

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2002



**Auditor of State
Betty Montgomery**

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

We have reviewed the Independent Auditor's Report of the Youngstown Metropolitan Housing Authority, Mahoning County, prepared by James G. Zupka, C.P.A., Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 17, 2003

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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2002

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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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Youngstown Metropolitan Housing Authority, as of and for the year ended June 30, 2002, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Youngstown Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the Youngstown Metropolitan Housing Authority, as of June 30, 2002, and the changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic general financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as of July 1, 2001. This results in a change to the Authority's format and content of the basic financial statements. As described in Note 11 to the basic financial statements, the Authority adjusted the beginning net assets due to the changes applicable to compliance with GASB Statement No. 34.

In accordance with Government Auditing Standards, we have also issued a report dated January 16, 2003 on our consideration of Youngstown Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

January 16, 2003

James G. Zupka
Certified Public Accountant

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2002 (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, 2002. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- Assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$54,014,483 (net assets), an increase of 5.4 percent.
- At the close of the current fiscal year, the Authority's proprietary funds reported an ending fund balance of \$1,848,161, a decrease of 43.5 percent.
- The Authority's cash balance at June 30, 2002 was \$3,346,300, representing a decrease of \$153,354, or 4.4 percent, from June 30, 2001.
- The Authority had total revenue of \$22,851,789 and total expenditures of \$20,070,400 for the year ended June 30, 2002, increasing net assets by \$2,781,389 for the year.
- The Authority's capital outlays for the year were \$8,728,835.

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 (new)

Basic Financial Statements

Statement of Net Assets
Statement of Revenues, Expenses, and Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2002
(Unaudited)**

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

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

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

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

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

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

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

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2002
(Unaudited)**

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

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

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

Fund Financial Statements

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

Notes to the Financial Statements

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2002
(Unaudited)

SUPPLEMENTARY INFORMATION

Financial Analysis of the Authority

Statement of Net Assets

The following table represents a condensed Statement of Net Assets.

	2002 <u>(thousands)</u>
Current and Other Assets	\$ 4,395
Capital Assets	54,231
Total Assets	<u>\$ 58,626</u> =====
Current Liabilities	\$ 1,962
NonCurrent Liabilities	2,650
Total Liabilities	<u>4,612</u> -----
Net Assets:	
Invested in Capital Assets, Net of Debt	52,166
Unrestricted Net Assets	1,848
Total Net Assets	<u>54,014</u> -----
Total Liabilities and Net Assets	<u>\$ 58,626</u> =====

2002 is the first year the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 34; accordingly, a comparative analysis of current and prior year balances is not included. However, such an analysis will exist in subsequent years.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$54,014,483 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net assets (99 percent) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2002
(Unaudited)**

Statement of Revenues, Expenses, and Changes in Net Assets

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

	2002 (thousands)
Intergovernmental Revenue	\$ 21,039
Program Revenue	1,465
Other Revenue	348
Total Revenue	<u>22,852</u>
Operating Expenses	9,464
Depreciation Expense	3,351
Housing Assistance Payments	6,346
Other Expenditures	909
Total Expenditures	<u>20,070</u>
Net Increase	<u>\$ 2,782</u>

2002 is the first year of implementation of Governmental Accounting Standards Board (GASB) Statement 34; accordingly, a comparative analysis of current and prior year balances is not included. However, such an analysis will exist in subsequent years.

The net assets of the Authority increased by \$2,781,389 during the current fiscal year. The Authority's revenues are largely governmental revenues received from cost reimbursement grants. The Authority draws down monies from the grants' awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences. The Authority's governmental revenues and charges for services were sufficient to cover all expenses incurred during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2002, the Authority's investment in capital assets for its business-type activities was \$54,230,750 (net of accumulated depreciation) as reflected in the following schedule.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2002
(Unaudited)**

	<u>2002</u>
Land	\$ 2,200,170
Buildings	117,913,067
Equipment - Administrative	1,196,545
Equipment - Dwellings	263,096
Accumulated Depreciation	(67,342,128)
Total	<u>\$ 54,230,750</u>

Capital Assets and Debt Administration

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

- Capital expenditures of \$1,970,000 to renovate the apartments and offices at Amedia Plaza, including the purchase of new office furniture.
- Capital expenditures of \$4,825,000 for demolition, new construction, construction of single family homes, and the beginning of construction of an activity center at Rockford Village (formerly Kimmelbrook Homes).

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

LONG-TERM DEBT

As of June 30, 2002, the Authority had \$2,964,428 of long-term debt, a reduction of \$236,025, or 10.3 percent, over the prior year. Long-term debt consists of a ten-year note payable with an outstanding balance of \$2,463,936, bearing interest at 4.85 percent. The proceeds of the note were used to increase energy efficiency of the Authority's buildings. Additionally, there is \$500,492 remaining on a 30 year mortgage of the Authority's Lowellville property. The mortgage bears interest at 7.52 percent.

Additional information on the Authority's long-term debt can be found in Note 6 on pages 23 and 24 of this report.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) FOR THE YEAR ENDED JUNE 30, 2002 (Unaudited)

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the 2003 fiscal year:

- The three-year phase-out of demolished units is substantially over. This will decrease the Authority's operating subsidy by approximately \$160,000.
- Health insurance costs are projected to increase by \$215,000.
- The subsidy the Authority receives for utilities will decrease by \$240,000 due to lower utility costs, particularly a large decrease in natural gas costs.
- Offsetting the negative impacts on the budget, the Authority's operating subsidy will increase by \$270,000 due to inflationary increases and the inclusion of converted units at Amedia Plaza.
- HUD owes the Authority \$800,000 for the year-end settlement from the fiscal year ending June 30, 2001. The Authority's subsidy for a fiscal year is based upon estimates at the end of the year. The estimates and actual costs/revenues are compared and the difference results in a payable or receivable due to/from HUD.

