$ 52,694</u>

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

NOTE 11: CONTINGENCIES

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

NOTE 12: CONSTRUCTION COMMITMENTS

The Authority had the following material capital or construction commitment at June 30, 2014:

	<u>Contract Amount</u>	<u>Balance Outstanding June 30, 2014</u>
Amedia Facade Renovations	\$ 964,326	\$ 914,826
Scattered Site Renovations	497,234	286,781
Amedia Chiller Replacement	256,600	256,600

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 13. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

The objective of GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62*, is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority.

NOTE 14: SUBSEQUENT EVENT

The Housing Authority entered into a Phase II Energy Performance Contract with Siemens Building Technologies on June 20, 2014. This contract extension from 2016 until 2024 will enable the Housing Authority to do an additional \$3.9 million of energy performance improvements and pay off the remaining \$649,057 of debt on the Phase I EPC. A contract was signed on August 11, 2014 with the Bank of the Ozarks for the financing of the Phase II debt and pay-off on the remaining Phase I debt.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2014

	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	14.884 Competitive Capital Fund Stimulus Grant
111 Cash - Unrestricted	2,986,439			317,683	573,931	
113 Cash - Other Restricted	61,193			884,652		
114 Cash - Tenant Security Deposits	167,312				6,642	
100 Total Cash	3,214,944	-	-	1,202,335	580,573	-
122 Accounts Receivable - HUD Other Projects	370,981	3,154	6,046		12,100	
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	185,286				1,730	
126.1 Allowance for Doubtful Accounts - Tenants	-40,990					
120 Total Receivables, Net of Allowances for Doubtful Accounts	515,227	3,154	6,046	-	13,830	-
131 Investments - Unrestricted	1,878,800					
142 Prepaid Expenses and Other Assets	57,357			2,021	625	
143 Inventories	37,125				2,000	
144 Inter Program Due From	2,984			4,986		
150 Total Current Assets	5,706,437	3,154	6,046	1,209,342	597,028	-
161 Land	3,226,199				88,000	
162 Buildings	118,621,602				2,414,824	
163 Furniture, Equipment & Machinery - Dwellings	835,384					
164 Furniture, Equipment & Machinery - Administration	184,470			193,125	21,342	
166 Accumulated Depreciation	-72,060,948			-170,287	-1,422,807	
167 Construction in Progress	358,974					
160 Total Capital Assets, Net of Accumulated Depreciation	51,165,881	-	-	22,838	1,101,359	-
171 Notes, Loans and Mortgages Receivable - Non-Current	105,206					
174 Other Assets						
180 Total Non-Current Assets	51,271,087	-	-	22,838	1,101,359	-
190 Total Assets	56,977,524	3,154	6,046	1,232,180	1,698,387	-
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	56,977,524	3,154	6,046	1,232,180	1,698,387	-

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2014

	State/Local	14856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Sub total	ELIM	Total
111 Cash - Unrestricted	21,573	117,163	317,511	4,334,300		4,334,300
113 Cash - Other Restricted				945,845		945,845
114 Cash - Tenant Security Deposits				173,954		173,954
100 Total Cash	21,573	117,163	317,511	5,454,099	-	5,454,099
122 Accounts Receivable - HUD Other Projects				392,231		392,231
125 Accounts Receivable - Miscellaneous			9,250	9,250		9,250
126 Accounts Receivable - Tenants				187,016		187,016
126.1 Allowance for Doubtful Accounts - Tenants				-40,990		-40,990
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	-	9,250	547,507	-	547,507
131 Investments - Unrestricted			123,678	2,002,478		2,002,478
142 Prepaid Expenses and Other Assets			7,151	67,154		67,154
143 Inventories				39,125		39,125
144 Inter Program Due From			44,724	52,694	-52,694	-
150 Total Current Assets	21,573	117,163	502,314	8,163,057	-52,694	8,110,363
161 Land	22,500			3,336,699		3,336,699
162 Buildings	676,162		90,923	121,803,511		121,803,511
163 Furniture, Equipment & Machinery - Dwellings				835,584		835,584
164 Furniture, Equipment & Machinery - Administration	17,192		803,946	1,220,075		1,220,075
166 Accumulated Depreciation	-17,016		-713,977	-74,385,035		-74,385,035
167 Construction in Progress				338,974		338,974
160 Total Capital Assets, Net of Accumulated Depreciation	698,838	-	180,892	53,169,808	-	53,169,808
171 Notes, Loans and Mortgages Receivable - Non-Current				105,206		105,206
174 Other Assets			1,450	1,450		1,450
180 Total Non-Current Assets	698,838	-	182,342	53,276,464	-	53,276,464
190 Total Assets	720,411	117,163	684,656	61,439,521	-52,694	61,386,827
200 Deferred Outflow of Resources				-		-
290 Total Assets and Deferred Outflow of Resources	720,411	117,163	684,656	61,439,521	-52,694	61,386,827

