

Portsmouth Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2011



Dave Yost • Auditor of State

Board of Directors
Portsmouth Metropolitan Housing Authority
410 Court Street
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditors' Report* of the Portsmouth Metropolitan Housing Authority, Scioto 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 Portsmouth Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 1, 2012

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

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Statement of Net Assets	12-13
Statement of Revenue, Expenses and Change in Net Assets	14
Statement of Cash Flows	15-16
Notes to the Basic Financial Statements	17-27
Supplemental Data:	
Financial Data Schedule	28-35
Schedule of Expenditures of Federal Awards	36
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	37-38
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	39-40
Schedule of Findings and Questioned Costs	41
Schedule of Prior Audit Findings	42

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Independent Auditors' Report

Board of Directors
Portsmouth Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Portsmouth 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 Portsmouth Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Portsmouth Metropolitan Housing Authority, Ohio, as of June 30, 2011, and the respective change in financial position and 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 my report dated October 27, 2011, on my consideration of the Portsmouth Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 read in conjunction with this report in considering the result 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 Portsmouth 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. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the Basic 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 basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.
October 27, 2011

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

The Portsmouth Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets were \$24,298,954 and \$24,671,157 for 2011 and 2010 respectively. The Authority – wide statements reflect a decrease in total assets of \$372,203 (or 1.5%) during 2011. This decrease is reflective of the year's activities.
- Revenue decreased by \$1,030,290 during 2011, and was \$9,368,780 and \$10,399,070 for 2011 and 2010 respectively.
- Total expenses of all Authority programs increased by \$114,196 (or 1.2%). Total expenses were \$9,239,732 and \$9,125,536 for 2011 and 2010 respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

<p>MD&A ~ Management Discussion and Analysis ~</p>
<p>Basic Financial Statements ~ Authority-wide Financial Statements ~ ~ Notes to Financial Statements ~</p>
<p>Other Required Supplementary Information ~ Required Supplementary Information (other than MD&A) ~</p>

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets". This account resembles the old operating reserves account.

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The Department of Housing and Urban Development requires the funds be maintained by the Authority.

The Authority's Programs

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions 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% of adjusted gross household income.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rent to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

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 your units.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

Contract Administration Program (a business activity) – The Authority is one of nine agencies in the state of Ohio to participate in a program which conducts Management and Occupancy Reviews of HUD Multifamily sites in the state. The Authority earns a management fee plus incentives for administering approximately 63 contracts.

Energy Performance Contract – The Authority entered into a contract with HUD and Viron Energy Services. The contract allows for the Authority to borrow money to take energy conservation measures within its Public Housing units, in turn, the Authority is allowed to “freeze” the current level of consumption for those units. The difference between the actual consumption and the frozen consumption is used to pay the debt. This program will run through October 25, 2012.

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1
STATEMENT OF NET ASSETS**

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Current Assets	\$ 5,917,980	\$ 5,790,706	\$ 127,274
Capital Assets	18,380,974	18,880,451	(499,477)
Total Assets	<u>\$ 24,298,954</u>	<u>\$ 24,671,157</u>	<u>\$ (372,203)</u>
Current Liabilities	\$ 562,654	\$ 856,387	\$ (293,733)
Long-Term Liabilities	497,161	704,680	(207,519)
Total Liabilities	<u>1,059,815</u>	<u>1,561,067</u>	<u>(501,252)</u>
Investment in Capital Assets, net of Debt	17,894,369	18,195,708	(301,339)
Restricted Net Assets	163,607	254,676	(91,069)
Unrestricted Net Assets	5,181,163	4,659,706	521,457
Total Net Assets	<u>23,239,139</u>	<u>23,110,090</u>	<u>129,049</u>
Total Liabilities and Net Assets	<u>\$ 24,298,954</u>	<u>\$ 24,671,157</u>	<u>\$ (372,203)</u>

For more detailed information see the Statement of Net Assets.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

Major Factors Affecting the Statement of Net Assets

- Current assets increased by \$127,274 while current liabilities decreased by \$293,733 in relation.
- The decrease in capital assets reflects the capital improvements and equipment purchases less depreciation expense.
- The Net Assets section reflects an increase of \$129,049 that can be attributed to the results from operations less current year depreciation expense.

Statement of Revenue, Expenses and Change in Net Assets

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

TABLE 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>Change</u>
<u>Revenues</u>			
Tenant Revenues	\$ 1,643,766	\$ 1,619,498	\$ 24,268
Operating Subsidies	5,841,849	5,945,175	(103,326)
Capital Grants	1,477,970	2,403,427	(925,457)
Investment Income	6,849	27,736	(20,887)
Other Revenues	398,346	403,234	(4,888)
Total Revenues	<u>9,368,780</u>	<u>10,399,070</u>	<u>(1,030,290)</u>
<u>Expenses</u>			
Administrative	1,462,260	1,559,287	(97,027)
Utilities	1,026,720	946,962	79,758
Maintenance	1,766,269	1,699,780	66,489
Protective Services	238,840	271,223	(32,383)
General and Interest Expenses	355,274	455,919	(100,645)
Housing Assistance Payments	2,401,290	2,349,782	51,508
(Gain) or Loss from Sale of Assets	(9,485)	9,711	(19,196)
Depreciation	1,998,564	1,831,989	166,575
Total Expenses	<u>9,239,732</u>	<u>9,125,536</u>	<u>114,196</u>
Net Increases (Decreases)	<u>\$ 129,048</u>	<u>\$ 1,273,534</u>	<u>\$ (1,144,486)</u>