Future Events that will Financially Impact the Authority

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

Contacting the Authority's Financial Management

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

Respectfully submitted,

Eugenia Atkinson
Executive Director

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2002

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Totals Reporting Entity</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 1,845,821	\$ 943,802	\$ 2,789,623
Receivables, Net	917,782	476	918,258
Prepaid Expenses and Other Assets	89,411	0	89,411
Due from Component Unit	40,801	0	40,801
Total Current Assets	<u>2,893,815</u>	<u>944,278</u>	<u>3,838,093</u>
<u>Noncurrent Assets</u>			
Restricted Cash and Cash Equivalents	261,975	294,702	556,677
Capital Assets:			
Land	2,112,170	88,000	2,200,170
Building and Equipment	118,113,538	1,259,170	119,372,708
Less Accumulated Depreciation	(66,614,578)	(727,550)	(67,342,128)
Capital Assets, Net	<u>53,611,130</u>	<u>619,620</u>	<u>54,230,750</u>
Total Noncurrent Assets	<u>53,873,105</u>	<u>914,322</u>	<u>54,787,427</u>
TOTAL ASSETS	<u><u>\$ 56,766,920</u></u>	<u><u>\$ 1,858,600</u></u>	<u><u>\$ 58,625,520</u></u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 553,728	\$ 4,583	\$ 558,311
Accrued Liabilities	295,194	4,102	299,296
Intergovernmental Payables	276,349	0	276,349
Tenant Security Deposits	171,430	8,174	179,604
Deferred Revenue	57,364	0	57,364
Bonds, Notes, and Claims Payable	484,624	64,744	549,368
Due to Primary Government	0	40,801	40,801
Total Current Liabilities	<u>1,838,689</u>	<u>122,404</u>	<u>1,961,093</u>
<u>Noncurrent Liabilities</u>			
Bonds, Notes, and Claims Payable	1,979,312	435,748	2,415,060
Accrued Compensated Absences, Non-Current	232,389	2,495	234,884
Total Noncurrent Liabilities	<u>2,211,701</u>	<u>438,243</u>	<u>2,649,944</u>
TOTAL LIABILITIES	<u><u>\$ 4,050,390</u></u>	<u><u>\$ 560,647</u></u>	<u><u>\$ 4,611,037</u></u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 52,047,194	\$ 119,128	\$ 52,166,322
Unrestricted Net Assets	669,336	1,178,825	1,848,161
Total Net Assets	<u><u>\$ 52,716,530</u></u>	<u><u>\$ 1,297,953</u></u>	<u><u>\$ 54,014,483</u></u>

See accompanying notes to the basic financial statements

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2002

	Primary <u>Government</u>	Component <u>Unit</u>	Totals Reporting <u>Entity</u>
<u>Operating Revenues</u>			
Tenant Revenue	\$ 1,365,127	\$ 99,399	\$ 1,464,526
Government Operating Grants	17,554,985	107,368	17,662,353
Other Revenue	255,530	1,537	257,067
Total Operating Revenues	<u>19,175,642</u>	<u>208,304</u>	<u>19,383,946</u>
<u>Operating Expenses</u>			
Administrative	3,926,029	22,791	3,948,820
Tenant Services	1,034,784	0	1,034,784
Utilities	1,218,446	48,651	1,267,097
Maintenance	2,782,028	74,503	2,856,531
General	242,139	546	242,685
Housing Assistance Payment	6,345,461	0	6,345,461
Other Operating Expenses	7,120	1,953	9,073
Depreciation	3,319,621	31,686	3,351,307
Total Operating Expenses	<u>18,875,628</u>	<u>180,130</u>	<u>19,055,758</u>
Operating Income (Loss)	<u>300,014</u>	<u>28,174</u>	<u>328,188</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest and Investment Revenue	62,989	28,376	91,365
Interest Expense	(74,587)	(39,859)	(114,446)
Total Non-Operating Revenues (Expenses)	<u>(11,598)</u>	<u>(11,483)</u>	<u>(23,081)</u>
Income (Loss) Before Contributions and Transfers	288,416	16,691	305,107
Capital Grants	3,376,478	0	3,376,478
Special Items (Gain/Loss) (Note 11)	(900,196)	0	(900,196)
Change in Net Assets	<u>2,764,698</u>	<u>16,691</u>	<u>2,781,389</u>
Total Net Assets, Beginning of Year	50,456,289	1,281,262	51,737,551
Prior Period Adjustments	(504,457)	0	(504,457)
Total Net Assets, Beginning of Year, Restated	<u>49,951,832</u>	<u>1,281,262</u>	<u>51,233,094</u>
Net Assets, End of Year	<u><u>\$ 52,716,530</u></u>	<u><u>\$ 1,297,953</u></u>	<u><u>\$ 54,014,483</u></u>

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002

	Primary Government's Proprietary Funds	Component Unit - Lowellville	Totals Memorandum Only) Reporting Entity
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Received from HUD	\$ 18,590,751	\$ 107,368	\$ 18,698,119
Cash Received From Tenants	1,352,689	98,923	1,451,612
Cash Payments for Housing Assistance Payments	(6,345,461)	0	(6,345,461)
Cash Payments for Administrative	(4,013,329)	(22,791)	(4,036,120)
Cash Payments for Other Operating Expenses	(5,288,095)	(241,934)	(5,530,029)
Cash Payments to HUD and Other Governments	(297,586)	0	(297,586)
Net Cash (Used) by Operating Activities	3,998,969	(58,434)	3,940,535
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal Payments on Lease/Purchase Agreement	(175,826)	(60,089)	(235,915)
Acquisition of Other Fixed Assets	(6,901,481)	(20,193)	(6,921,674)
Other Capital Related Expenses	(289,620)	0	(289,620)
Capital Grants Received	3,376,478	0	3,376,478
Net Cash Provided by Capital and Other Related Financing Activities	(3,990,449)	(80,282)	(4,070,731)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Investment Income	62,989	28,376	91,365
Interest Expense	(74,587)	(39,859)	(114,446)
Net Cash Provided by Investing Activities	(11,598)	(11,483)	(23,081)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,078)	(150,199)	(153,277)
Cash and Cash Equivalents, Beginning	2,110,874	1,388,703	3,499,577
Cash and Cash Equivalents, Ending	\$ 2,107,796	\$ 1,238,504	\$ 3,346,300
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</u>			
Net Operating Income (Loss)	\$ 300,014	\$ 28,174	\$ 328,188
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities			
Depreciation	3,319,621	31,686	3,351,307
(Increase) Decrease in:			
Receivables - Net of Allowance	1,109,697	(476)	1,109,221
Due from Other Funds	257,525	0	257,525
Deferred Charges and Other Assets	(23,100)	0	(23,100)
Increase (Decrease) in:			
Accounts Payable	(714,471)	(132,886)	(847,357)
Due to Other Funds	(273,892)	16,367	(257,525)
Accrued Wages/Payroll Taxes	168,522	2,709	171,231
Tenants' Security Deposits	3,414	299	3,713
Deferred Credits Other Liabilities	(148,361)	(4,307)	(152,668)
Net Cash Used by Operating Activities	\$ 3,998,969	\$ (58,434)	\$ 3,940,535

See accompanying notes to the basic financial statements.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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

A. Description of the Entity and Programs

The Youngstown Metropolitan Housing Authority is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The Authority participates in the Section 8 Existing, Moderate Rehab, and Voucher Program provided by HUD. These programs help assist families in the payment of rent. Under the Certificate program, the dwelling unit a family will occupy must not exceed rent limitations in accordance with HUD guidelines. Under the Voucher program, the Authority determines the amount of subsidy a family will receive using HUD guidelines; however, there is a limit to the amount charged to the family. Under the Moderate Rehab program, subsidy payments are made directly to the landlord on behalf of families living in their respective unit. The Authority also participates in the Public Housing program. Under this program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay 30% of his/her adjusted gross income towards rent and utilities.

