

**PORTSMOUTH METROPOLITAN HOUSING AUTHORITY**

**SCIOTO COUNTY**

**JULY 1, 1999 TO JUNE 30, 2000**

**PREPARED BY: HELLER, BLOSKY & DABAGIAN, P.C.**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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The Board of Commissioners  
Portsmouth Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of Portsmouth Metropolitan Housing Authority, Scioto County, prepared by Heller, Blosky & Dabagian, P.C., for the audit period July 1, 1999 to June 30, 2000. 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 Portsmouth Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

March 30, 2001

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

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June 30, 2000

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## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Portsmouth Metropolitan Housing Authority:

We have audited the general purpose financial statements of the Portsmouth Metropolitan Housing Authority as of and for the year ended June 30, 2000. These general purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Portsmouth Metropolitan Housing Authority as of June 30, 2000, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Portsmouth Metropolitan Housing Authority taken as a whole. The supplementary information contained on pages 20 through 27 is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, 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 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2000 on our consideration of the Portsmouth Metropolitan Housing Authority's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts, and grants.

As described in Note 2, the Portsmouth Metropolitan Housing Authority's financial statements are presented in accordance with generally accepted accounting principles. Prior years were reported on the basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

HELLER, BLOSKY AND DABAGIAN, P.C.

September 20, 2000  
Toms River, New Jersey

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY  
 Combined Balance Sheet - All Enterprise Funds  
 June 30, 2000

ASSETS

Current assets:	
Cash	\$ 835,784
Investments	1,957,886
Tenant receivables	3,060
Due from HUD	12,731
Accrued interest	20,029
Prepaid expenses	63,447
Inventory	<u>17,298</u>
Total current assets	<u>2,910,235</u>
Fixed assets:	
Land	1,427,333
Buildings	39,208,320
Furniture, equipment and machinery	<u>637,720</u>
	41,273,373
Less: accumulated depreciation	<u>( 20,179,076 )</u>
Net fixed assets	<u>21,094,297</u>
	<u>\$ 24,004,532</u>

LIABILITIES AND EQUITY

Current liabilities:	
Accounts payable	\$ 27,884
Due to HUD	186,990
Accrued wages and payroll taxes	32,647
Accrued compensated absences	179,225
Tenant security deposits	97,678
Deferred revenues	150,793
Accrued liabilities - other	<u>123,489</u>
Total current liabilities	<u>798,706</u>
Equity:	
Retained earnings	2,214,019
Contributed capital	<u>20,991,807</u>
Total equity	<u>23,205,826</u>
	<u>\$ 24,004,532</u>

See accompanying notes to financial statements.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Combined Statement of Revenues, Expenditures, and Changes in  
Retained Earnings - All Enterprise Funds

For the Year Ended June 30, 2000

Operating income:	
Dwelling rental	\$ 1,139,816
HUD grants	<u>4,043,195</u>
Total operating income	<u>5,183,011</u>
Operating expenses:	
Administration	1,078,445
Tenant services	91,780
Utilities	764,071
Ordinary maintenance and operations	1,159,261
Protective services	299,500
General expense	203,684
Extraordinary maintenance	30,007
Housing assistance payments	1,550,291
Depreciation	<u>1,657,846</u>
Total operating expenses	<u>6,834,885</u>
Net operating loss	( <u>1,651,874</u> )
Non-operating revenues (expenses)	
Interest on investments	118,420
Other income	39,408
Casualty losses	( <u>5,524</u> )
Net non-operating revenues	<u>152,304</u>
Net loss	( 1,499,570 )
Add: Depreciation on fixed assets acquired by capital grants that reduce contributed capital	1,632,284
Add: Cumulative effect adjustment, change from HUD based accounting to generally accepted accounting principles	<u>2,081,305</u>
Increase in retained earnings	2,214,019
Retained earnings, beginning of year	<u>-</u>
Retained earnings, end of year	\$ <u><u>2,214,019</u></u>

See accompanying notes to financial statements.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Combined Statement of Cash Flows - All Enterprise Funds

