

Youngstown Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2011





# Dave Yost • Auditor of State

Board of Commissioners  
Youngstown Metropolitan Housing Authority  
131 West Boardman Street  
Youngstown, Ohio 44503

We have reviewed the *Independent Auditors' Report* of the Youngstown Metropolitan Housing Authority, Mahoning County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. 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

April 4, 2012

**This page intentionally left blank.**

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Managements Discussion and Analysis	3-9
Statement of Net Assets - Proprietary Fund Type - Enterprise Fund	10-11
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund Type - Enterprise Fund	12
Statement of Cash Flows - Proprietary Fund Type – Enterprise Fund	13-14
Notes to the Financial Statements	15-28
Supplemental Data:	
Schedule of Expenditures of Federal Awards	29
Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	30-31
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	32-33
Schedule of Findings and Questioned Costs	34
Schedule of Prior Audit Findings	35

**This page intentionally left blank.**



6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

---

---

## Independent Auditors' Report

Board of Commissioners  
Youngstown Metropolitan Housing  
Authority

I have audited the accompanying financial statements of the business-type activities of Youngstown Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Youngstown Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Youngstown Metropolitan Housing Authority, Ohio, as of June 30, 2011, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 19, 2011, on my consideration of Youngstown Metropolitan Housing Authority, Ohio's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be consider in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Youngstown Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure 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 Government and Non-Profit Organizations* and is 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 my opinion, is fairly presented in all material respect in relation to the financial statements taken as a whole.

---

Salvatore Consiglio, CPA, Inc.  
December 19, 2011



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011  
(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, 2011. 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 \$62,570,061 (net assets), an increase of 11.47 percent.
- The Authority's cash and investment balance at June 30, 2011 was \$9,304,961 representing an increase of \$1,313,795, or 16.4 percent, from June 30, 2010.
- The Authority had total revenue of \$33,887,885 and total expenditures of \$27,421,857 for the year ended June 30, 2011, increasing net assets by \$6,466,028 for the year.
- The Authority's capital outlays for the year were \$10,530,083.

**USING THIS ANNUAL REPORT**

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

**REQUIRED FINANCIAL STATEMENTS**

**MD&A**

Management Discussion and Analysis

**Basic Financial Statements**

Statement of Net Assets

Statement of Revenues, Expenses, and Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

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.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2011  
(Unaudited)**

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.

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.

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 YMHA to the landlord. The participant is responsible for paying the remainder portion. Applicants are chosen via a lottery.

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 **14** 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 (Continued)  
FOR THE YEAR ENDED JUNE 30, 2011  
(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 **15** through **28** of this report.

**SUPPLEMENTARY INFORMATION**

**Financial Analysis of the Authority**

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

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 10,320	\$ 9,797
Capital Assets	<u>55,939</u>	<u>50,403</u>
Total Assets	<u>\$ 66,259</u>	<u>\$ 60,200</u>
Current Liabilities	\$ 2,081	\$ 2,146
Long-Term Liabilities	<u>1,608</u>	<u>1,923</u>
Total Liabilities	<u>3,689</u>	<u>4,069</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	54,521	48,761
Restricted Net Assets	1,538	1,000
Unrestricted Net Assets	<u>6,511</u>	<u>6,370</u>
Total Net Assets	<u>62,570</u>	<u>56,131</u>
Total Liabilities and Net Assets	<u>\$ 66,259</u>	<u>\$ 60,200</u>

For more detail information see Statement of Net Assets presented elsewhere in this report.

During 2011, total assets increased by \$6,058,491 due to an increase in the Capital Assets. This increase was due to the fact that the Authority spent \$7,319,161 of ARRA funds that the Housing Authority was awarded.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2011  
(Unaudited)**

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 \$62,570,061 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net assets (84 percent) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