B. Summary of Significant Accounting Policies

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

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

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

B. Summary of Significant Accounting Policies (Continued)

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

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

C. Reporting Entity

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

Section 2100 indicates that the reporting entity consists of **a)** the primary government, **b)** organizations for which the primary government is financially accountable, and **c)** other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

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

C. **Reporting Entity** (Continued)

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

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

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

D. **Fund Accounting**

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

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

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

E. **Proprietary Fund Types**

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

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

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

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

G. **Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2002 totaled \$62,989 for the primary component and \$28,376 for the component unit.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

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

H. **Fixed Assets**

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

I. **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.

J. **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 YEAR ENDED JUNE 30, 2002
(CONTINUED)

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

K. **Budgetary Accounting**

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

L. **Estimates**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

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

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

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

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

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

Deposits

- Category 1 Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- Category 3 Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

The carrying amount of Youngstown Metropolitan Housing Authority's deposits was \$2,107,796 plus \$1,238,504 for component unit for a total of \$3,346,300. The corresponding bank balances were \$2,519,968 for the primary government and \$1,229,930 for the component unit for a total of \$3,749,898.

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

NOTE 3: **INSURANCE COVERAGE**

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

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

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

NOTE 4: **FIXED ASSETS**

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

Land	\$ 2,112,170
Buildings	116,659,302
Furniture and Equipment - Dwellings	263,096
Furniture and Equipment - Administrative	1,191,140
	<u>120,225,708</u>
Accumulated Depreciation	(66,614,578)
Net Fixed Assets - Primary Government	<u>53,611,130</u>
- Component Unit	619,620
Net Fixed Assets - Reporting Entity	<u><u>\$ 54,230,750</u></u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

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

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

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

The Authority uses the straight line method of depreciation.

The following is a summary of changes in fixed assets:

	As Restated <u>June 30, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2002</u>
Land	\$ 2,110,829	\$ 1,341	\$ 0	\$ 2,112,170
Buildings	110,317,532	6,341,770	0	116,659,302
Furniture and Equipment				
Dwellings	321,721	80,702	139,327	263,096
Administrative	790,483	477,668	77,011	1,191,140
Total Fixed Assets -				
Primary Government	113,540,565	6,901,481	216,338	120,225,708
Less Depreciation -				
Primary Government				(66,614,578)
Net Fixed Assets - Primary Government				53,611,130
- Component Unit				619,620
Net Fixed Assets - Reporting Entity				\$ 54,230,750

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Public Employees Retirement System

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

All employees of the Authority participate in the PERS of Ohio, a cost-sharing multiple-employer defined benefit pension plan. The PERS of Ohio provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. The 2001 employer contribution rate for local government employer units was 13.55 percent of covered payroll, 9.25 percent to fund the pension and 4.3 percent to fund health care. The 2001 and 2000 employer contribution rates were 10.84 and 13.55 percent. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's required contributions to the PERS of Ohio for the years ended June 30, 2002, 2001, and 2000 were \$494,385, \$419,601, and \$409,043 respectively, which were equal to the required contributions for each year. The employee portion of 8.5 percent of the contribution is also paid by the Authority as an additional employee benefit.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2002 employer contribution rate

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Public Employees Retirement System (Continued)

(identified above) that was used to fund health care for the year ended June 30, 2002 was 4.3 percent of covered payroll, which amounted to \$156,890.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75 percent. An annual increase of 4.75 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from 0.54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The actuarial value of the PERS of Ohio's net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

NOTE 6: **LONG-TERM DEBT**

Long-term debt for Low Rent Public Housing consists of a ten-year note payable to Citicorp. The proceeds of \$2,052,658 were used to improve the energy efficiency of the Authority's buildings. The note is secured by the equipment purchased and bears interest at 4.85 percent. The note matures as follows:

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

NOTE 6: **LONG-TERM DEBT** (Continued)

2002-03	\$ 184,624
2003-04	193,742
2004-05	203,311
2005-06	213,353
2006-07	223,890
Thereafter	545,016
	\$1,563,936

Long-term debt for the component unit of Lowellville consists of a 30 year mortgage bearing interest at 7.52 percent and secured by the building. The mortgage matures as follows:

2002-03	\$ 64,493
2003-04	69,513
2004-05	74,925
2005-06	81,025
2006-07	87,258
Thereafter	123,278
	\$ 500,492

NOTE 7: **DISCRETELY PRESENTED COMPONENT UNIT**

Organization (Lowellville Apartment Complex)

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

NOTE 8: **COMPENSATED ABSENCES**

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

NOTE 8: **COMPENSATED ABSENCES** (Continued)

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

<u>Management</u>		<u>Maintenance</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	11-17 years	4 weeks
16-24 years	5 weeks	18-24 years	5 weeks
25 years and over	6 weeks	25 years and over	6 weeks

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

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

The estimated liability for compensated absences is detailed as follows:

	Current Accrued Compensated <u>Absences</u>	Other <u>Liabilities</u>	Total Accrued Compensated <u>Absences</u>
Public Housing	\$ 153,725	\$ 140,089	\$ 293,814
Section 8 - Rental Voucher	30,603	92,300	122,903
Lowellville	2,731	2,495	5,226
	<u>\$ 187,059</u>	<u>\$ 234,884</u>	<u>\$ 421,943</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

NOTE 9: **INTERPROGRAM RECEIVABLES AND PAYABLES**

The following balances at June 30, 2002 represent individual fund interprogram receivables and payables:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Public Housing	\$ 213,315	\$ 273,939
Comprehensive Grant	16,102	0
Local Grants	91,900	0
Section 8 N/C S/R	4,843	0
Hope I	0	20,966
Business Activities	34,944	0
Section 8 Rental Voucher	0	151,751
Section 8 Moderate Rehab	0	3,692
Lowellville - Component Unit	0	40,801
Capital Fund	40,214	0
Economic Development Program	57,364	0
Public and Indian Drug Elimination Program	0	8,334
Total	<u>\$ 458,682</u>	<u>\$ 458,682</u>

These interprogram receivables and payables have been eliminated in the statement of net assets. The primary government has an outstanding amount due from the component of \$90,801 at June 30, 2002.