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets

The Authority's total revenue has decreased by \$1,030,290. This is a reflection of a decrease in Public Housing Operating Subsidy and a decrease in Capital Fund Program activities during the year. Specifically the Capital Fund Program activities decreased due to the American Recovery and Reinvestment Act grant received, utilized, and completed in 2011 & 2010, was a one time grant. There was also an increase in Tenant Revenue and a continuing decrease in Investment Revenue due to interest rates. Expenses increased by \$114,196 for 2011. The Authority was able to increase the Section 8 lease up to coincide with Section 8 funding. There was an increase in utility expenses; specifically water, electricity and sewer.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$18,380,974 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$499,477 from the end of last year.

TABLE 3

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	<u>2011</u>	<u>2010</u>
Land	\$ 1,519,932	\$ 1,519,932
Buildings	56,275,473	53,126,789
Furniture, Equipment & Machinery - Dwelling	48,913	49,569
Furniture, Equipment & Machinery - Admin	888,015	875,613
Construction in Progress	425,870	2,108,330
Accumulated Depreciation	<u>(40,777,229)</u>	<u>(38,799,782)</u>
Total	<u>\$ 18,380,974</u>	<u>\$ 18,880,451</u>

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

Beginning Balance - June 30, 2010	\$	18,880,451
Current year Additions		1,499,087
Current year Depreciation Expense		<u>(1,998,564)</u>
Ending Balance - June 30, 2011	\$	<u><u>18,380,974</u></u>

Current year Additions are summarized as follows:

- Capital Improvements	\$	1,487,341
- 2 Lateral 3-Drawer Files		1,709
- Lift Gate		1,880
- Range w/ dual oven		999
- Monitor/Servers for Security Cameras		6,158
- Snow blade		<u>1,000</u>
Total 2010 Additions	\$	<u><u>1,499,087</u></u>

Debt Outstanding

As of year-end, the Authority had \$468,605 in debt (bonds, notes, etc.) outstanding compared to \$684,743 for the prior year. This debt was incurred for the energy performance contract for the acquisition and installation of energy efficient building fixtures.

	<u>2011</u>	<u>2010</u>
Beginning Balance	\$ 684,743	\$ 872,545
Current Year Principal Payments	<u>(198,138)</u>	<u>(187,802)</u>
Ending Balance	<u><u>\$ 486,605</u></u>	<u><u>\$ 684,743</u></u>

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding cuts of the Department of Housing and Urban Development continue for both Public Housing and Section 8 Housing Choice Voucher Programs.
- The Contract Administration contract with HUD, in which we participate through Columbus MHA, has expired. During the year ended June 30, 2011 were operating under an extension.
- The increase in employee benefits, namely employee health insurance costs.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary rates on utility costs, supplies, salaries and other costs.
- The reduced interest rates.

The Future of PMHA

We feel the future is secure for PMHA even with the uncertainty of the industry and the economy. We are transitioning into Asset Management, including successfully completing our transition to site based budgeting and reporting and implementing project based management over the past fiscal year. We have continued realignment of responsibilities for positions within the authority with the emphasis on efficiency.

We continue to increase our security at all developments with additional lighting and/or cameras. We have completed the addition of cameras at two of our developments this past year. In the next year we will be focusing our security improvement efforts on the high-rise buildings. We also are continually looking for new and creative ways to work with local law enforcement to increase law enforcement presence in the sites without increasing the costs of our security program. Examples of this include incorporating law enforcement officers in our National Night Out activities, as well as our trick-or-treat activities.

Besides continuing development of an increased Security Program, we are addressing issues concerning the physical condition of our housing stock. We are currently completing several of these items. For example, door replacement at 71 units to upgrade the housing stock and improve security is in the final stages. Another project we are currently completing is a major concrete replacement and repair project. All but one AMP was included in this project. The completed concrete upgrades will not only enhance the appearance of the housing stock, but will also aid in tenant safety. Also, we have a major renovation of one of our high-rise buildings planned this year. These plans include replacement of heating and cooling units, door replacement, and balcony railing replacement. Another planned site improvement involves adding additional parking at a

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

UNAUDITED

family site that lost parking due to township emergency vehicle zoning this past year. Again, these improvements will upgrade and enhance the appearance of the housing stock as well as aid in tenant safety. Lastly, we are continuing to review and update policies to enhance our safety and customer service efforts to our tenants.

The Contract Administration program we have participated in during the last 11 years has ended due to an unsuccessful re-bid. Therefore, we have begun to implement changes to offset this loss of income. These changes include the realignment of personnel. We will also continue to look for new ways to generate income and reduce expenses.