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

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

**Table 2 - Statement of Revenue, Expenses & Changes in Net Assets  
(Values Rounded to Nearest Thousand)**

	<u>2011</u>	<u>2010</u>
<b><u>Revenues</u></b>		
Tenant Revenues - Rents & Other	\$ 2,425	\$ 2,551
Operating Subsidies & Grants	21,236	20,939
Capital Grants	9,963	3,372
Investment Income	38	26
Other Revenues	227	337
<b>Total Revenues</b>	<b><u>33,889</u></b>	<b><u>27,225</u></b>
<b><u>Expenses</u></b>		
Administrative	4,907	4,566
Tenant Services	212	277
Utilities	2,444	2,222
Maintenance	3,260	3,362
Protective Services	473	395
General & Interest Expenses	707	1,030
Housing Assistance Payments	10,439	10,796
Depreciation	4,616	4,562
Other	364	7,824
<b>Total Expenses</b>	<b><u>27,422</u></b>	<b><u>35,035</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ 6,467</u></b>	<b><u>\$ (7,810)</u></b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2011  
(Unaudited)**

The net assets of the Authority increased by \$6,466,028 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 all expenses incurred during fiscal year 2011.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2011, the Authority's investment in capital assets for its business-type activities was \$55,938,585 (net of accumulated depreciation) as reflected in the following schedule.

**Table 3 - Condensed Statement of Changes in Capital Assets  
(Values Rounded to Nearest Thousand)**

	<u>2011</u>	<u>2010</u>
Land and Land Rights	\$ 3,339	\$ 3,320
Building & Improvements	145,492	143,792
Equipment	1,843	1,600
Construction in Progress	835	410
Accumulated Depreciation	<u>(95,571)</u>	<u>(98,718)</u>
 Total	 <u>\$ 55,938</u>	 <u>\$ 50,403</u>

**Capital Assets and Debt Administration**

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

- Interior Renovations at Amedia Plaza \$244,700.
- Exterior Renovations at Victory Estates \$1,557,443.
- Interior Renovations Norton Manor \$2,668,977.
- Replacement of Emergency Generators at High Rises \$536,756.
- Brier Hill Renovations \$4,261,955.
- Gutknecht Tower Balcony Repairs \$213,515.

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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2011  
(Unaudited)**

**LONG-TERM DEBT**

As of June 30, 2011, the Authority had \$1,417,524 of debt, a decrease of \$224,564, or 13.7 percent, over the prior year. The Authority has one note payable that was used to increase the energy efficiency of the Authority's buildings and bears interest at 5.16% and has an outstanding balance at year-end of \$1,417,524.

**Table 4 - Condensed Statement of Changes in Debt Outstanding  
(Values Rounded to Nearest Thousand)**

	<u>2011</u>	<u>2010</u>
Current Portion of Debt	\$ 237	\$ 225
Long Term Portion of Debt	<u>1,181</u>	<u>1,417</u>
 Total	 <u>\$ 1,418</u>	 <u>\$ 1,642</u>

Additional information on the Authority's long-term debt can be found in Note **7** on pages **24** and **25** of this report.

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

The following factors were considered in preparing the Authority's budget for the 2012 fiscal year:

- The Housing Authority is in the process of 2 major renovation/demolition projects at Norton Manor and Westlake Terrace. We have demolished 70 units at Brier Hill and are substantially renovating the 82 remaining units; these units will be temporarily funded during construction/demolition. Westlake Terrace is in the process of being demolished and will be replaced with Low Income Housing Tax Credit Units in a development to be named The Village at Arlington.
- In the past HUD has not fully funded the operating subsidy but has been funding around 90% of the eligible subsidy. Preliminary indications are that there will not be any proration next year that Housing Authorities will receive 100% of their eligible subsidy; however HUD does have a provision to recapture what they have determined to be excess reserves. HUD published the initial recapture amounts and the Housing Authority has appealed the proposed recapture but has yet to receive a reply from HUD.
- The Authority's operating expenditures do not show any significant increases other than expected inflationary increases.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2011  
(Unaudited)**

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

Approximately 90 percent of the Authority's revenues come from governmental grants. Going forward, the Authority will need 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.