NOTE 10: **CHANGES IN ACCOUNTING PRINCIPLES, RECLASSIFICATIONS, AND RESTATEMENT OF PRIOR YEAR'S FUND EQUITY**

Changes in Accounting Principles

For fiscal year 2002, the Authority implemented GASB Statement No. 34. The implementation had no effect on the total enterprise fund equity; however, it did affect the classification of the equity. See the following for the reclassification and restatement.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

NOTE 10: CHANGES IN ACCOUNTING PRINCIPLES, RECLASSIFICATIONS, AND RESTATEMENT OF PRIOR YEAR'S FUND EQUITY (Continued)

	Total	Net HUD/PHA Contributions	Undesignated Retained Earnings	Invested in Capital Assets- Net of Debt	Unrestricted Net Assets
Net Assets, Beginning of Year	\$50,456,289	\$48,483,299	\$ 1,972,990	\$ 0	\$ 0
Reclassification - GASB 34	0	(48,483,299)	(1,972,990)	48,483,299	1,972,990
Correction of Equity	0	0	0	374,199	(374,199)
Prior Period Adjustments	(504,457)	0	0	0	(504,457)
Net Assets, Beginning of Year, Restated	49,951,832	0	0	48,857,498	1,094,334
Principal Payments	(175,826)	0	0	(175,826)	0
Fixed Asset Deletions	(216,338)	0	0	(216,338)	0
Fixed Asset Additions	6,901,481	0	0	6,901,481	0
Depreciation Expense	(3,319,621)	0	0	(3,319,621)	0
Current Year Income	475,002	0	0	0	475,002
Net Assets, End of Year	<u>\$53,616,530</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$52,047,194</u>	<u>\$ 1,569,336</u>

NOTE 11: CONTINGENT LIABILITY

The Authority is involved in a legal action regarding the Section 8 Program and lead paint exposure. The parties in the case reached a confidential settlement agreement on September 4, 2002 which has been approved by the Probate Court on March 10, 2003. As of the date of our report, there has been no disbursement for this case and the settlement was not approved by HUD. However, due to the order of the Probate Court, \$300,000 of the \$900,000 settlement will be paid out by June 30, 2003, with the balance due being paid over an additional four year period. The liability for this claim is reflected on the Statement of Net Assets as claims payable.

NOTE 12: CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002

FDS Line Item No.	Account Description	Low Rent Public Housing	Development	Capital Fund	Public and Indian Housing Drug Elimination Program	ROSS Grant	Comprehensive Grant Program
ASSETS							
111	Cash - Unrestricted	\$ 1,418,655	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
113	Cash - Other Restrictions	29,139	0	0	0	0	0
100	Total Cash	<u>1,447,794</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
122	A/R - HUD - Other Projects	0	5,521	250,958	252,614	490	19,679
125	A/R - Miscellaneous	147,334	0	0	0	0	0
126	A/R Tenants - Dwelling	119,691	0	0	0	0	0
126.1	Allowance for Doubtful Accounts	(68,674)	0	0	0	0	0
128	Fraud Recovery	0	0	0	0	0	0
128.1	Allowance for Doubtful Accounts- Fraud	0	0	0	0	0	0
120	Total Accounts Receivable	<u>198,351</u>	<u>5,521</u>	<u>250,958</u>	<u>252,614</u>	<u>490</u>	<u>19,679</u>
142	Prepaid Expenses and Other Assets	89,411	0	0	0	0	0
144	Interprogram Due From	254,116	0	40,214	0	0	16,102
150	Total Current Assets	<u>1,989,672</u>	<u>5,521</u>	<u>291,172</u>	<u>252,614</u>	<u>490</u>	<u>35,781</u>
161	Land	1,790,677	321,493	0	0	0	0
162	Buildings	93,338,906	14,700,639	1,472,686	0	0	5,947,977
163	Furniture & Equipment - Dwellings	80,702	11,269	48,172	0	0	122,953
164	Furniture & Equipment - Administration	616,917	0	265,907	0	0	209,739
165	Leasehold Improvements	0	0	0	0	0	0
166	Accumulated Depreciation	(66,583,539)	(1)	(1)	0	0	(1)
160	Total Fixed Assets Net	<u>29,243,663</u>	<u>15,033,400</u>	<u>1,786,764</u>	<u>0</u>	<u>0</u>	<u>6,280,668</u>
180	Total Non-Current Assets	<u>29,243,663</u>	<u>15,033,400</u>	<u>1,786,764</u>	<u>0</u>	<u>0</u>	<u>6,280,668</u>
190	TOTAL ASSETS	<u><u>\$31,233,335</u></u>	<u><u>\$15,038,921</u></u>	<u><u>\$ 2,077,936</u></u>	<u><u>\$ 252,614</u></u>	<u><u>\$ 490</u></u>	<u><u>\$ 6,316,449</u></u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Economic Development & Supportive Services Program	Hope 1	Local Grants	Section 8 Rental Voucher Program	Youthbuild	N/C S/R Section 8 Programs
ASSETS							
111	Cash - Unrestricted	\$ 0	\$ 0	\$ 0	\$ 427,166	\$ 0	\$ 0
113	Cash - Other Restrictions	168,427	0	0	64,409	0	0
100	Total Cash	<u>168,427</u>	<u>0</u>	<u>0</u>	<u>491,575</u>	<u>0</u>	<u>0</u>
122	A/R - HUD - Other Projects	0	20,962	0	130,159	2,454	0
125	A/R - Miscellaneous	0	0	0	0	0	0
126	A/R Tenants - Dwelling	0	0	0	0	0	0
126.1	Allowance for Doubtful Accounts	0	0	0	0	0	0
128	Fraud Recovery	0	0	0	4,469	0	0
128.1	Allowance for Doubtful Accounts- Fraud	0	0	0	0	0	0
120	Total Accounts Receivable	<u>0</u>	<u>20,962</u>	<u>0</u>	<u>134,628</u>	<u>2,454</u>	<u>0</u>
142	Prepaid Expenses and Other Assets	0	0	0	0	0	0
144	Interprogram Due From	57,364	0	91,900	0	0	4,843
150	Total Current Assets	<u>225,791</u>	<u>20,962</u>	<u>91,900</u>	<u>626,203</u>	<u>2,454</u>	<u>4,843</u>
161	Land	0	0	0	0	0	0
162	Buildings	0	1,129,544	69,550	0	0	0
163	Furniture & Equipment - Dwellings	0	0	0	0	0	0
164	Furniture & Equipment - Administration	0	0	3,031	95,546	0	0
165	Leasehold Improvements	0	0	0	0	0	0
166	Accumulated Depreciation	0	(1)	(72)	(30,963)	0	0
160	Total Fixed Assets Net	<u>0</u>	<u>1,129,543</u>	<u>72,509</u>	<u>64,583</u>	<u>0</u>	<u>0</u>
180	Total Non-Current Assets	<u>0</u>	<u>1,129,543</u>	<u>72,509</u>	<u>64,583</u>	<u>0</u>	<u>0</u>
190	TOTAL ASSETS	<u>\$ 225,791</u>	<u>\$ 1,150,505</u>	<u>\$ 164,409</u>	<u>\$ 690,786</u>	<u>\$ 2,454</u>	<u>\$ 4,843</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	14.856 Section 8 Moderate Rehab		Totals (Memorandum Only)		Totals (Memorandum Only)
		OH002 MR0001	Business Activities	Primary Government	Component Unit Lowellville	
	ASSETS					
111	Cash - Unrestricted	\$ 0	\$ 0	\$ 1,845,821	\$ 943,802	\$ 2,789,623
113	Cash - Other Restrictions	0	0	261,975	294,702	556,677
100	Total Cash	<u>0</u>	<u>0</u>	<u>2,107,796</u>	<u>1,238,504</u>	<u>3,346,300</u>
122	A/R - HUD - Other Projects	32,125	0	714,962	0	714,962
125	A/R - Miscellaneous	0	0	147,334	0	147,334
126	A/R Tenants - Dwelling	0	0	119,691	476	120,167
126.1	Allowance for Doubtful Accounts	0	0	(68,674)	0	(68,674)
128	Fraud Recovery	0	0	4,469	0	4,469
128.1	Allowance for Doubtful Accounts- Fraud	0	0	0	0	0
120	Total Accounts Receivable	<u>32,125</u>	<u>0</u>	<u>917,782</u>	<u>476</u>	<u>918,258</u>
142	Prepaid Expenses and Other Assets	0	0	89,411	0	89,411
144	Interprogram Due From	0	34,944	499,483	0	499,483
150	Total Current Assets	<u>32,125</u>	<u>34,944</u>	<u>3,614,472</u>	<u>1,238,980</u>	<u>4,853,452</u>
161	Land	0	0	2,112,170	88,000	2,200,170
162	Buildings	0	0	116,659,302	1,253,765	117,913,067
163	Furniture & Equipment - Dwellings	0	0	263,096	0	263,096
164	Furniture & Equipment - Administration	0	0	1,191,140	5,405	1,196,545
165	Leasehold Improvements	0	0	0	0	0
166	Accumulated Depreciation	0	0	(66,614,578)	(727,550)	(67,342,128)
160	Total Fixed Assets Net	<u>0</u>	<u>0</u>	<u>53,611,130</u>	<u>619,620</u>	<u>54,230,750</u>
180	Total Non-Current Assets	<u>0</u>	<u>0</u>	<u>53,611,130</u>	<u>619,620</u>	<u>54,230,750</u>
190	TOTAL ASSETS	<u>\$ 32,125</u>	<u>\$ 34,944</u>	<u>\$ 57,225,602</u>	<u>\$ 1,858,600</u>	<u>\$ 59,084,202</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Low Rent Public Housing	Development	Capital Fund	Public & Indian Housing Drug Elimination Program	ROSS Grants	Comprehensive Grant Program
LIABILITIES							
312	Accounts Payable, <= 90 Days	\$ 43,577	\$ 5,521	\$ 211,183	\$ 244,280	\$ 490	\$ 19,679
321	Accrued Wages/Payroll Taxes	80,971	0	0	0	0	0
322	Accrued Compensated Absence	153,725	0	0	0	0	0
325	Accrued Interest Payable	12,642	0	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	0	0	79,990	0	0	16,102
341	Tenant Security Deposits	171,430	0	0	0	0	0
342	Deferred Revenues	0	0	0	0	0	0
343	Long-Term Debt-Capital Projects	184,624	0	0	0	0	0
347	Interprogram Due To	273,939	0	0	8,334	0	0
310	Total Current Liabilities	920,908	5,521	291,173	252,614	490	35,781
351	Long-Term Debt, Net of Current Capital Projects	1,379,312	0	0	0	0	0
354	Accrued Compensated Absences	140,089	0	0	0	0	0
350	Total Non-Current Liabilities	1,519,401	0	0	0	0	0
300	TOTAL LIABILITIES	2,440,309	5,521	291,173	252,614	490	35,781
508	Total Contributed Capital	0	0	0	0	0	0
508.1	Invested in Capital Assets, Net of Related Debt	27,679,727	15,033,400	1,786,764	0	0	6,280,668
512.1	Unrestricted Net Assets	1,113,299	0	(1)	0	0	0
513	Total Equity/Net Assets	28,793,026	15,033,400	1,786,763	0	0	6,280,668
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	\$ 31,233,335	\$ 15,038,921	\$ 2,077,936	\$ 252,614	\$ 490	\$ 6,316,449