For the Year Ended June 30, 2000

Cash Flows from Operating Activities:	
Cash received from tenants and grantors	\$ 5,344,094
Cash paid to suppliers and employees	( 4,898,598)
Interest received	<u>118,420</u>
Net cash provided by operating activities	<u>563,916</u>
Cash Flows from Investing Activities:	
Purchase of certificates of deposits	( 894,597)
Property and equipment purchases	<u>( 873,392)</u>
Net cash used by investing activities	<u>( 1,767,989)</u>
Cash Flows from Financing Activities:	
HUD PHA contributions	<u>835,379</u>
Net cash provided by financing activities	<u>835,379</u>
Net decrease in cash	( 368,694)
Cash and cash equivalents, beginning of year	<u>1,204,478</u>
Cash and cash equivalents, end of year	\$ <u><u>835,784</u></u>
Reconciliation of net loss to cash provided by operating activities:	
Net loss	( 1,499,570)
Items which did not use cash:	
Depreciation	1,657,846
Bad debts	13,704
Working capital changes which provided (used) cash:	
Accounts receivable	( 27,620)
Deferred revenue	148,617
Prepaid expenses	21,635
Accounts payable	106,919
Accrued expenses	141,707
Tenant security deposits	<u>678</u>
Net cash provided by operating activities	\$ <u><u>563,916</u></u>

See accompanying notes to financial statements.



PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2000

1. Introduction

The Portsmouth Metropolitan Housing Authority was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

Reporting Entity

As required by generally accepted accounting principles, the general purpose financial statements of the reporting entity include those of the Portsmouth Metropolitan Housing Authority and any component units. Component units are separate legal entities that; elected officials of a primary government are financially accountable for the entity or the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the general purpose financial statements misleading or incomplete. Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria. A summary of each program administered by the Authority included in the financial statements is provided in note 2 to assist the reader in interpreting the general purpose financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Financial Statements (continued)

June 30, 2000

Description of programs

a. Public Housing Program

The public housing program is designed to provide low-cost housing within the City of Portsmouth Metropolitan. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

b. Development Programs

New housing projects are erected through development programs. Projects are financed through Project Notes and Bond Issues secured by pledges of annual contributions by HUD and the housing units. The debt is retired by annual contributions from HUD under the terms of the annual contributions contract.

c. Housing Assistance Payments Program - Section 8

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

d. Comprehensive Grant Program

The purpose of the Comprehensive Grant Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Financial Statements (continued)

June 30, 2000

Description of programs (continued)

e. Public Housing Drug Elimination Program

The Authority administers the Public Housing Drug Elimination Program to provide its communities with services such as community policing, drug education intervention, and drug prevention programs for youths. Funding for the services is provided by grants from HUD and the services from local youth organizations.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The Authority has created a number of funds within each enterprise fund. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The funds of the Authority are all considered Proprietary Fund Types. The Authority's proprietary funds are Enterprise Funds used to account for activities that are operated in a manner similar to those found in the private sector. The funds included in this category are as follows:

- PHA Owned Housing Fund - This Fund accounts for all activities and projects of the Public Housing Program (described previously) including Public Housing, Comprehensive Grants and Drug Elimination Grants. The Authority either sets up separate funds within the PHA Owned Housing Fund for each program or assigns a particular set of general ledger accounts in order to account for income and expenses of each program separately. All sub-accounts or funds are combined to produce the financial statements of the Public Housing Agency Owned Fund.
- Section 8 Fund - This fund accounts for the rental assistance program more fully described under the "Housing Assistance Payments Program," in note 1.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Financial Statements (continued)

June 30, 2000

2. Summary of Significant Accounting Policies (continued)

a. Basis of Accounting (continued)

All proprietary funds are accounted for using the accrual basis of accounting. In applying the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds, the Authority applies all GASB pronouncements and all Financial Accounting Standards Board pronouncements, Accounting Principle Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 which do not conflict with or contradict GASB Pronouncements.

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

c. Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions.

d. Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used.

e. Fixed Assets

Fixed assets are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Financial Statements (continued)

June 30, 2000

2. Summary of Significant Accounting Policies (continued)

f. Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

g. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The Public Housing Program prepares its budget annually. The Board of Commissioners adopts the budget through passage of a budget resolution and submits it to HUD at least ninety days prior to the beginning of the fiscal year.