Respectfully submitted,

Carmelita Douglas  
Interim Executive Director

**Youngstown Metropolitan Housing Authority**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

***ASSETS***

Current assets

Cash and cash equivalents	\$5,485,017
Restricted cash and cash equivalents	1,807,613
Investments	2,012,331
Receivables, net	731,106
Inventories, net	38,991
Prepaid expenses and other assets	66,720
<b>Total current assets</b>	<b><u>10,141,778</u></b>

Noncurrent assets

Capital assets:

Land	3,339,041
Building and equipment	147,335,110
Construction in Progress	835,242
Less accumulated depreciation	(95,570,808)
<b>Capital assets, net</b>	<b><u>55,938,585</u></b>
Other noncurrent assets	178,804
<b>Total noncurrent assets</b>	<b><u>56,117,389</u></b>

<b>Total assets</b>	<b><u><u>\$66,259,167</u></u></b>
---------------------	-----------------------------------

***LIABILITIES***

Current liabilities

Accounts payable	\$1,190,191
Accrued liabilities	495,126
Intergovernmental payables	14,609
Tenant security deposits	142,960
Deferred revenue	1,055
Bonds, notes, and loans payable	236,919
<b>Total current liabilities</b>	<b><u>2,080,860</u></b>

The accompanying notes to the Financial Statements are an integral part of these statements.



**Youngstown Metropolitan Housing Authority**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**June 30, 2011**

Noncurrent liabilities	
Bonds, notes, and loans payable	1,180,605
Noncurrent liability other	125,619
Accrued compensated absences non-current	302,022
<b>Total noncurrent liabilities</b>	<u><b>1,608,246</b></u>
<b>Total liabilities</b>	<u><u><b>\$3,689,106</b></u></u>
<i>NET ASSETS</i>	
Invested in capital assets, net of related debt	\$54,521,061
Restricted net assets	1,538,184
Unrestricted net assets	<u>6,510,816</u>
<b>Total net assets</b>	<u><u><b>\$62,570,061</b></u></u>

The accompanying notes to the Financial Statements are an integral part of these statements.

**Youngstown Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

***OPERATING REVENUES***

Tenant Revenue	\$2,424,764
Government operating grants	21,235,533
Other revenue	226,549
<b>Total operating revenues</b>	<b><u>23,886,846</u></b>

***OPERATING EXPENSES***

Administrative	4,906,703
Tenant Services	211,688
Utilities	2,443,850
Maintenance	3,259,523
Protective Services	473,307
General	627,212
Housing assistance payment	10,438,711
Depreciation	4,616,433
<b>Total operating expenses</b>	<b><u>26,977,427</u></b>

<b>Operating income (loss)</b>	<b><u>(3,090,581)</u></b>
--------------------------------	---------------------------

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	38,509
Interest expense	(79,947)
<b>Total nonoperating revenues (expenses)</b>	<b><u>(41,438)</u></b>

Income (loss) before contributions and transfers	<u>(3,132,019)</u>
--	--------------------

***CAPITAL REVENUE***

Capital grants	9,962,530
Net (loss) on asset disposition	(364,483)
<b>Total capital revenue</b>	<b><u>9,598,047</u></b>

Change in net assets	6,466,028
Total net assets - beginning (Restated)	<u>56,104,033</u>

<b>Total net assets - ending</b>	<b><u><u>\$62,570,061</u></u></b>
----------------------------------	-----------------------------------

The accompanying notes to the Financial Statements are an integral part of these statements.

**Youngstown Metropolitan Housing Authority**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

***CASH FLOWS FROM OPERATING ACTIVITIES***

Operating grants received	\$22,121,606
Tenant revenue received	2,435,885
Other revenue received	220,615
General and administrative expenses paid	(12,192,045)
Housing assistance payments	(10,438,711)

**Net cash provided (used) by operating activities** **2,147,350**

***CASH FLOWS FROM INVESTING ACTIVITIES***

Interest earned	38,509
Transfer into investment accounts	(2,012,331)

**Net cash provided (used) by investing activities** **(1,973,822)**

***CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES***

Capital grant funds received	9,962,530
Property and equipment purchased	(10,530,083)
Principal Payment	(224,564)
Interest Payment on Debt	(79,947)

**Net cash provided (used) by capital and related activities** **(872,064)**

Net increase (decrease) in cash (698,536)

Cash and cash equivalents - Beginning of year 7,991,166

**Cash and cash equivalents - End of year** **\$7,292,630**

The accompanying notes to the Financial Statements are an integral part of these statements.