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Economic Development & Supportive Services Program	Hope 1	Local Grants	Section 8 Rental Voucher Program	Youthbuild	N/C S/R Section 8 Programs
LIABILITIES							
312	Accounts Payable, <= 90 Days	\$ 0	\$ 0	\$ 21,803	\$ 4,691	\$ 2,454	\$ 0
321	Accrued Wages/Payroll Taxes	0	0	0	17,253	0	0
322	Accrued Compensated Absence	0	0	0	30,603	0	0
325	Accrued Interest Payable	0	0	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	168,427	0	0	0	0	11,830
341	Tenant Security Deposits	0	0	0	0	0	0
342	Deferred Revenues	57,364	0	0	0	0	0
343	Long-Term Debt-Capital Projects	0	0	0	0	0	0
347	Interprogram Due To	0	20,966	0	151,751	0	0
310	Total Current Liabilities	<u>225,791</u>	<u>20,966</u>	<u>21,803</u>	<u>204,298</u>	<u>2,454</u>	<u>11,830</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	0	0	0
354	Accrued Compensated Absences	0	0	0	92,300	0	0
350	Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>92,300</u>	<u>0</u>	<u>0</u>
300	TOTAL LIABILITIES	225,791	20,966	21,803	296,598	2,454	11,830
508	Total Contributed Capital	0	0	0	0	0	0
508.1	Invested in Capital Assets, Net of Related Debt	0	1,129,543	72,509	64,583	0	0
512.1	Unrestricted Net Assets	0	(4)	70,097	329,605	0	(6,987)
513	Total Equity/Net Assets	<u>0</u>	<u>1,129,539</u>	<u>142,606</u>	<u>394,188</u>	<u>0</u>	<u>(6,987)</u>
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	<u>\$ 225,791</u>	<u>\$ 1,150,505</u>	<u>\$ 164,409</u>	<u>\$ 690,786</u>	<u>\$ 2,454</u>	<u>\$ 4,843</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING BALANCE SHEET
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Section 8 Moderate Rehab OH002 MR0001	Business Activities	Totals (Memorandum Only) Primary Government	Component Unit Lowellville	Totals (Memorandum Only) Reporting Entity
LIABILITIES						
312	Accounts Payable, <= 90 Days \$	0	\$ 50	\$ 553,728	\$ 4,583	\$ 558,311
321	Accrued Wages/Payroll Taxes	0	0	98,224	1,371	99,595
322	Accrued Compensated Absence	0	0	184,328	2,731	187,059
325	Accrued Interest Payable	0	0	12,642	0	12,642
331	Accounts Payable - HUD PHA Prog.	0	0	276,349	0	276,349
341	Tenant Security Deposits	0	0	171,430	8,174	179,604
342	Deferred Revenues	0	0	57,364	0	57,364
343	Long-Term Debt-Capital Projects	0	0	184,624	64,744	249,368
347	Interprogram Due To	3,692	0	458,682	40,801	499,483
310	Total Current Liabilities	3,692	50	1,997,371	122,404	2,119,775
351	Long-Term Debt, Net of Current Capital Projects	0	0	1,379,312	435,748	1,815,060
354	Accrued Compensated Absences	0	0	232,389	2,495	234,884
350	Total Non-Current Liabilities	0	0	1,611,701	438,243	2,049,944
300	TOTAL LIABILITIES	3,692	50	3,609,072	560,647	4,169,719
508	Total Contributed Capital	0	0	0	0	0
508.1	Invested in Capital Assets, Net of Related Debt	0	0	52,047,194	119,128	52,166,322
512.1	Unrestricted Net Assets	28,433	34,894	1,569,336	1,178,825	2,748,161
513	Total Equity/Net Assets	28,433	34,894	53,616,530	1,297,953	54,914,483
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	\$ 32,125	\$ 34,944	\$ 57,225,602	\$ 1,858,600	\$ 59,084,202