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

ASSETS

Current assets

Cash and cash equivalents	\$5,308,135
Restricted cash	329,868
Receivables, net	163,487
Inventories, net	39,335
Prepaid expenses and other assets	77,155
Total current assets	<u>5,917,980</u>

Noncurrent assets

Capital assets:	
Land	1,519,932
Building and equipment	57,212,401
Construction in Progress	425,870
Less accumulated depreciation	(40,777,229)
Total noncurrent assets	<u>18,380,974</u>
Total assets	<u><u>\$24,298,954</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$24,227
Accrued liabilities	90,033
Intergovernmental payables	65,003
Tenant security deposits	149,769
Bonds, notes, and loans payable	209,045
Deferred Revenue	8,085
Other current liabilities	16,492
Total current liabilities	<u>562,654</u>

Noncurrent liabilities

Bonds, notes, and loans payable	277,560
Accrued compensated absences non-current	219,601
Total noncurrent liabilities	<u>497,161</u>
Total liabilities	<u><u>\$1,059,815</u></u>

The notes to the financial statements are an integral part of these statements.

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

NET ASSETS

Invested in capital assets, net of related debt	\$17,894,369
Restricted Net Assets	163,607
Unrestricted net assets	5,181,163
Total net assets	<u><u>\$23,239,139</u></u>

The notes to the financial statements are an integral part of these statements.

Portsmouth 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	\$1,643,766
Government operating grants	5,841,849
Other revenue	398,346
Total operating revenues	<u>7,883,961</u>

OPERATING EXPENSES

Administrative	1,462,260
Utilities	1,026,720
Maintenance	1,766,269
Protective services	238,840
General	323,333
Housing assistance payment	2,401,290
Depreciation	1,998,564
Total operating expenses	<u>9,217,276</u>
Operating income (loss)	<u>(1,333,315)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	6,849
Gain (Loss) from sale of assets	9,485
Interest expense	(31,941)
Total nonoperating revenues (expenses)	<u>(15,607)</u>
Income (loss) before contributions and transfers	(1,348,922)

Capital grants	1,477,970
Change in net assets	129,048
Total net assets - beginning	23,110,091
Total net assets - ending	<u><u>\$23,239,139</u></u>

The notes to the financial statements are an integral part of these statements.

Portsmouth Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds - Enterprise Fund
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grantor	\$5,841,849
Cash received from tenants	1,634,954
Cash received from other sources	399,955
Cash payment for housing assistance	(2,404,838)
Cash payment for administrative and operating expenses	<u>(5,129,701)</u>
Net cash provided by operating activities	<u>342,219</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>6,849</u>
Net cash used by investing activities	<u>6,849</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Grant funding received from HUD	1,477,970
Proceeds from sale of assets	9,485
Payment of long-term borrowings	(198,138)
Payment of interest expense	(31,941)
Property and equipment purchased	<u>(1,499,087)</u>
Net cash used by financing activities	<u>(241,711)</u>
Net Increase (Decrease) in Cash	107,357
Cash and cash equivalents – Beginning of Year	<u>5,530,646</u>
Cash and cash equivalents – End of Year	<u><u>\$5,638,003</u></u>

The notes to the financial statements are an integral part of these statements.

Statement of Cash Flows - Continued
Proprietary Funds - Enterprise Fund
For the Year Ended June 30, 2011

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$1,333,315)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	1,998,564
- (Increases) Decreases in Accounts Receivable	(21,629)
- (Increases) Decreases in Prepaid Assets	(523)
- (Increases) Decreases in Inventory	2,236
- Increases (Decreases) in Accounts Payable	(285,484)
- Increases (Decreases) in Accrued Expenses Payable	(35,347)
- Increases (Decreases) in Intergovernmental Payable	(3,137)
- Increases (Decreases) in Other Current Liabilities	13,535
- Increases (Decreases) in Other Noncurrent Liabilities	(11,503)
- Increases (Decreases) in Accrued Compensated Absences	14,480
- Increases (Decreases) in Tenant Security Deposits	4,342
	4,342
Net cash provided by operating activities	\$342,219

The notes to the financial statements are an integral part of these statements.

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

NOTE 1: REPORTING ENTITY

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.

The financial statements of the Portsmouth 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.

As required by GAAP, the basic 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 basic 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 to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

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

NOTE 1: REPORTING ENTITY (Continued)

Description of programs

A. Public Housing Program

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

B. Capital Fund Program

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. Housing Choice Voucher and Section 8 N/C Program

The Housing Choice Voucher and the Section 8 New Construction Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. Contract Administration Program

The Authority is one of nine agencies participating in a program which manages the reporting requirements for Housing Authorities. The Authority earns a management fee plus incentives for administering approximately 68 contracts.

E. Energy Performance Contract

The Authority entered into a contract with HUD and Viron Energy Services. The contract allows for the Authority to borrow money to take energy conservation measures within its Public Housing units, in turn, the Authority is allowed to “freeze” the current level of consumption for those units. The difference between the actual consumption and the frozen consumption is used to pay the debt.