**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

***RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES***

Net Operating Income (Loss)	(\$3,090,581)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	4,616,433
- (Increases) Decreases in Accounts Receivable	775,154
- (Increases) Decreases in Prepaid Assets	15,291
- Increases (Decreases) in Accounts Payable	574,013
- Increases (Decreases) in Noncurrent Liability Other	(21,653)
- Increases (Decreases) in Intergovernmental Payable	9,518
- Increases (Decreases) in Compensated Absence Payable	(56,285)
- Increases (Decreases) in Accrued Expenses Payable	(151,088)
- Increases (Decreases) in Tenant Security Deposits	(9,510)
- Increases (Decreases) in Deferred Revenue	(513,942)
	(513,942)
<b>Net cash provided by operating activities</b>	<b>\$2,147,350</b>

The accompanying notes to the Financial Statements are an integral part of these statements.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

**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 where ever they choose to live. Under the Mod Rehab, Substantial Rehab, and New Construction Programs, 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.

**Summary of Significant Accounting Policies**

The financial statements of the Youngstown Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

**Reporting Entity**

The accompanying Financial Statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 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.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

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

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.

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD 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.

**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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

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

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.

**Measurement Focus/Basis of Accounting**

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

**Interprogram Balances**

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

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. The Authority has only cash deposits, and no investments at June 30, 2011. Interest income earned in fiscal year 2011 totaled \$38,509.

**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 4 for useful lives for depreciation purposes.

**Cash and Cash Equivalent**

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.

**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

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

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

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 8.

**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.

**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 was \$9,304,961 and the bank balance was \$9,371,412. Based on criteria described in GASB Statement No.40, *Deposits and Investments Risk Disclosures*, as of June 30, 2011, \$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



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

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

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 of a market value of \$2,012,331 at June 30, 2011.

***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 \$250,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as provided by the Ohio Revised Code.

***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 \$250,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code.

Cash and cash equivalents included in the Authority’s cash position at June 30, 2010, are as follows:

	<b>Cash and Cash</b>	
	<b><u>Equivalents</u></b>	<b><u>Investments</u></b>
Cash – Unrestricted	\$5,485,017	\$2,012,331
Cash – Restricted	1,842,251	0
Total Per GASB Statement No.3	\$7,327,268	\$2,012,331

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

**NOTE 3: 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:

	Coverage	Deductible Limits
Property (per occurrence)	\$ 2,500	\$ 250,000,000
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 coverage and settled claims have not exceeded the Authority's insurance in any of the past three years.

**NOTE 4: CAPITAL ASSETS**

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

<b>Capital Assets Not Depreciated</b>	
Land	\$3,339,041
Construction in Progress	835,242
Total Capital Assets Not Depreciated	4,174,283
<b>Capital Assets Being Depreciated</b>	
Building and Building Improvements	145,492,217
Furniture and Equipment	1,842,893
Total Capital Assets Being Depreciated	147,335,110
Less: Accumulated Depreciation	(95,570,808)
Subtotal Capital Assets Being Depreciated	51,764,302
Total Capital Assets – Net	\$55,938,585

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

NOTE 4: **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:

	<b>Balance 06/30/10</b>	<b>Adjust</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 06/30/11</b>
<b>Capital Assets Not Depreciated</b>					
Land	\$3,319,591	\$0	\$19,450	\$0	\$3,339,041
Construction in Process	409,505	(87,934)	513,671	0	835,242
<b>Total Capital Assets Not Depreciated</b>	<b>3,729,096</b>	<b>(87,934)</b>	<b>533,121</b>	<b>0</b>	<b>4,174,283</b>
<b>Capital Assets Depreciated</b>					
Building and Building Improvements	143,792,127	73,908	9,499,591	(7,873,409)	145,492,217
Furniture and Equipment	1,599,979	0	497,371	(254,457)	1,842,893
<b>Total Capital Assets Depreciated</b>	<b>145,392,106</b>	<b>73,908</b>	<b>9,996,962</b>	<b>(8,127,866)</b>	<b>147,335,110</b>
<b>Accumulated Depreciation</b>					
Building and Building Improvements	(97,117,779)	0	(4,561,350)	7,508,926	(94,170,203)
Furniture and Equipment	(1,599,979)	0	(55,083)	254,457	(1,400,605)
<b>Total Accumulated Depreciation</b>	<b>(98,717,758)</b>	<b>0</b>	<b>(4,616,433)</b>	<b>7,763,383</b>	<b>(95,570,808)</b>
<b>Total Capital Assets Depreciated</b>	<b>46,674,348</b>	<b>73,908</b>	<b>5,380,529</b>	<b>(364,483)</b>	<b>51,764,302</b>
<b>Total Capital Assets - Net</b>	<b>\$50,403,444</b>	<b>(\$14,026)</b>	<b>\$5,913,650</b>	<b>(\$364,483)</b>	<b>\$55,938,585</b>

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The Authority participates in the Ohio Public Employees Retirement System (OPERS).