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002

FDS Line Item No.	Account Description	Low Rent Public Housing	Development	Capital Fund	Public & Indian Housing Drug Elimination Program	ROSS Grants	Comprehensive Grant Program
	REVENUE						
703	Net Tenant Rental Revenue	\$ 1,351,847	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
704	Tenant Revenue - Other	13,280	0	0	0	0	0
705	Total Tenant Revenue	<u>1,365,127</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	4,857,493	4,496,210	0	518,741	13,147	0
706.1	Capital Grants	0	0	1,898,294	0	0	1,407,193
711	Investment Income - Unrestricted	49,196	0	0	0	0	0
714	Fraud Recovery	0	0	0	0	0	0
715	Other Revenue	152,430	0	0	0	0	0
720	Interest Income - Restricted	0	0	0	0	0	0
700	Total Revenue	<u>6,424,246</u>	<u>4,496,210</u>	<u>1,898,294</u>	<u>518,741</u>	<u>13,147</u>	<u>1,407,193</u>
	EXPENSES						
911	Administrative Salaries	1,226,004	0	439,888	0	0	0
912	Auditing Fees	12,496	0	0	0	0	0
914	Compensated Absences	(26,775)	0	0	0	0	0
915	Employee Benefit Contributions - Administrative	579,523	0	0	0	0	0
916	Other Operating - Administrative	375,088	0	260,829	0	0	58,486
922	Relocation Costs	0	0	0	0	0	0
924	Tenant Services - Other	5,151	0	0	518,741	13,147	0
931	Water	371,553	0	0	0	0	0
932	Electricity	445,608	0	0	0	0	0
933	Gas	148,986	0	0	0	0	0
934	Fuel	248,496	0	0	0	0	0
941	Ordinary Maintenance and Operations-Labor	1,325,578	0	0	0	0	0
942	Ordinary Maintenance and Operations-Materials	259,640	0	0	0	0	0
943	Ordinary Maintenance and Operations-Contract Costs	518,025	0	0	0	0	0
945	Employee Benefit Contributions - Ordinary Maintenance	626,591	0	0	0	0	0
952	Protective Services	0	0	0	0	0	0
961	Insurance Premiums	147,398	0	0	0	0	0
962	Other General Expenses	11,341	0	0	0	0	0
963	Payments in Lieu of Taxes	13,992	0	0	0	0	0
964	Bad Debts - Tenant Rents	21,340	0	0	0	0	0
967	Interest Expense	74,587	0	0	0	0	0
968	Severance Expense	30,775	0	0	0	0	0
969	Total Operating Expenses	<u>6,415,397</u>	<u>0</u>	<u>700,717</u>	<u>518,741</u>	<u>13,147</u>	<u>58,486</u>
970	Excess Operating Revenues Over Expenses	8,849	4,496,210	1,197,577	0	0	1,348,707
	OTHER EXPENSES						
971	Extraordinary Maintenance	0	0	0	0	0	0
972	Casualty Losses-NonCapitalized	7,120	0	0	0	0	0
973	Housing Assistance Payments	0	0	0	0	0	0
974	Depreciation Expense	3,309,948	0	0	0	0	0
975	Gain/Loss on Asset Disposal	0	0	0	0	0	0
900	Total Expenses	<u>9,732,465</u>	<u>0</u>	<u>700,717</u>	<u>518,741</u>	<u>13,147</u>	<u>58,486</u>
1008	Special Items (Net Gain/Loss)	(196)	0	0	0	0	0
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>(3,308,415)</u>	<u>4,496,210</u>	<u>1,197,577</u>	<u>0</u>	<u>0</u>	<u>1,348,707</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0	0	0
1102	Debt Principal Payments	0	0	0	0	0	0
1103	Beginning Equity	32,115,615	10,810,509	589,186	0	0	5,156,649
1104	Prior Period Adjustment	(14,174)	(273,319)	0	0	0	(224,688)
	ENDING EQUITY	<u>\$ 28,793,026</u>	<u>\$ 15,033,400</u>	<u>\$ 1,786,763</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,280,668</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Economic Development & Supportive Services Program	Hope 1	Local Grants	Section 8 Rental Voucher Program	Youthbuild	N/C S/R Section 8 Programs
	REVENUE						
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
704	Tenant Revenue - Other	0	0	0	0	0	0
705	Total Tenant Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	415,344	30,547	0	6,845,828	57,450	145,710
706.1	Capital Grants	0	70,991	0	0	0	0
711	Investment Income - Unrestricted	0	0	0	12,805	0	294
714	Fraud Recovery	0	0	0	1,795	0	0
715	Other Revenue	0	0	79,809	0	0	0
720	Investment Income - Restricted	427	0	0	0	0	0
700	Total Revenue	<u>415,771</u>	<u>101,538</u>	<u>79,809</u>	<u>6,860,428</u>	<u>57,450</u>	<u>146,004</u>
	EXPENSES						
911	Administrative Salaries	0	0	34,634	483,234	0	11,097
912	Auditing Fees	0	0	0	3,035	0	70
914	Compensated Absences	0	0	0	5,240	0	120
915	Employee Benefit Contributions - Administrative	0	0	8,706	251,284	0	5,771
916	Other Operating - Administrative	0	23,480	14,635	131,105	2,722	2,962
922	Relocation Costs	0	0	0	0	0	0
924	Tenant Services - Other	415,771	0	27,246	0	54,728	0
931	Water	0	0	0	0	0	0
932	Electricity	0	0	0	3,643	0	84
933	Gas	0	0	0	0	0	0
934	Fuel	0	0	0	0	0	0
941	Ordinary Maintenance and Operations-Labor	0	0	0	0	0	0
942	Ordinary Maintenance and Operations-Materials	0	0	875	29	0	1
943	Ordinary Maintenance and Operations-Contract Costs	0	47,511	3,166	586	0	13
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	0	0	0
952	Protective Services	0	0	0	0	0	0
961	Insurance Premiums	0	0	0	14,370	0	330