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2014

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 NCS/R Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
312 Accounts Payable <= 90 Days	501,832			2,550	2,341	
321 Accrued Wage Payroll Taxes Payable	95,182		1,571	31,715	3,269	
322 Accrued Compensated Absences - Current Portion	148,090			33,926	5,456	
331 Accounts Payable - HLD/FHA Programs	1,965					
341 Tenant Security Deposits	167,312				6,642	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	276,514					
347 Inter Program - Due To	11,197	3,154	4,475		548	
310 Total Current Liabilities	1,202,092	3,154	6,046	68,191	18,256	-
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	391,557					
353 Non-current Liabilities - Other	61,198			71,178		
354 Accrued Compensated Absences - Non Current	182,554			25,644	6,046	
350 Total Non-Current Liabilities	635,304	-	-	96,822	6,046	-
300 Total Liabilities	1,837,396	3,154	6,046	165,013	24,302	-
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	50,497,810			22,838	1,101,359	
511.4 Restricted Net Position				813,474		
512.4 Unrestricted Net Position	4,642,318			230,855	572,726	
513 Total Equity - Net Assets / Position	55,140,128	-	-	1,067,167	1,674,085	-
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	56,977,524	3,154	6,046	1,232,180	1,698,387	-

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2014

	State/Local	14.856 Lower Income Housing Assistance Program Section 8/Moderate	COCC	Subtotal	FLIM	Total
312 Accounts Payable <=90 Days	339		21,475	528,557		528,557
321 Accrued Wage/Payroll Taxes Payable			83,915	215,652		215,652
322 Accrued Compensated Absences - Current Portion			136,083	323,505		323,505
331 Accounts Payable - HUD/FHA Programs				1,965		1,965
341 Tenant Security Deposits				173,954		173,954
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				276,514		276,514
347 Inter Program - Due To	27,313		6,007	52,694	-52,694	-
310 Total Current Liabilities	27,672	-	247,480	1,572,841	-52,694	1,520,147
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				391,557		391,557
353 Non-current Liabilities - Other				132,371		132,371
354 Accrued Compensated Absences - Non Current			137,557	351,801		351,801
350 Total Non-Current Liabilities	-	-	137,557	875,729	-	875,729
300 Total Liabilities	27,672	-	384,987	2,448,570	-52,694	2,395,876
400 Deferred Inflow of Resources				-		-
508.4 Net Investment in Capital Assets	698,838		180,892	52,501,737		52,501,737
511.4 Restricted Net Position				813,474		813,474
512.4 Unrestricted Net Position	-6,099	117,163	118,777	5,675,740		5,675,740
513 Total Equity - Net Assets / Position	692,739	117,163	299,669	58,990,951	-	58,990,951
600 Total Liab, Def. Inflow of Res., and Equity - Net Assets / Position	720,411	117,163	684,656	61,439,521	-52,694	61,386,827