The Section 8 Program prepares annual budgets for each of the Housing Program Types using HUD form 52673 - Estimate of Total Required Contributions. The budgets are adopted by the Board of Commissioners via a budget resolution.

3. Cash and cash equivalents

The Authority is authorized by HUD to invest in time deposits, certificates of deposits and obligations of the U.S. Treasury.

4. Tenant Account Receivables

Tenant account receivables are shown net of an allowance for doubtful accounts of \$4,900.

5. Pension Plan

The Authority has established a pension plan and contributes 12% for eligible employees. For the year ending June 30, 2000, the Authority's 13.55% portion amounted to \$176,373, which has been charged to the employee fringe benefit account.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Financial Statements (continued)

June 30, 2000

6. Compensated Absences

Included in compensated absences are vacation, sick leave and other leave benefits accrued by employees.

7. Deferred Revenues

Deferred revenues consist of HUD operating subsidies received in advance.

8. Cumulative Effect Adjustment

In 1999, the Authority changed its method of accounting from a basis prescribed by the U.S. Department of Housing and Urban Development to generally accepted accounting principles. As such, the Authority restated its June 30, 1999 financial statements to conform to generally accepted accounting principles as follows:

	June 30 1999, as stated	Cumulative Effect Adjustments	June 30 1999, as restated
<u>Assets and Liabilities</u>			
Allowance for doubtful accounts	-	( 4,900)	( 4,900)
Accrued interest	-	20,029	20,029
Inventory	-	17,298	17,298
Compensated absences	-	( 193,654)	( 193,654)
Depreciation	-	(18,521,230)	(18,521,230)
Accumulated costs	47,418,736	( 7,018,755)	40,399,981
HUD liabilities	( 6,768,539)	6,660,584	( 107,955)
	<u>40,650,197</u>	<u>(19,040,628)</u>	<u>21,609,569</u>
<u>Equity</u>			
Fund balance	(42,910,645)	42,910,645	-
Retained earnings	-	( 2,081,305)	( 2,081,305)
Contributed capital	-	(21,788,712)	(21,788,712)
	<u>(42,910,645)</u>	<u>19,040,628</u>	<u>(23,870,017)</u>

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Financial Statements (continued)

June 30, 2000

9. Contributed Capital

The changes in contributed capital during the year ended June 30, 2000 were as follows:

Contributed capital as of June 30, 1999 as restated	\$ 21,788,712
Fixed assets acquired through capital grants from HUD	835,379
Depreciation on fixed assets acquired through capital grants from HUD	( <u>1,632,284</u> )
Contributed capital as of June 30, 2000	\$ <u>20,991,807</u>

10. Economic Dependency

Both the PHA Owned Housing Program and the Section 8 Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Commissioners  
Portsmouth Metropolitan Housing Authority:

We have audited the financial statements of Portsmouth Metropolitan Housing Authority as of and for the year ended June 30, 2000, and have issued our report thereon dated September 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996.

Compliance

As part of obtaining reasonable assurance about whether Portsmouth 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 Portsmouth 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 weakness.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

HELLER, BLOSKY AND DABAGIAN, P.C.

September 20, 2000  
Toms River, New Jersey

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

The Board of Commissioners  
Portsmouth Metropolitan Housing Authority:

Compliance

We have audited the compliance of Portsmouth Metropolitan Housing Authority, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. Portsmouth 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 Portsmouth Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Portsmouth Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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* and the provisions of the *Public and Indian Housing Compliance Supplement* dated May 29, 1996. 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 Portsmouth 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 Portsmouth Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Portsmouth 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, 2000.

#### Internal Control Over Compliance

The management of Portsmouth 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 Portsmouth 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 weakness.

This report is intended for the information of the audit committee, management and the U.S. Department of Housing and Urban Development, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HELLER, BLOSKY AND DABAGIAN, P.C.