962	Other General Expenses	0	0	0	2,197	0	50
963	Payments in Lieu of Taxes	0	0	0	0	0	0
964	Bad Debts - Tenant Rents	0	0	0	0	0	0
967	Interest Expense	0	0	0	0	0	0
968	Severance Expense	0	0	0	0	0	0
969	Total Operating Expenses	<u>415,771</u>	<u>70,991</u>	<u>89,262</u>	<u>894,723</u>	<u>57,450</u>	<u>20,498</u>
970	Excess Operating Revenues Over Expenses	<u>0</u>	<u>30,547</u>	<u>(9,453)</u>	<u>5,965,705</u>	<u>0</u>	<u>125,506</u>
	OTHER EXPENSES						
971	Extraordinary Maintenance	0	0	0	0	0	0
972	Casualty Losses-NonCapitalized	0	0	0	0	0	0
973	Housing Assistance Payments	0	0	0	6,069,376	0	135,256
974	Depreciation Expense	0	0	72	9,198	0	211
975	Gain/Loss on Asset Disposal	0	0	0	0	0	0
900	Total Expenses	<u>415,771</u>	<u>70,991</u>	<u>89,334</u>	<u>6,973,297</u>	<u>57,450</u>	<u>155,965</u>
1008	Special Items (Net Gain/Loss)	0	0	0	0	0	0
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>0</u>	<u>30,547</u>	<u>(9,525)</u>	<u>(112,869)</u>	<u>0</u>	<u>(9,961)</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0	0	0
1102	Debt Principal Payments	0	0	0	0	0	0
1103	Beginning Equity	0	1,098,992	152,131	497,335	0	5,539
1104	Prior Period Adjustment	0	0	0	9,722	0	(2,565)
	ENDING EQUITY	<u>\$ 0</u>	<u>\$ 1,129,539</u>	<u>\$ 142,606</u>	<u>\$ 394,188</u>	<u>\$ 0</u>	<u>\$ (6,987)</u>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Section 8 Moderate Rehab		Totals (Memorandum Only)		Component Unit Lowellville	Totals (Memorandum Only)	
		OH002 MR0001	Business Activities	Primary Government			Reporting Entity	
	REVENUE							
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 1,351,847	\$ 99,399	\$ 1,451,246		
704	Tenant Revenue - Other	0	0	13,280	0	13,280		
705	Total Tenant Revenue	<u>0</u>	<u>0</u>	<u>1,365,127</u>	<u>99,399</u>	<u>1,464,526</u>		
706	HUD PHA Grants	174,515	0	17,554,985	107,368	17,662,353		
706.1	Capital Grants	0	0	3,376,478	0	3,376,478		
711	Investment Income - Unrestricted	267	0	62,562	28,376	90,938		
714	Fraud Recovery	0	0	1,795	0	1,795		
715	Other Revenue	0	21,496	253,735	1,537	255,272		
720	Investment Income - Restricted	0	0	427	0	427		
700	Total Revenue	<u>174,782</u>	<u>21,496</u>	<u>22,615,109</u>	<u>236,680</u>	<u>22,851,789</u>		
	EXPENSES							
911	Administrative Salaries	10,088	0	2,204,945	15,409	2,220,354		
912	Auditing Fees	63	0	15,664	288	15,952		
914	Compensated Absences	109	0	(21,306)	(1,515)	(22,821)		
915	Employee Benefit Contributions - Administrative	5,246	0	850,530	6,038	856,568		
916	Other Operating - Administrative	2,693	4,196	876,196	2,571	878,767		
922	Relocation Costs	0	0	0	0	0		
924	Tenant Services - Other	0	0	1,034,784	0	1,034,784		
931	Water	0	0	371,553	13,988	385,541		
932	Electricity	76	0	449,411	32,068	481,479		
933	Gas	0	0	148,986	2,595	151,581		
934	Fuel	0	0	248,496	0	248,496		
941	Ordinary Maintenance and Operations-Labor	0	0	1,325,578	29,425	1,355,003		
942	Ordinary Maintenance and Operations-Materials	1	0	260,546	15,569	276,115		
943	Ordinary Maintenance and Operations-Contract Costs	12	0	569,313	17,978	587,291		
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	626,591	11,531	638,122		
952	Protective Services	0	0	0	0	0		
961	Insurance Premiums	300	0	162,398	478	162,876		
962	Other General Expenses	46	0	13,634	68	13,702		
963	Payments in Lieu of Taxes	0	0	13,992	0	13,992		
964	Bad Debts - Tenant Rents	0	0	21,340	0	21,340		
967	Interest Expense	0	0	74,587	39,859	114,446		
968	Severance Expense	0	0	30,775	0	30,775		
969	Total Operating Expenses	<u>18,634</u>	<u>4,196</u>	<u>9,278,013</u>	<u>186,350</u>	<u>9,464,363</u>		
970	Excess Operating Revenues Over Expenses	<u>156,148</u>	<u>17,300</u>	<u>13,337,096</u>	<u>50,330</u>	<u>13,387,426</u>		
	OTHER EXPENSES							
971	Extraordinary Maintenance	0	0	0	0	0		
972	Casualty Losses-NonCapitalized	0	0	7,120	1,953	9,073		
973	Housing Assistance Payments	140,829	0	6,345,461	0	6,345,461		
974	Depreciation Expense	192	0	3,319,621	31,686	3,351,307		
975	Gain/Loss on Asset Disposal	0	0	0	0	0		
900	Total Expenses	<u>159,655</u>	<u>4,196</u>	<u>18,950,215</u>	<u>219,989</u>	<u>19,170,204</u>		
1008	Special Items (Net Gain/Loss)	0	0	(196)	0	(196)		
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>15,127</u>	<u>17,300</u>	<u>3,664,698</u>	<u>16,691</u>	<u>3,681,389</u>		
1101	Capital Outlays-Enterprise Fund	0	0	0	0	0		
1102	Debt Principal Payments	0	0	0	0	0		
1103	Beginning Equity	12,739	17,594	50,456,289	1,281,262	51,737,551		
1104	Prior Period Adjustment	567	0	(504,457)	0	(504,457)		
	ENDING EQUITY	<u>\$ 28,433</u>	<u>\$ 34,894</u>	<u>\$ 53,616,530</u>	<u>\$ 1,297,953</u>	<u>\$ 54,914,483</u>		