NOTE 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 sub-funds within the enterprise fund. Each sub-fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues,

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and expenses. The individual sub-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. These sub-funds of the Authority are all considered Proprietary Fund Types. The sub-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, Capital Fund 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.

- **Voucher Fund**
This fund accounts for the rental assistance program more fully described under the “Housing Choice Voucher Program,” in note 1. It also includes the Section 8 New Construction Program.

- **Business Activities Fund**
This fund accounts for fees earned rendering contract administration services to outside agencies.

- **Other Federal Program**
The Other Federal Program accounts for the activities for the Energy Performance Contract.

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 that do not conflict with or contradict GASB Pronouncements.

The enterprise method is used to account for those operations that are financed and operated in a manner similar to private business, or where the board has decided that the determination of revenues earned, costs, incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Amounts in excess of FDIC insurance limits are fully collateralized.

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. Capital assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. 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.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings & improvements	15-40 years
Furniture, fixtures & equipment	3-7 years

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

NOTE 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 accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

NOTE 3: DEPOSIT AND INVESTMENTS

State statutes classify monies held by the PMHA into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the PMHA treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of PMHA deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by PMHA or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

NOTE 3: DEPOSIT AND INVESTMENTS (Continued)

At fiscal year end June 30, 2011, the carrying amount of the Authority's deposits totaled \$5,638,003 and its bank balance was \$5,838,987. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, \$5,382,625 was exposed to custodial risk as discussed below, while \$456,362 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

NOTE 4: TENANT ACCOUNT RECEIVABLES

As of June 30, 2011, tenant account receivable is shown net of an allowance for doubtful accounts of \$47,815.

NOTE 5: DEFINED BENEFIT PENSION PLAN

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. 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

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

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer rates were consistent across all three plans. The 2011 and 2010 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended June 30, 2011, 2010, and 2009 amounted to \$248,179, \$243,888, and \$251,046. These costs have been charged to the employee fringe benefit account. All required contributions for the three years have been paid.

NOTE 6: POST-EMPLOYMENT BENEFITS

A. Plan Description

The Public Employees Retirement System of Ohio (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 pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

NOTE 6: POST-EMPLOYMENT BENEFITS (Continued)

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 2011 and 2010, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2011 and 2010, the 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 year ended June 30, 2011, 2010 and 2009, which were used to fund post-employment benefits, were \$97,499, \$100,728 and \$89,659 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: CAPITAL LEASE

Energy performance contract lease payable to a finance company for the acquisition and installation of energy efficient building fixtures. Amounts advanced under the lease total \$3,283,801 with repayment beginning in October, 2001. The assets and

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

NOTE 7: CAPITAL LEASE (Continued)

liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation under the aforementioned capital lease as of June 30, 2011 amounted to \$234,045 and the net book value is \$1,357,707.

Change in capital lease debt and future minimum lease payments under capital leases over the next several years are as follows:

	Balance 06/30/10	Retired	Balance 06/30/11	Due One Year
Debt Amount	\$684,743	\$198,138	\$486,605	\$209,045

Year	Principal	Interest
June 30, 2012	\$209,045	\$21,035
2013	220,551	9,529
2014	57,009	511
	<u>\$486,605</u>	<u>\$31,075</u>

NOTE 8: CAPITAL ASSETS

The following is the change in current year:

	Balance 06/30/10	Adjust	Additions	Deletion	Balance 06/30/11
Capital Assets Not Depreciated:					
Land	\$1,519,932	\$0	\$0	\$0	\$1,519,932
Construction in Progress	2,108,330	(2,108,330)	425,870	0	425,870
Total Capital Assets Not Being Depreciated	3,628,262	(2,108,330)	425,870	0	1,945,802
Capital Assets Being Depreciated:					
Buildings	53,126,789	2,108,330	1,040,354	0	56,275,473
Furnt, Mach. & Equip - Admin	875,613	0	31,864	(19,462)	888,015
Furnt, Mach. & Equip - Dwelling	49,569	0	999	(1,655)	48,913
Total Capital Assets Being Depreciated	54,051,971	2,108,330	1,073,217	(21,117)	57,212,401

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

NOTE 8: CAPITAL ASSETS

	Balance 06/30/10	Adjust	Additions	Deletion	Balance 06/30/11
Accumulated Depreciated:					
Buildings	(38,002,628)	0	(1,946,857)	0	(39,949,485)
Furnt, Mach. & Equip - Admin	(772,912)	0	(45,375)	19,462	(798,825)
Furnt, Mach. & Equip - Dwelling	(24,242)	0	(6,332)	1,655	(28,919)
Total Accumulated Depreciated	(38,799,782)	0	(1,998,564)	21,117	(40,777,229)
Total Capital Assets Being Depreciated, Net	15,252,189	2,108,330	(925,347)	0	16,435,172
Total Capital Assets, Net	\$18,880,451	\$0	(\$499,477)	\$0	\$18,380,974

NOTE 9: COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued as of the balance sheet date for which payment is probable.

Compensated absences are those absences for which employees will be paid, such as sick and vacation leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to benefits.