September 20, 2000  
Toms River, New Jersey

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2000

<u>Federal Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:		
Public and Indian Housing		
Operating Subsidy	14.850	\$ 1,798,174
Comprehensive Grant Programs	14.859	937,882
Drug Elimination Programs	14.854	330,638
Lower Income Housing Assistance Payments		
Section 8 Existing Housing	14.857	212,529
Section 8 Rental Voucher Program	14.855	1,378,093
Section 8 New Construction	14.856	<u>227,548</u>
		<u>\$ 4,884,864</u>

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Notes to Schedule of Federal Awards

June 30, 2000

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Portsmouth Metropolitan Housing Authority and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY  
Schedule of Findings and Questioned Costs  
June 30, 2000

I. Summary of Auditor's Results

Financial Statement Section

- |                                                                                    |             |
|------------------------------------------------------------------------------------|-------------|
| 1. Type of auditor's report issued:                                                | Unqualified |
| 2. Internal control over financial reporting                                       |             |
| a. Material Weakness(es) identified?                                               | No          |
| b. Were reportable conditions identified not considered to be material weaknesses? | No          |
| 3. Noncompliance material to the financial statements?                             | No          |

Federal Awards Section

- |                                                                                                                          |             |
|--------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. Dollar threshold used to determine Type A Programs:                                                                   | \$300,000   |
| 2. Dollar threshold used to determine Type B Programs:                                                                   | \$100,000   |
| 3. Auditee qualified as low-risk Auditee?                                                                                | No          |
| 4. Type of auditor's report on compliance for major programs:                                                            | Unqualified |
| 5. Internal Control over compliance:                                                                                     |             |
| a. Material weakness(es) identified?                                                                                     | No          |
| b. Were reportable conditions identified not considered to be material weaknesses?                                       | No          |
| c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) | No          |
| 6. Identification of major programs:                                                                                     |             |

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Public Housing Operating Subsidy
14.859	Comprehensive Grant Program
14.854	Drug Elimination Grant Program
14.855	Section 8 Voucher Program

SUPPLEMENTARY INFORMATION

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Certification of Actual Comprehensive Grant Program Costs  
Project Number OH16P010705 & OH16P010706

June 30, 2000

The actual costs of the Comprehensive Grant Program Costs, Project Number OH16P010705 & OH16P010706, are as follows:

<u>Individual Project</u>	<u>Grant Funds Approved</u>	<u>Actual Costs</u>	<u>Funds Advanced</u>	<u>Excess / (Deficiency) of Funds</u>
OH16P010705	<u>\$1,165,948</u>	<u>1,165,948</u>	<u>1,165,948</u>	<u>-</u>
OH16P010706	<u>\$1,158,021</u>	<u>1,158,021</u>	<u>1,158,021</u>	<u>-</u>



PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

Certification of Actual Drug Elimination Grant Program Costs  
Project Number OH16DEP0100197 & OH16DEP0100198

June 30, 2000

The actual costs of the Drug Elimination Grant Program, Project Number OH16DEP0100197 and OH16DEP0100198, are as follows:

<u>Individual Project</u>	<u>Grant Funds Approved</u>	<u>Actual Costs</u>	<u>Funds Advanced</u>	<u>Excess / (Deficiency) of Funds</u>
OH16DEP0100197	\$ <u>263,100</u>	<u>263,100</u>	<u>263,100</u>	<u>-</u>
OH16DEP0100198	\$ <u>265,800</u>	<u>265,800</u>	<u>265,800</u>	<u>-</u>