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 NCS/R Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
70300 Net Tenant Rental Revenue	2,292,813				141,980	
70400 Tenant Revenue - Other	248,280				1,220	
70500 Total Tenant Revenue	2,541,093	-	-	-	143,200	-
70600 HUD/FHA Operating Grants	6,047,750	15,952	42,898	11,161,382	133,758	
70610 Capital Grants	1,240,145					
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue	-	-	-	-	-	-
70800 Other Government Grants						
71100 Investment Income - Unrestricted	19,770			11	559	
71500 Other Revenue	39,503			13,198	969	
70000 Total Revenue	9,888,261	15,952	42,898	11,174,591	278,486	-
91100 Administrative Salaries	627,787	14,200	27,605	443,756	28,689	
91200 Auditing Fees	18,190			5,284	738	
91300 Management Fee	899,353			140,107	6,324	
91310 Book-keeping Fee	112,364				3,953	
91400 Advertising and Marketing	3,051			296	47	
91500 Employee Benefit contributions - Administrative	337,980		15,298	256,816	16,730	
91600 Office Expenses	11,697			7,075	301	
91700 Legal Expense	46,684			36	100	
91800 Travel	17,278	752		1,543	368	
91900 Other	656,109	1,000		72,675	13,345	
91000 Total Operating - Administrative	2,730,493	15,952	42,898	927,588	70,595	-
92000 Asset Management Fee	148,440					
92200 Relocation Costs	6,684					
92400 Tenant Services - Other	17,150				63	
92500 Total Tenant Services	23,834	-	-	-	63	-

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	State/Local	14.856 Lower Income Housing Assistance Program Section 8/Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	2,154			2,436,947		2,436,947
70400 Tenant Revenue - Other				249,500		249,500
70500 Total Tenant Revenue	2,154	-	-	2,686,447	-	2,686,447
70600 HLDPHA Operating Grants				17,401,740		17,401,740
70610 Capital Grants				1,240,145		1,240,145
70710 Management Fee			1,047,228	1,047,228	-1,047,228	-
70720 Asset Management Fee			148,440	148,440	-148,440	-
70730 Book Keeping Fee			116,317	116,317	-116,317	-
70740 Front Line Service Fee			136,215	136,215	-136,215	-
70750 Other Fees			95,373	95,373	-95,373	-
70700 Total Fee Revenue	-	-	1,543,573	1,543,573	-1,543,573	-
70800 Other Government Grants	34,239			34,239		34,239
71100 Investment Income - Unrestricted		22	1,011	21,373		21,373
71500 Other Revenue	10,965	7,528	641,183	713,346		713,346
70000 Total Revenue	47,358	7,550	2,185,767	23,640,863	-1,543,573	22,097,290
91100 Administrative Salaries	1,980	4,795	970,257	2,119,069		2,119,069
91200 Auditing Fees		54		24,266		24,266
91300 Management Fee		1,445		1,047,229	-1,047,229	-
91310 Bookkeeping Fee				116,317	-116,317	-
91400 Advertising and Marketing		3	3,224	6,621		6,621
91500 Employee Benefit contributions - Administrative		2,648	539,682	1,169,149		1,169,149
91600 Office Expenses	553	73	8,406	28,105		28,105
91700 Legal Expense			26,471	73,291		73,291
91800 Travel		16	28,681	48,638		48,638
91900 Other	9,473	749	205,790	959,141	-95,373	863,768
91000 Total Operating - Administrative	12,006	9,783	1,782,511	5,591,826	-1,238,919	4,332,907
92000 Asset Management Fee				148,440	-148,440	-
92200 Relocation Costs				6,684		6,684
92400 Tenant Services - Other				17,213		17,213
92500 Total Tenant Services	-	-	-	23,897	-	23,897