The following is a summary of changes in compensated absences for the year ended June 30, 2011:

Description	Balance 6/30/10	Additions	Deletions	Balance 6/30/11	Due Within One Year
Compensated Absences	\$229,522	\$207,434	\$192,954	\$244,002	\$24,401
Total Primary Government	\$229,522	\$207,434	\$192,954	\$244,002	\$24,401

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 10: INTERPROGRAM RECEIVABLES AND PAYABLES

At June 30, 2011 inter-program receivables and (payables) consisted of the following:

Public Housing	\$ (180,210)
COCC	129,094
Voucher	(15,431)
Business Activities	(7,303)
Energy Performance (Other Federal Program)	<u>73,850</u>
Total	<u><u>\$0</u></u>

NOTE 11: ECONOMIC DEPENDENCY

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

NOTE 12: RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles.

NOTE 13: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying schedule of expenditure of federal award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

Portsmouth Metropolitan Housing Authority
Financial Data Schedule
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,812,029	\$423,037	\$0	\$893,499	\$0	\$2,179,570	\$5,308,135	\$0	\$5,308,135
113 Cash - Other Restricted	\$0	\$163,607	\$0	\$0	\$0	\$0	\$163,607	\$0	\$163,607
114 Cash - Tenant Security Deposits	\$149,769	\$0	\$0	\$0	\$0	\$0	\$149,769	\$0	\$149,769
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$16,492	\$0	\$0	\$0	\$0	\$16,492	\$0	\$16,492
100 Total Cash	\$1,961,798	\$603,136	\$0	\$893,499	\$0	\$2,179,570	\$5,638,003	\$0	\$5,638,003
122 Accounts Receivable - HUD Other Projects	\$21,361	\$0	\$0	\$0	\$0	\$0	\$21,361	\$0	\$21,361
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$93,395	\$0	\$0	\$93,395	\$0	\$93,395
126 Accounts Receivable - Tenants	\$81,216	\$0	\$0	\$0	\$0	\$0	\$81,216	\$0	\$81,216
126.1 Allowance for Doubtful Accounts -Tenants	(\$33,401)	\$0	\$0	\$0	\$0	\$0	(\$33,401)	\$0	(\$33,401)
128 Fraud Recovery	\$0	\$916	\$0	\$0	\$0	\$0	\$916	\$0	\$916
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$69,176	\$916	\$0	\$93,395	\$0	\$0	\$163,487	\$0	\$163,487
142 Prepaid Expenses and Other Assets	\$72,050	\$460	\$0	\$666	\$0	\$3,979	\$77,155	\$0	\$77,155
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$39,335	\$39,335	\$0	\$39,335
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$73,850	\$0	\$0	\$129,094	\$202,944	(\$202,944)	\$0
150 Total Current Assets	\$2,103,024	\$604,512	\$73,850	\$987,560	\$0	\$2,351,978	\$6,120,924	(\$202,944)	\$5,917,980
161 Land	\$1,492,161	\$0	\$0	\$27,771	\$0	\$0	\$1,519,932	\$0	\$1,519,932

Portsmouth Metropolitan Housing Authority
Financial Data Schedule
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
162 Buildings	\$52,169,406	\$0	\$3,510,676	\$0	\$0	\$595,391	\$56,275,473	\$0	\$56,275,473
163 Furniture, Equipment & Machinery - Dwellings	\$48,913	\$0	\$0	\$0	\$0	\$0	\$48,913	\$0	\$48,913
164 Furniture, Equipment & Machinery - Administration	\$508,685	\$44,074	\$0	\$58,270	\$0	\$276,986	\$888,015	\$0	\$888,015
166 Accumulated Depreciation	(\$37,915,100)	(\$43,782)	(\$2,152,969)	(\$56,837)	\$0	(\$608,541)	(\$40,777,229)	\$0	(\$40,777,229)
167 Construction in Progress	\$425,870	\$0	\$0	\$0	\$0	\$0	\$425,870	\$0	\$425,870
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$16,729,935	\$292	\$1,357,707	\$29,204	\$0	\$263,836	\$18,380,974	\$0	\$18,380,974
180 Total Non-Current Assets	\$16,729,935	\$292	\$1,357,707	\$29,204	\$0	\$263,836	\$18,380,974	\$0	\$18,380,974
190 Total Assets	\$18,832,959	\$604,804	\$1,431,557	\$1,016,764	\$0	\$2,615,814	\$24,501,898	(\$202,944)	\$24,298,954
312 Accounts Payable <= 90 Days	\$0	\$0	\$0	\$0	\$0	\$24,227	\$24,227	\$0	\$24,227
321 Accrued Wage/Payroll Taxes Payable	\$45,323	\$4,595	\$0	\$3,764	\$0	\$11,950	\$65,632	\$0	\$65,632
322 Accrued Compensated Absences - Current Portion	\$15,449	\$2,683	\$0	\$369	\$0	\$5,900	\$24,401	\$0	\$24,401
331 Accounts Payable - HUD PHA Programs	\$2,000	\$0	\$0	\$0	\$0	\$0	\$2,000	\$0	\$2,000
333 Accounts Payable - Other Government	\$63,003	\$0	\$0	\$0	\$0	\$0	\$63,003	\$0	\$63,003
341 Tenant Security Deposits	\$149,769	\$0	\$0	\$0	\$0	\$0	\$149,769	\$0	\$149,769
342 Deferred Revenues	\$8,085	\$0	\$0	\$0	\$0	\$0	\$8,085	\$0	\$8,085
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$209,045	\$0	\$0	\$0	\$209,045	\$0	\$209,045