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY								
Financial Data Schedule (FDS) - All Enterprise Funds								
June 30, 2000								
Line Item #	Account Description	Low Rent 14.850	Comprehensive Grant Program 14.859	Drug Elimination Program 14.854	Section 8 Rental Certificate Program 14.857	Section 8 Rental Voucher Program 14.855	Section 8 New Construction Program 14.856	TOTAL
<b>ASSETS:</b>								
<b>CURRENT ASSETS:</b>								
Cash:								
111	Cash - unrestricted	167,800			146,984	227,577	186,731	729,092
112	Cash - restricted - modernization and development							-
113	Cash - other restricted	9,014						9,014
114	Cash - tenant security deposits	97,678						97,678
100	Total cash	274,492	-	-	146,984	227,577	186,731	835,784
Accounts and notes receivables:								
121	Accounts receivable - PHA projects	544						544
122	Accounts receivable - HUD other projects		12,187					12,187
124	Accounts receivable - other government							-
125	Accounts receivable - miscellaneous							-
126	Accounts receivable- tenants - dwelling rents	7,960						7,960
126.1	Allowance for doubtful accounts - dwelling rents	(4,900)						(4,900)
126.2	Allowance for doubtful accounts - other							-
127	Notes and mortgages receivable- current							-
128	Fraud recovery							-
128.1	Allowance for doubtful accounts - fraud							-
129	Accrued interest receivable	20,029						20,029
120	Total receivables, net of allowances for doubtful accounts	23,633	12,187	-	-	-	-	35,820
Current investments								
131	Investments - unrestricted	1,957,886						1,957,886
132	Investments - restricted							-
142	Prepaid expenses and other assets	60,275			349	2,507	316	63,447
143	Inventories	17,298						17,298
143.1	Allowance for obsolete inventories							-
144	Interprogram - due from	11,654			462			12,116
146	Amounts to be provided							-
150	TOTAL CURRENT ASSETS	2,345,238	12,187	-	147,795	230,084	187,047	2,922,351
<b>NONCURRENT ASSETS:</b>								
Fixed assets:								
161	Land	1,374,856	52,477					1,427,333
162	Buildings	37,817,185	1,391,135					39,208,320
163	Furniture, equipment & machinery - dwellings	553,526		28,188				581,714
164	Furniture, equipment & machinery - administration	10,086	18,913			27,007		56,006
165	Leasehold improvements							-
166	Accumulated depreciation	(20,126,271)	(11,616)	(16,508)		(24,681)		(20,179,076)
160	Total fixed assets, net of accumulated depreciation	19,629,382	1,450,909	11,680		2,326		21,094,297
Other non-current assets:								
171	Notes and mortgages receivable - non-current							-
172	Notes and mortgages receivable-non-current - past due							-
174	Other assets							-
175	Undistributed debits							-
176	Investment in joint ventures							-
180	TOTAL NONCURRENT ASSETS	19,629,382	1,450,909	11,680		2,326		21,094,297
190	TOTAL ASSETS	21,974,620	1,463,096	11,680	147,795	232,410	187,047	24,016,648

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY								
Financial Data Schedule (FDS) - All Enterprise Funds								
June 30, 2000								
Line Item #	Account Description	Low Rent 14.850	Comprehensive Grant Program 14.859	Drug Elimination Program 14.854	Section 8 Rental Certificate Program 14.857	Section 8 Rental Voucher Program 14.855	Section 8 New Construction Program 14.856	TOTAL
<b>LIABILITIES AND EQUITY:</b>								
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
311	Bank overdraft							-
312	Accounts payable ≤ 90 days	27,884						27,884
313	Accounts payable > 90 days past due							-
321	Accrued wage/payroll taxes payable	27,311	1,700			3,636		32,647
322	Accrued compensated absences	152,345			2,957	21,235	2,688	179,225
324	Accrued contingency liability							-
325	Accrued interest payable							-
331	Accounts payable - HUD PHA programs	30,412			5,525	20,100	130,953	186,990
332	Accounts payable - PHA projects							-
333	Accounts payable - other government							-
341	Tenant security deposits	97,678						97,678
342	Deferred revenue	152				130,619	20,022	150,793
343	Current portion of L-T debt - capital projects							-
344	Current portion of L-T debt - operating borrowings							-
345	Other current liabilities							-
346	Accrued liabilities - other	123,489						123,489
347	Interprogram - due to		10,487			121	1,508	12,116
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>459,271</b>	<b>12,187</b>	<b>-</b>	<b>8,482</b>	<b>175,711</b>	<b>155,171</b>	<b>810,822</b>
<b>NONCURRENT LIABILITIES:</b>								
351	Long-term debt, net of current - capital projects							-
352	Long-term debt, net of current - operating borrowings							-
353	Non-current liabilities- other							-
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
300	<b>TOTAL LIABILITIES</b>	<b>459,271</b>	<b>12,187</b>	<b>-</b>	<b>8,482</b>	<b>175,711</b>	<b>155,171</b>	<b>810,822</b>
<b>EQUITY:</b>								
501	Investment in general fixed assets							-
<b>Contributed Capital:</b>								
502	Project notes (HUD)							-
503	Long-term debt - HUD guaranteed							-
504	Net HUD PHA contributions	19,529,218	1,450,909	11,680				20,991,807
505	Other HUD contributions							-
507	Other contributions							-
508	Total contributed capital	19,529,218	1,450,909	11,680				20,991,807
<b>Reserved fund balance:</b>								
509	Reserved for operating activities							-
510	Reserved for capital activities							-
511	Total reserved fund balance							-
512	Undesignated fund balance/retained earnings	1,986,131			139,313	56,699	31,876	2,214,019
513	<b>TOTAL EQUITY</b>	<b>21,515,349</b>	<b>1,450,909</b>	<b>11,680</b>	<b>139,313</b>	<b>56,699</b>	<b>31,876</b>	<b>23,205,826</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21,974,620</b>	<b>1,463,096</b>	<b>11,680</b>	<b>147,795</b>	<b>232,410</b>	<b>187,047</b>	<b>24,016,648</b>
<b>Proof of concept</b>								
		-	-	-	-	-	-	-