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 NC S/R Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
95100 Water	303,804			307	10,563	
95200 Electricity	859,525			4,716	32,570	
95300 Gas	667,915			1,430	1,491	
95600 Sewer	513,804			413	9,687	
93000 Total Utilities	2,345,048	-	-	6,886	54,311	-
94100 Ordinary Maintenance and Operations - Labor	1,003,467				27,575	
94200 Ordinary Maintenance and Operations - Materials and Other	322,730			3,082	5,787	
94300 Ordinary Maintenance and Operations Contracts	816,302			2,419	24,422	
94500 Employee Benefit Contributions - Ordinary Maintenance	582,238				15,400	
94000 Total Maintenance	2,724,737	-	-	5,501	73,184	-
95200 Protective Services - Other Contract Costs	392,756				11,086	
95000 Total Protective Services	392,756	-	-	-	11,086	-
96110 Property Insurance	198,308				2,236	
96120 Liability Insurance				5,800		
96130 Workmen's Compensation	8,262			1,058	374	
96100 Total Insurance Premiums	206,570	-	-	6,858	2,610	-
96200 Other General Expenses						
96210 Compensated Absences	68,510					
96300 Payments in Lieu of Taxes	151,429				20	
96400 Bad debt - Tenant Rents	171,133				632	
96800 Severance Expense	1,523			8,337	11	
96000 Total Other General Expenses	392,595	-	-	8,337	663	-
96720 Interest on Notes Payable (Short and Long Term)	41,890					
96700 Total Interest Expense and Amortization Cost	41,890	-	-	-	-	-
96900 Total Operating Expenses	9,006,363	15,952	42,898	955,170	212,462	-
97000 Excess of Operating Revenue over Operating Expenses	881,898	-	-	10,219,421	66,024	-

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	State/Local	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
98100 Water	110	3	1,534	316,321		316,321
98200 Electricity	3,096	49	19,838	919,794		919,794
98300 Gas	2,322	15	6,098	679,291		679,291
98600 Sewer	408	4	1,738	526,054		526,054
93000 Total Utilities	5,936	71	29,208	2,441,460	-	2,441,460
94100 Ordinary Maintenance and Operations - Labor			104,452	1,135,494		1,135,494
94200 Ordinary Maintenance and Operations - Materials and Other	362	32	26,715	358,708		358,708
94300 Ordinary Maintenance and Operations Contracts	7,698	25	28,322	879,183	-136,214	742,969
94500 Employee Benefit Contributions - Ordinary Maintenance			57,817	655,455		655,455
94000 Total Maintenance	8,055	57	217,306	3,028,840	-136,214	2,892,626
95200 Protective Services - Other Contract Costs	856		30	404,678		404,678
95000 Total Protective Services	856	-	30	404,678	-	404,678
96110 Property Insurance				200,544		200,544
96120 Liability Insurance		60	25,478	31,338		31,338
96130 Workmen's Compensation		11	4,279	13,984		13,984
96100 Total insurance Premiums	-	71	29,757	245,866	-	245,866
96200 Other General Expenses			90	90		90
96210 Compensated Absences				68,510		68,510
96300 Payments in Lieu of Taxes	1,831		1,984	155,264		155,264
96400 Bad debt - Tenant Rents				171,765		171,765
96800 Severance Expense		86	2,020	11,977		11,977
96000 Total Other General Expenses	1,831	86	4,094	407,606	-	407,606
96720 Interest on Notes Payable (Short and Long Term)				41,890		41,890
96700 Total Interest Expense and Amortization Cost	-	-	-	41,890	-	41,890
96900 Total Operating Expenses	28,684	10,068	2,062,906	12,334,503	-1,543,573	10,790,930
97000 Excess of Operating Revenue over Operating Expenses	18,674	-2,518	122,861	11,306,360	-	11,306,360