Portsmouth Metropolitan Housing Authority
Financial Data Schedule
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
346 Accrued Liabilities - Other	\$0	\$16,492	\$0	\$0	\$0	\$0	\$16,492	\$0	\$16,492
347 Inter Program - Due To	\$180,210	\$15,431	\$0	\$7,303	\$0	\$0	\$202,944	(\$202,944)	\$0
310 Total Current Liabilities	\$463,839	\$39,201	\$209,045	\$11,436	\$0	\$42,077	\$765,598	(\$202,944)	\$562,654
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$277,560	\$0	\$0	\$0	\$277,560	\$0	\$277,560
354 Accrued Compensated Absences - Non Current	\$139,033	\$24,148	\$0	\$3,317	\$0	\$53,103	\$219,601	\$0	\$219,601
350 Total Non-Current Liabilities	\$139,033	\$24,148	\$277,560	\$3,317	\$0	\$53,103	\$497,161	\$0	\$497,161
300 Total Liabilities	\$602,872	\$63,349	\$486,605	\$14,753	\$0	\$95,180	\$1,262,759	(\$202,944)	\$1,059,815
508.1 Invested In Capital Assets, Net of Related Debt	\$16,729,935	\$292	\$871,102	\$29,204	\$0	\$263,836	\$17,894,369	\$0	\$17,894,369
511.1 Restricted Net Assets	\$0	\$163,607	\$0	\$0	\$0	\$0	\$163,607	\$0	\$163,607
512.1 Unrestricted Net Assets	\$1,500,152	\$377,556	\$73,850	\$972,807	\$0	\$2,256,798	\$5,181,163	\$0	\$5,181,163
513 Total Equity/Net Assets	\$18,230,087	\$541,455	\$944,952	\$1,002,011	\$0	\$2,520,634	\$23,239,139	\$0	\$23,239,139
600 Total Liabilities and Equity/Net Assets	\$18,832,959	\$604,804	\$1,431,557	\$1,016,764	\$0	\$2,615,814	\$24,501,898	(\$202,944)	\$24,298,954

Portsmouth Metropolitan Housing Authority
Financial Data Schedule
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,602,591	\$0	\$0	\$0	\$0	\$0	\$1,602,591	\$0	\$1,602,591
70400 Tenant Revenue - Other	\$41,175	\$0	\$0	\$0	\$0	\$0	\$41,175	\$0	\$41,175
70500 Total Tenant Revenue	\$1,643,766	\$0	\$0	\$0	\$0	\$0	\$1,643,766	\$0	\$1,643,766
70600 HUD PHA Operating Grants	\$2,937,829	\$2,629,988	\$0	\$0	\$0	\$274,032	\$5,841,849	\$0	\$5,841,849
70610 Capital Grants	\$1,310,885	\$0	\$0	\$0	\$167,085	\$0	\$1,477,970	\$0	\$1,477,970
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$668,557	\$668,557	(\$668,557)	\$0
70720 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$106,320	\$106,320	(\$106,320)	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$77,852	\$77,852	(\$77,852)	\$0
71100 Investment Income - Unrestricted	\$2,873	\$704	\$0	\$826	\$0	\$2,048	\$6,451	\$0	\$6,451
71400 Fraud Recovery	\$0	\$1,220	\$0	\$0	\$0	\$0	\$1,220	\$0	\$1,220
71500 Other Revenue	\$29,212	\$0	\$0	\$366,906	\$0	\$1,008	\$397,126	\$0	\$397,126
71600 Gain or Loss on Sale of Capital Assets	\$9,485	\$0	\$0	\$0	\$0	\$0	\$9,485	\$0	\$9,485
72000 Investment Income - Restricted	\$0	\$398	\$0	\$0	\$0	\$0	\$398	\$0	\$398
70000 Total Revenue	\$5,934,050	\$2,632,310	\$0	\$367,732	\$167,085	\$1,129,817	\$10,230,994	(\$852,729)	\$9,378,265
91100 Administrative Salaries	\$258,780	\$129,842	\$0	\$84,664	\$0	\$358,046	\$831,332	\$0	\$831,332
91200 Auditing Fees	\$6,984	\$2,097	\$0	\$839	\$0	\$5,452	\$15,372	\$0	\$15,372
91300 Management Fee	\$531,041	\$64,913	\$0	\$72,603	\$0	\$0	\$668,557	(\$668,557)	\$0
91310 Book-keeping Fee	\$77,852	\$0	\$0	\$0	\$0	\$0	\$77,852	(\$77,852)	\$0
91400 Advertising and Marketing	\$1,042	\$0	\$0	\$0	\$0	\$2,829	\$3,871	\$0	\$3,871
91500 Employee Benefit contributions - Administrative	\$110,879	\$45,360	\$0	\$30,174	\$0	\$165,765	\$352,178	\$0	\$352,178
91600 Office Expenses	\$46,709	\$21,811	\$0	\$4,292	\$0	\$41,719	\$114,531	\$0	\$114,531
91700 Legal Expense	\$16,571	\$1,672	\$0	\$473	\$0	\$6,264	\$24,980	\$0	\$24,980