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 ADDITIONAL FDS SCHEDULE INFORMATION
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002

FDS Line Item No.	<u>Account Description</u>	Low Rent Public Housing	Development	Capital Fund	Public & Indian Housing Drug Elimination Program	ROSS Grant	Comprehensive Grant Program
1113	Annual Contributions						
	Commitment (per ACC)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1114	Prorata Maximum Annual Contributions Applicable	0	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0	0	0	0
1116	Total Annual Contributions	0	0	0	0	0	0
1120	Unit Months Available	17,846	0	0	0	0	0
1121	Number of Unit Months Leased	15,111	0	0	0	0	0

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 ADDITIONAL FDS SCHEDULE INFORMATION
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Economic Development & Supportive Services Program		Local Grants	Section 8 Rental Voucher Program		Youthbuild	N/C S/R Section 8 Programs
		Hope 1						
1113	Annual Contributions Commitment (per ACC)	\$ 0	\$ 0	\$ 0	\$ 9,046,623	\$ 0	\$ 0	0
1114	Prorata Maximum Annual Contributions Applicable	0	0	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0	2,152,138	0	0	1,521,614
1116	Total Annual Contributions	0	0	0	11,198,761	0	0	1,521,614
1120	Unit Months Available	0	0	0	22,356	0	0	504
1121	Number of Unit Months Leased	0	0	0	18,165	0	0	504

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 ADDITIONAL FDS SCHEDULE INFORMATION
 FDS SCHEDULE SUBMITTED TO HUD
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002
 (CONTINUED)

FDS Line Item No.	Account Description	Section 8 Moderate Rehab		Totals (Memorandum Only)		Component Unit Lowellville	Totals (Memorandum Only)
		OH002 MR0001	Business Activities	Primary Government	Reporting Entity		
1113	Annual Contributions Commitment (per ACC)	\$ 182,800	\$ 0	\$ 9,229,423	\$ 0	\$ 9,229,423	
1114	Prorata Maximum Annual Contributions Applicable	0	0	0	0	0	
1115	Contingency Reserve, ACC Program Reserve	173,883	0	3,847,635	0	3,847,635	
1116	Total Annual Contributions	356,683	0	13,077,058	0	13,077,058	
1120	Unit Months Available	720	0	41,426	528	41,954	
1121	Number of Unit Months Leased	720	0	34,500	506	35,006	

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
<i><u>From U.S. Department of HUD</u></i>		
<i><u>Direct Programs</u></i>		
<i><u>U.S. Department of HUD</u></i>		
<u>PHA Owned Housing:</u>		
Public and Indian Housing Operating Subsidy	14.850	\$ 4,857,493
Development	14.850	4,496,210
Subtotal CFDA 14.850		<u>9,353,703</u>
Comprehensive Grants	14.859	1,407,193
Drug Elimination	14.854	518,741
Resident Opportunity and Support Services	14.870	13,147
Economic Development	14.864	415,344
Hope I	14.858	101,538
Capital Fund	14.872	1,898,294
Opportunities For Youth	14.243	57,450
Total - Public Housing		<u>13,765,410</u>
<u>Section 8 Cluster Programs:</u>		
Housing Assistance Payments:		
Tenant Based Rental - Vouchers	14.855	6,845,828
Tenant Based Voucher - Component Unit	14.855	107,368
Subtotal Section 8 Tenant Based Cluster Programs		<u>6,953,196</u>
<u>Section 8 Project Based Programs:</u>		
Project Based - Mod Rehabilitation	14.856	174,515
- New Construction	14.182	145,710
Subtotal Section 8 Project Based Programs		<u>320,225</u>
Total Section 8 Cluster and Project Based Programs		<u>7,273,421</u>
Total U.S. Department of HUD		<u>21,038,831</u>
TOTAL ALL PROGRAMS		<u><u>\$21,038,831</u></u>

This schedule is prepared on the accrual basis of accounting.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 STATEMENT OF MODERNIZATION/DEVELOPMENT COST-UNCOMPLETED
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2002

Annual Contributions Contract C-862

<u>Project OH</u>	<u>Capital Fund</u> <u>OH12P00250100</u>	<u>Comp Grant</u> <u>OH12P002707</u>	<u>Comp Grant</u> <u>OH12P002708</u>
Funds Approved	\$ 3,964,023	\$ 3,810,347	\$ 4,407,384
Funds Expended	504,027	3,446,657	2,241,783
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Funds Approved	\$ 3,459,996	\$ 363,690	\$ 2,165,601
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Funds Advanced	\$ 504,027	\$ 3,446,657	\$ 2,241,783
Funds Expended	504,027	3,446,657	2,241,783
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Funds Advanced	\$ 0	\$ 0	\$ 0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
 STATEMENT OF MODERNIZATION/DEVELOPMENT COST-COMPLETED
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2002

Annual Contributions Contract C-862

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

	CGP Project <u>OH12P002706</u>
Funds Approved	\$ 3,506,685
Funds Expended	3,506,685

Excess (Deficiency) of Funds Approved	\$ 0
	=====
Funds Advanced	\$ 3,506,685
Funds Expended	3,506,685

Excess (Deficiency) of Funds Advanced	\$ 0
	=====

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

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

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the basic financial statements of the business-type activities and the discretely presented component unit of the Youngstown Metropolitan Housing Authority as of and for the year ended June 30, 2002, and have issued our report thereon dated January 16, 2003. The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2001. This results in a change to the Authority's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Youngstown Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Authority in a separate letter dated January 16, 2003.

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

January 16, 2003

James G. Zupka
Certified Public Accountant

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

Board of Directors
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of the Youngstown Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended June 30, 2002. Youngstown Metropolitan Housing Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Youngstown Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Youngstown Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Youngstown Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Authority in a separate letter dated January 16, 2003.

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

January 16, 2003

James G. Zupka
Certified Public Accountant

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2002

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

2002(i)	Type of Financial Statement Opinion	Unqualified
2002(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2002(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2002(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2002(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2002(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2002(v)	Type of Major Programs' Compliance Opinion	Unqualified
2002(vi)	Are there any reportable findings under .510?	No
2002(vii)	Major Programs (list):	Section 8 Rental Voucher CFDA #14.855 Public Housing Comprehensive Grant CFDA #14.859 Public Housing Capital Fund Program CFDA #14.872
2002(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$631,165 Type B: > all others
2002(ix)	Low Risk Auditee?	Yes

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
JUNE 30, 2002

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

None.

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

None.



**Auditor of State
Betty Montgomery**

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YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2003**