**PORTSMOUTH METROPOLITAN HOUSING AUTHORITY**

Financial Data Schedule (FDS) - All Enterprise Funds

June 30, 2000

Line Item #	Account Description	Low Rent 14.850	Comprehensive Grant Program 14.859	Drug Elimination Grant Program 14.854	Section 8 Rental Certificate Program 14.857	Section 8 Rental Voucher Program 14.855	Section 8 New Construction Program 14.856	TOTAL
<b>REVENUE:</b>								
703	Net tenant rental revenue	1,139,816						1,139,816
704	Tenant revenue - other							-
705	Total tenant revenue	1,139,816	-					1,139,816
706	HUD PHA grants	1,798,174	114,690	330,638	212,529	1,378,093	227,548	4,061,672
708	Other government grants							-
711	Investment income - unrestricted	104,600			5,777	1,603	6,440	118,420
712	Mortgage interest income							-
714	Fraud recovery							-
715	Other revenue	39,408						39,408
716	Gain or loss on sale of fixed assets							-
720	Investment income - restricted							-
700	<b>TOTAL REVENUE</b>	<b>3,081,998</b>	<b>114,690</b>	<b>330,638</b>	<b>218,306</b>	<b>1,379,696</b>	<b>233,988</b>	<b>5,359,316</b>
<b>EXPENSES:</b>								
Administrative								
911	Administrative salaries	453,785	89,911		16,273	116,870	14,794	691,633
912	Auditing fees				95	684	87	866
913	Outside management fees							-
914	Compensated absences	(15,058)			69	497	63	(14,429)
915	Employee benefit contributions- administrative	134,298	17,286		4,636	33,297	4,215	193,732
916	Other operating- administrative	138,191	7,493	10,157	5,308	40,669	4,825	206,643
Tenant services								
921	Tenant services - salaries	71,098						71,098
922	Relocation costs							-
923	Employee benefit contributions- tenant services	20,131						20,131
924	Tenant services - other	551						551
Utilities								
931	Water	128,151			4	25	3	128,183
932	Electricity	289,861			129	927	117	291,034
933	Gas	190,479			16	113	14	190,622
934	Fuel							-
935	Labor							-
937	Employee benefit contributions- utilities							-
938	Other utilities expense	154,193			4	31	4	154,232
Ordinary maintenance & operation								
941	Ordinary maintenance and operations - labor	616,710						616,710
942	Ordinary maintenance and operations - materials & other	130,390						130,390
943	Ordinary maintenance and operations - contract costs	230,923						230,923
945	Employee benefit contributions- ordinary maintenance	181,238						181,238