Portsmouth Metropolitan Housing Authority
Financial Data Schedule
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
91800 Travel	\$10,142	\$0	\$0	\$872	\$0	\$2,171	\$13,185	\$0	\$13,185
91900 Other	\$17,584	\$42,913	\$0	\$3,127	\$0	\$43,187	\$106,811	\$0	\$106,811
91000 Total Operating - Administrative	\$1,077,584	\$308,608	\$0	\$197,044	\$0	\$625,433	\$2,208,669	(\$746,409)	\$1,462,260
92000 Asset Management Fee	\$106,320	\$0	\$0	\$0	\$0	\$0	\$106,320	(\$106,320)	\$0
93100 Water	\$121,764	\$33	\$0	\$24	\$0	\$179	\$122,000	\$0	\$122,000
93200 Electricity	\$507,589	\$1,436	\$0	\$1,026	\$0	\$6,801	\$516,852	\$0	\$516,852
93300 Gas	\$209,839	\$120	\$0	\$86	\$0	\$1,999	\$212,044	\$0	\$212,044
93600 Sewer	\$175,578	\$35	\$0	\$25	\$0	\$186	\$175,824	\$0	\$175,824
93000 Total Utilities	\$1,014,770	\$1,624	\$0	\$1,161	\$0	\$9,165	\$1,026,720	\$0	\$1,026,720
94100 Ordinary Maintenance and Operations - Labor	\$812,935	\$0	\$0	\$0	\$0	\$49,258	\$862,193	\$0	\$862,193
94200 Ordinary Maintenance and Operations - Materials and Other	\$168,108	\$0	\$0	\$0	\$0	\$9,535	\$177,643	\$0	\$177,643
94300 Ordinary Maintenance and Operations Contracts	\$245,367	\$0	\$0	\$338	\$0	\$3,955	\$249,660	\$0	\$249,660
94500 Employee Benefit Contributions - Ordinary Maintenance	\$348,606	\$0	\$0	\$0	\$0	\$23,401	\$372,007	\$0	\$372,007
94000 Total Maintenance	\$1,575,016	\$0	\$0	\$338	\$0	\$86,149	\$1,661,503	\$0	\$1,661,503
95100 Protective Services - Labor	\$72,533	\$4,317	\$0	\$0	\$0	\$12,950	\$89,800	\$0	\$89,800
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$92,023	\$4,166	\$0	\$0	\$0	\$14,178	\$110,367	\$0	\$110,367

Portsmouth Metropolitan Housing Authority
Financial Data Schedule
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
95500 Employee Benefit Contributions - Protective Services	\$31,419	\$1,403	\$0	\$0	\$0	\$5,851	\$38,673	\$0	\$38,673
95000 Total Protective Services	\$195,975	\$9,886	\$0	\$0	\$0	\$32,979	\$238,840	\$0	\$238,840
96110 Property Insurance	\$156,037	\$0	\$0	\$0	\$0	\$0	\$156,037	\$0	\$156,037
96120 Liability Insurance	\$10,564	\$0	\$0	\$0	\$0	\$0	\$10,564	\$0	\$10,564
96130 Workmen's Compensation	\$19,945	\$2,358	\$0	\$1,491	\$0	\$7,192	\$30,986	\$0	\$30,986
96140 All Other Insurance	\$0	\$4,475	\$0	\$2,465	\$0	\$9,134	\$16,074	\$0	\$16,074
96100 Total insurance Premiums	\$186,546	\$6,833	\$0	\$3,956	\$0	\$16,326	\$213,661	\$0	\$213,661
96200 Other General Expenses	\$3,834	\$2,158	\$0	\$0	\$0	\$0	\$5,992	\$0	\$5,992
96210 Compensated Absences	\$12,991	\$180	\$0	\$193	\$0	\$1,319	\$14,683	\$0	\$14,683
96300 Payments in Lieu of Taxes	\$63,397	\$0	\$0	\$0	\$0	\$0	\$63,397	\$0	\$63,397
96400 Bad debt - Tenant Rents	\$25,600	\$0	\$0	\$0	\$0	\$0	\$25,600	\$0	\$25,600
96000 Total Other General Expenses	\$105,822	\$2,338	\$0	\$193	\$0	\$1,319	\$109,672	\$0	\$109,672
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$31,941	\$0	\$0	\$0	\$31,941	\$0	\$31,941
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$31,941	\$0	\$0	\$0	\$31,941	\$0	\$31,941
96900 Total Operating Expenses	\$4,262,033	\$329,289	\$31,941	\$202,692	\$0	\$771,371	\$5,597,326	(\$852,729)	\$4,744,597