Ohio Public Employees Retirement System administers three separate pension plans.

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.
3. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the members, accumulate 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 Pension 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) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. The 2010 member contribution rates were 10.0% and the employer contribution rate was 14.0%

The Authority's required contributions to OPERS for the years ended June 30, 2011, 2010 and 2009 were \$349,242, \$498,668 and \$488,657, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

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

**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 does 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 issue 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

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

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 contribution allocated to the health care plan was 5.50 percent of covered payroll. 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 years ended June 30, 2011, 2010 and 2009, which were used to fund post-employment benefits, were \$137,202, \$195,905 and \$174,520, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**NOTE 7: LONG-TERM DEBT**

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

	<b>Balance 06/30/10</b>	<b>Additions</b>	<b>Adjust/ Deletions</b>	<b>Balance 06/30/11</b>	<b>Due One Year</b>
<b>Long-Term Debt</b>					
<i>Primary Government</i>					
PNC Bank, 12/01/04, 5.16%, \$2,722,385	\$1,642,088	\$0	\$224,564	\$1,417,524	\$236,919
Total Long-Term Debt Obligation	<u>\$1,642,088</u>	<u>\$ 0</u>	<u>\$224,564</u>	<u>\$1,417,524</u>	<u>\$236,919</u>

Long-term debt for the 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.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

**NOTE 7: LONG-TERM DEBT** (continued)

The note and settlement agreement matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011-2012	\$236,919	\$67,602	\$304,521
2012-2013	249,444	55,077	304,521
2013-2014	262,631	41,890	304,521
2014-2015	276,514	28,007	304,521
2015-2016	291,130	13,391	304,521
2016-2017	100,886	1,083	101,969
Total	<u>\$1,417,524</u>	<u>\$207,050</u>	<u>\$1,624,574</u>

**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 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:

<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

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 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 60 days.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

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

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, 2011, based on the vesting method is detailed as follows:

	<b>Current Accrued Compensated Absence</b>	<b>Long-Term Accrued Compensated Absence</b>	<b>Total Accrued Compensated Absence</b>
Public Housing	\$229,494	\$275,453	\$504,947
Section 8 - Rental Voucher	42,745	26,569	69,314
<b>Total</b>	<b>\$272,239</b>	<b>\$302,022</b>	<b>\$574,261</b>

The following is a summary of changes in compensated absence liability:

	<b>Balance 06/30/10</b>	<b>Net Change</b>	<b>Balance 06/30/11</b>
Total Compensated Absence Liability	\$592,816	(\$18,555)	\$574,261



**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

**NOTE 9: INTERPROGRAM RECEIVABLES AND PAYABLES**

The following balances at June 30, 2011 represent individual fund interprogram receivables and payables:

	Interprogram Receivables	Interprogram Payables
Total AMP's	\$ 10,602	\$ 141,577
Resident Opportunity	0	15,704
Local Grants	7,589	62,306
Section 8 N/C S/R	0	48,469
Central Office	518,877	955,045
Section 8 Voucher	0	92,959
Housing Counseling Grant	0	9,894
ARRA Competitive Grant	790,851	0
YouthBuild - DOL	0	1,965
<b>Total</b>	<b>\$1,327,919</b>	<b>\$1,327,919</b>

These interprogram receivables and payables have been eliminated in the statement of net assets.

**NOTE 10: CONTINGENCIES**

**Litigations and Claims**

In the normal course of operations the Authority may be subject to litigation and claims. At June 30, 2011 the Authority was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

**Inspector General Audit**

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.

During the fiscal year, the Authority was audited by the HUD Office of Inspector General. The IG audited the American Recovery and Reinvestment Act of 2009 Public Capital Fund Stimulus formula and competitive grants. The audit report issued on August 16, 2011, included a finding on the procurement process in awarding a contract and identified a questioned cost of \$97,705. The finding was referred to the Director of HUD's Cleveland Office of Public Housing to resolve. The Authority responded to the finding and is working with the HUD Cleveland Office to resolve the finding.