**PORTSMOUTH METROPOLITAN HOUSING AUTHORITY**

Financial Data Schedule (FDS) - All Enterprise Funds

June 30, 2000

Line Item #	Account Description	Low Rent 14.850	Comprehensive Grant Program 14.859	Drug Elimination Grant Program 14.854	Section 8 Rental Certificate Program 14.857	Section 8 Rental Voucher Program 14.855	Section 8 New Construction Program 14.856	TOTAL
	<b>Protective services</b>							-
951	Protective services - labor							-
952	Protective services- other contract costs							-
953	Protective services - other			317,977				317,977
955	Employee benefit contributions- protective services							-
	<b>General expenses</b>							-
961	Insurance premiums	75,518		2,504	431	3,094	392	81,939
962	Other general expenses	68,566						68,566
963	Payments in lieu of taxes	39,475						39,475
964	Bad debt - tenant rents	13,704						13,704
965	Bad debt- mortgages							-
966	Bad debt - other							-
967	Interest expense							-
968	Severance expense							-
969	<b>TOTAL OPERATING EXPENSES</b>	2,922,204	114,690	330,638	26,965	196,207	24,514	3,615,218
970	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	159,794	-	-	191,341	1,183,489	209,474	1,744,098
971	Extraordinary maintenance	30,007						30,007
972	Casualty losses - non capitalized	5,524						5,524
973	Housing assistance payments				181,570	1,163,684	205,037	1,550,291
974	Depreciation expense	1,638,320	10,275	7,985	-	1,266	-	1,657,846
975	Fraud losses							-
976	Capital outlays- governmental funds							-
977	Debt principal payment- governmental funds							-
978	Dwelling units rent expense							-
900	<b>TOTAL EXPENSES</b>	4,596,055	124,965	338,623	208,535	1,361,157	229,551	6,858,886
	<b>OTHER FINANCING SOURCES (USES)</b>							-
1001	Operating transfers in							-
1002	Operating transfers out							-
1003	Operating transfers from/to primary government							-
1004	Operating transfers from/to component unit							-
1005	Proceeds from notes, loans and bonds							-
1006	Proceeds from property sales							-
1010	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	-	-	-
1000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(1,514,057)	(10,275)	(7,985)	9,771	18,539	4,437	(1,499,570)

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY								
Financial Data Schedule (FDS) - All Enterprise Funds								
June 30, 2000								
Line Item #	Account Description	Low Rent 14.850	Comprehensive Grant Program 14.859	Drug Elimination Grant Program 14.854	Section 8 Rental Certificate Program 14.857	Section 8 Rental Voucher Program 14.855	Section 8 New Construction Program 14.856	TOTAL
<b>MEMO ACCOUNT INFORMATION:</b>								
1101	Capital contributions	-	835,379	-	-	-	-	835,379
1102	Debt principal payments - enterprise funds	-	-	-	-	-	-	-
1103	Beginning equity	41,471,743	1,178,056	28,188	120,281	82,313	30,064	42,910,645
1104	Prior period adjustments and equity transfers	(18,442,337)	(552,251)	(8,523)	9,261	(44,153)	(2,625)	(19,040,628)
1105	Changes in compensated absence liability (in the GLTDAG)	-	-	-	-	-	-	-
1106	Changes in contingent liability balance (in the GLTDAG)	-	-	-	-	-	-	-
1107	Changes in unrecognized pension transition liability in the GLTDAG)	-	-	-	-	-	-	-
1108	Changes in special term/severance benefits liability (in the GLTDAG)	-	-	-	-	-	-	-
1109	Changes in allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-
1110	Changes in allowance for doubtful accounts - other	-	-	-	-	-	-	-
1112	Depreciation "add back"	1,614,024	10,275	7,985	-	-	-	1,632,284
1113	Maximum annual contributions commitment (per ACC)	-	-	-	233,392	597,603	593,280	1,424,275
1114	Prorata maximum annual contributions applicable to a period of less than twelve months	-	-	-	-	957,062	-	957,062
1115	Contingency reserve, ACC program reserve	-	-	-	300,865	447,484	480,857	1,229,206
1116	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	534,257	2,002,149	1,074,137	3,610,543
1120	Unit months available	10,512	-	-	832	6,560	1,428	19,332
1121	Number of unit months leased	10,407	-	-	832	5,691	1,418	18,348
Equity Roll Forward Test								
Calculation from R/E Statement		21,515,349	1,450,909	11,680	139,313	56,699	31,876	23,205,826
B/S Line 513		21,515,349	1,450,909	11,680	139,313	56,699	31,876	23,205,826
		-	-	-	-	-	-	-



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**PORTSMOUTH METROPOLITAN HOUSING AUTHORITY**

**SCIOTO 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 10, 2001**