Portsmouth Metropolitan Housing Authority
Financial Data Schedule
June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$1,672,017	\$2,303,021	(\$31,941)	\$165,040	\$167,085	\$358,446	\$4,633,668	\$0	\$4,633,668
97100 Extraordinary Maintenance	\$50,630	\$0	\$0	\$0	\$0	\$0	\$50,630	\$0	\$50,630
97200 Casualty Losses - Non-capitalized	\$54,025	\$0	\$0	\$0	\$0	\$111	\$54,136	\$0	\$54,136
97300 Housing Assistance Payments	\$0	\$2,401,290	\$0	\$0	\$0	\$0	\$2,401,290	\$0	\$2,401,290
97400 Depreciation Expense	\$1,722,690	\$2,583	\$234,046	\$2,478	\$0	\$36,767	\$1,998,564	\$0	\$1,998,564
90000 Total Expenses	\$6,089,378	\$2,733,162	\$265,987	\$205,170	\$0	\$808,249	\$10,101,946	(\$852,729)	\$9,249,217
10010 Operating Transfer In	\$50,709	\$0	\$132,138	\$0	\$0	\$274,032	\$456,879	(\$456,879)	\$0
10020 Operating transfer Out	(\$182,847)	\$0	\$0	\$0	\$0	(\$274,032)	(\$456,879)	\$456,879	\$0
10100 Total Other financing Sources (Uses)	(\$132,138)	\$0	\$132,138	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$287,466)	(\$100,852)	(\$133,849)	\$162,562	\$167,085	\$321,568	\$129,048	\$0	\$129,048
11030 Beginning Equity	\$18,350,468	\$705,496	\$1,078,801	\$776,260	\$0	\$2,199,066	\$23,110,091	\$0	\$23,110,091
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$167,085	(\$63,189)	\$0	\$63,189	(\$167,085)	\$0	\$0	\$0	\$0
Ending Equity	\$18,230,087	\$541,455	\$944,952	\$1,002,011	\$0	\$2,520,634	\$23,239,139	\$0	\$23,239,139
11020 Required Annual Debt Principal Payments	\$0	\$0	\$198,138	\$0	\$0	\$0	\$198,138	\$0	\$198,138

Portsmouth Metropolitan Housing Authority
 Financial Data Schedule
 June 30, 2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
11170 Administrative Fee Equity	\$0	\$377,848	\$0	\$0	\$0	\$0	\$377,848	\$0	\$377,848
11180 Housing Assistance Payments Equity	\$0	\$163,607	\$0	\$0	\$0	\$0	\$163,607	\$0	\$163,607
11190 Unit Months Available	10,632	6,833	0	0	0	0	17,465	0	17,465
11210 Number of Unit Months Leased	10,380	6,833	0	0	0	0	17,213	0	17,213
11270 Excess Cash	\$1,213,306	\$0	\$0	\$0	\$0	\$0	\$1,213,306	\$0	\$1,213,306
11620 Building Purchases	\$1,477,970	\$0	\$0	\$0	\$0	\$0	\$1,477,970	\$0	\$1,477,970

Portsmouth Metropolitan Housing Authority
Schedule of Federal Award Expenditures
For the Year Ended June 30, 2011

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$2,905,232
Public Housing Capital Fund Program (Cluster):		
- Public Housing Capital Fund Program	14.872	1,617,514
- Formula Capital Fund Stimulus Grant	14.885	<u>167,085</u>
Total Public Housing Capital Fund Program Cluster		<u>1,784,599</u>
Housing Choice Voucher Program	14.871	<u>2,629,988</u>
Total Expenditure of Federal Award		<u><u>\$7,319,819</u></u>



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

Board of Directors
Portsmouth Metropolitan Housing Authority

I have audited the financial statements of the business-type activities of Portsmouth Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Portsmouth Metropolitan Housing Authority, Ohio, basic financial statements and have issued my report thereon dated October 27, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United State 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 Portsmouth 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 no 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 Portsmouth 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.

I noted certain matters that I have reported to management of Portsmouth Metropolitan Housing Authority in a separate letter dated October 27, 2011.

This report is intended for the information of the Board of Directors, 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.
October 27, 2011



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

Board of Directors
Portsmouth Metropolitan Housing Authority

Compliance

I have audited the compliance of the Portsmouth Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (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. Portsmouth 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 Portsmouth Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Portsmouth 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 Portsmouth 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 Portsmouth Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Portsmouth 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 Portsmouth 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 Portsmouth 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 Portsmouth 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 Directors, 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.
October 27, 2011

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

1. SUMMARY OF AUDITOR'S RESULTS
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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 14.850 Low Rent Public Housing Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no Findings or questioned costs for the year ended June 30, 2011.

3. FINDINGS REALTED TO FEDERAL AWARDS
--

There are no Findings or questioned costs for the year ended June 30, 2011.

Portsmouth 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.



Dave Yost • Auditor of State

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
MARCH 15, 2012**