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (CONTINUED)**

**NOTE 11: CONSTRUCTION COMMITMENTS**

The Authority had the following material capital or construction commitment at June 30, 2011:

	<b>Contract Amount</b>	<b>Balance Outstanding June 30, 2011</b>
Westlake Demolition	\$ 1,082,000	\$ 751,980
Brier Hill Renovation	8,878,449	917,180

**NOTE 12: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

**NOTE 13: PRIOR PERIOD ADJUSTMENT**

The beginning net assets needed to be restated by \$27,726. This adjustment included a prior year end settlement with HUD from the Section 8 Moderate Rehabilitation Program. At the close of last fiscal year, the Authority was not aware of the adjustment made by HUD that is why it was reported in the current year financial statements as a prior period adjustment.

Youngstown Metropolitan Housing Authority  
Schedule of Expenditure of Federal Award  
FOR THE YEAR ENDED JUNE 30, 2011

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development</b>		
Direct Program		
Section 8 Project Base (Cluster):		
Section 8 New Construction Program	14.182	\$89,632
Section 8 Moderate Rehabilitation (Cluster)	14.856	<u>196,698</u>
Total Section 8 Project Base Cluster Programs		<u>286,330</u>
Housing Counseling Assistance Program	14.169	23,997
Low Rent Public Housing	14.850	6,724,727
Resident Opportunity and Supportive Services	14.870	91,798
Housing Choice Voucher Program	14.871	12,179,309
Capital Fund Program Cluster:		
- Public Housing Capital Fund Program	14.872	3,965,647
- Capital Fund Formula Stimulus Grant	14.885	3,043,845
- Capital Fund Competitive Stimulus Grant	14.884	<u>4,285,778</u>
Total Capital Fund Program (Cluster)		<u>11,295,270</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<b><u>30,601,431</u></b>
<b>U.S. Department of Labor</b>		
Direct Program		
Youthbuild	17.274	<u>492,491</u>
<b>Total U.S. Department of Labor</b>		<b><u>492,491</u></b>
<b>Total Expenditure of Federal Award</b>		<b><u><u>\$31,093,922</u></u></b>



6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

---

---

**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 Commissioners  
Youngstown Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Youngstown Metropolitan Housing Authority basic financial statements and have issued my report thereon dated December 19, 2011. I conducted my 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Youngstown Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

### **Compliance and Other Matters**

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

This report is intended for the information of the Board of Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

---

Salvatore Consiglio, CPA, Inc.  
December 19, 2011



6548 Royalton Road, Suite 104  
North Royalton, Ohio 44133  
Phone (440) 877-9870  
Fax (440) 877-9237  
[sconsiglio@aol.com](mailto:sconsiglio@aol.com)

---

---

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Youngstown Metropolitan Housing  
Authority

**Compliance**

I have audited the compliance of the Youngstown Metropolitan Housing Authority, Ohio, 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 its major federal programs for the year ended June 30, 2011. Youngstown Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result 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 Youngstown Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Youngstown Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my 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. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Youngstown Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Youngstown Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Youngstown Metropolitan Housing Authority, Ohio, complied, in all material respects, with the 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, 2011.

### **Internal Control Over Compliance**

The management of Youngstown Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Youngstown Metropolitan Housing Authority 's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance 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, I do not express an opinion on the effectiveness of Youngstown Metropolitan Housing Authority 's internal control over compliance.

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

My 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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

---

Salvatore Consiglio, CPA, Inc.  
December 19, 2011

Youngstown Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 June 30, 2011

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.872 Public Housing Capital Fund; 14.885 Capital Fund Formula Stimulus; 14.884 Capital Fund Competitive Stimulus
Dollar Threshold: Type A/B Programs	Type A: > \$932,818 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
--

There are no Findings or questioned costs FOR THE YEAR ENDED JUNE 30, 2011.

<b>3. FINDINGS RELATED TO FEDERAL AWARDS</b>
--

There are no Findings or questioned costs FOR THE YEAR ENDED JUNE 30, 2011.



Youngstown Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
June 30, 2011

The audit report for the fiscal year ending June 30, 2010 contained no audit findings.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 17, 2012**