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Project Total	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 NC SR Section 8 Programs	14.884 Competitive Capital Fund Stimulus Grant
97200 Casualty Losses - Non-capitalized	1,246					
97300 Housing Assistance Payments				9,991,108		
97400 Depreciation Expense	4,038,273			15,677	39,897	
90000 Total Expenses	13,045,882	15,952	42,898	10,961,950	252,359	-
10010 Operating Transfer In	352,018					
10020 Operating transfer Out	-352,018					
10091 Inter Project Excess Cash Transfer In	100,000					
10092 Inter Project Excess Cash Transfer Out	-100,000					
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-3,157,621	-	-	212,641	26,127	-
11020 Required Annual Debt Principal Payments	260,718					
11030 Beginning Equity	50,859,092			854,526	1,647,958	7,438,657
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	7,438,657					-7,438,657
11170 Administrative Fee Equity				253,693		
11180 Housing Assistance Payments Equity				813,474		
11190 Unit Months Available	15,175			26,556	528	
11210 Number of Unit Months Leased	15,045			23,574	523	

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
9720 Casualty Losses - Non-capitalized				1,246		1,246
9730 Housing Assistance Payments				9,991,103		9,991,103
9740 Depreciation Expense	3,808		68,121	4,165,776		4,165,776
90000 Total Expenses	32,492	10,068	2,131,027	26,492,628	-1,543,573	24,949,055
10010 Operating Transfer In				352,018	-352,018	-
10020 Operating transfer Out				-352,018	352,018	-
10091 Inter Project Excess Cash Transfer In				100,000	-100,000	-
10092 Inter Project Excess Cash Transfer Out				-100,000	100,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	14,866	-2,518	54,740	-2,851,765	-	-2,851,765
11020 Required Annual Debt Principal Payments				260,718		260,718
11030 Beginning Equity	677,873	119,681	244,929	61,842,716		61,842,716
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				-		-
11170 Administrative Fee Equity				253,693		253,693
11180 Housing Assistance Payments Equity				813,474		813,474
11190 Unit Months Available				42,259		42,259
11210 Number of Unit Months Leased				39,142		39,142

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Funds Expended
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Awards</i>		
Public and Indian Housing Operating Subsidy	14.850	\$ 5,498,793
Housing Counseling Assistance Program	14.169	15,952
Resident Opportunity and Support Services	14.870	42,898
Capital Fund Program	14.872	1,789,102
<i>Section 8 Programs:</i>		
Housing Choice Voucher	14.871	11,161,382
Project Based - New Construction - PHA Owned	14.182	<u>133,758</u>
Total Direct Awards		<u>18,641,885</u>
<i>Pass Through from the City of Youngstown</i>		
HOME Investment Partnership Program	14.239	<u>34,239</u>
TOTAL ALL PROGRAMS		<u><u>\$ 18,676,124</u></u>

This schedule is prepared on the accrual basis of accounting.

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

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2014, 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 1, 2014.

Internal Control Over Financial Reporting

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

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

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

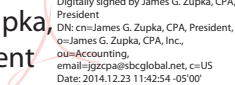
Compliance and Other Matters

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

Purpose of this Report

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

James G. Zupka, CPA, President
CPA, President



Digitally signed by James G. Zupka, CPA,
President
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o=James G. Zupka, CPA, Inc.,
ou=Accounting,
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Date: 2014.12.23 11:42:54 -05'00'

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

December 1, 2014

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

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Youngstown Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2014. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Youngstown Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Youngstown Metropolitan Housing Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka, CPA, President
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Zupka, CPA, Inc., ou=Accounting,
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Date: 2014.12.23 11:43:23 -0500

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

December 1, 2014

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2014(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2014(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2014(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2014(v)	Type of Major Programs' Compliance Opinion	Unmodified
2014(vi)	Are there any reportable findings under .510(a)?	No
2014(vii)	Major Programs (list): Housing Choice Voucher - CFDA #14.871	
2014(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$560,284 Type B: > all others
2014(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, 2014**

The audit report for the fiscal year ending June 30, 2013 contained no audit findings.



Dave Yost • Auditor of State

YOUNGSTOWN METRO HOUSING AUTHORITY

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 17, 2015**