



**GENERAL PURPOSE
FINANCIAL STATEMENTS**

of the

Chillicothe Metropolitan Housing Authority

for the

Year Ended September 30, 1999

**CHILLICOTHE METROPOLITAN HOUSING AUTHORITY
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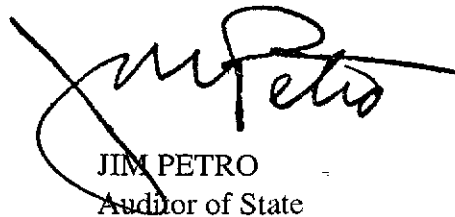
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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

We have reviewed the Independent Auditor's Report of the Chillicothe Metropolitan Housing Authority, Ross County, prepared by Jones, Cochenour & Company, for the audit period October 1, 1998 through September 30, 1999. 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 Chillicothe Metropolitan Housing Authority is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

May 16, 2000



INDEPENDENT AUDITORS' REPORT

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

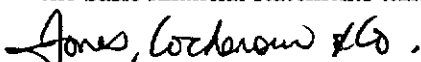
We have audited the accompanying general purpose financial statements of Chillicothe Metropolitan Housing Authority, as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Chillicothe Metropolitan Housing 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Chillicothe Metropolitan Housing Authority, as of September 30, 1999, and the results of its operations and the cash flows of its business type activities for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards* and the *PIH Compliance Supplement for Audits of Public Housing Agencies and Indian Housing Authorities* (the "Guide") issued by the Department of Housing and Urban Development, Office of the Inspector General, we have also issued a report dated March 29, 2000 on our consideration of Chillicothe Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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


Jones, Cochenour & Co.
March 29, 2000

Chillicothe Metropolitan Housing Authority
Combined Balance Sheet
Proprietary Fund Type
Enterprise Fund
September 30, 1999

ASSETS

Cash and cash equivalents	\$	240,853
Investments		166,489
Receivables – net of allowance		230,561
Due from other funds		257,913
Inventories – net of allowance		43,291
Tenant security deposits		43,397
Deferred charges and other assets		22,395
Fixed assets – net of accumulated depreciation		<u>9,834,779</u>
TOTAL ASSETS	\$	<u>10,839,678</u>

LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS

Accounts payable	\$	34,334
Due to other funds		257,913
Intergovernmental payable		33,779
Accrued wages/payroll taxes		188,426
Tenant security deposits		37,225
Deferred credits and other liabilities		<u>11,566</u>
TOTAL LIABILITIES		563,243

RETAINED EARNINGS AND OTHER CREDITS

Contributed capital		9,635,977
Retained earnings		<u>640,458</u>
TOTAL RETAINED EARNINGS AND OTHER CREDITS		<u>10,276,435</u>

TOTAL LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS	\$	<u>10,839,678</u>
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See accompanying notes to the general purpose financial statements

Chillicothe Metropolitan Housing Authority
Combined Statement of Revenues, Expenses and Changes in
Retained Earnings
Proprietary Fund Type
Enterprise Fund
Year Ended September 30, 1999

OPERATING REVENUE	
Tenant revenue	\$ 445,872
Program operating grants/subsidies	1,557,012
Other income	<u>2,767</u>
TOTAL OPERATING REVENUE	2,005,651
OPERATING EXPENSES	
Administrative	549,255
Tenant services	75,470
Utilities	236,018
Maintenance	410,638
Protective services	28,386
General	57,897
Bad debts	1,174
Housing assistance payments	628,304
Depreciation	<u>664,054</u>
TOTAL OPERATING EXPENSES	<u>2,651,196</u>
	NET OPERATING LOSS (645,545)
NON-OPERATING REVENUE	
Interest income	<u>22,484</u>
	NET LOSS (623,061)
RETAINED EARNINGS AND OTHER CREDITS, BEGINNING, AS RESTATED	10,738,029
EQUITY TRANSFERS	349
COMPREHENSIVE GRANT PROGRAM CONTRIBUTED CAPITAL	<u>161,118</u>
RETAINED EARNINGS AND OTHER CREDITS, ENDING	<u>\$ 10,276,435</u>

See accompanying notes to the general purpose financial statements

Chillicothe Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 Year Ended September 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from HUD	\$ 1,544,185
Cash received from tenants	443,806
Cash payments for housing assistance payments	(628,304)
Cash payments for administrative	(535,138)
Cash payments for other operating expenses	(816,172)
Cash payments to HUD and other governments	<u>(66,206)</u>
NET CASH USED BY OPERATING ACTIVITIES	(57,829)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(35,491)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>19,407</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(73,913)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>314,766</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 240,853</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Net operating loss	\$ (645,545)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	664,054
(Increase) decrease in:	
Receivables – net of allowance	29,339
Due from other funds	6,895
Inventories – net of allowance	(4,600)
Tenant security deposits	(831)
Deferred charges and other assets	(6,778)
Increase (decrease) in:	
Accounts payable	(10,395)
Due to other funds	(6,645)
Intergovernmental payable	(66,206)
Accrued wages/payroll taxes and compensated absences	24,512
Tenant security deposits	1,773
Deferred credits and other liabilities	(48,603)
Other current liabilities	<u>5,201</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (57,829)</u>

See accompanying notes to the general purpose financial statements

Chillicothe Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
September 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Chillicothe Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financial accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

Fund Accounting

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

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

Chillicothe Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
September 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year 1999 totaled \$24,444. The interest income earned on the general fund investments is required to be returned to HUD and this amount was \$1,960 for the year ended September 30, 1999.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

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

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Chillicothe Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
September 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contributions contract.

Budgetary Accounting

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

Estimates

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

2. RECONCILIATION FROM GAAP BASIS TO HUD BASIS

The following table summarizes the adjustments necessary to reconcile the GAAP basis financial statements to the HUD basis year end reports filed with HUD:

	<u>Public Housing</u>	<u>Development</u>	<u>CGP</u>
GAAP Basis Income (Loss)	\$ (543,859)	\$ (71,410)	\$ (26,190)
Increase (Decrease):			
Depreciation expense	566,454	71,410	26,190
Adjustment for compensated absences	7,655	-	-
Fixed assets affecting residual receipts	(35,491)	-	-
Prior year adjustment	-	-	-
Fraud recovery receivable	-	-	-
Other adjustments	388	-	-
Recognition of collection losses	(1,825)	-	-
Accrued interest adjustment	3,429	-	-
Allowance adjustments	3,570	-	-
HUD BASIS RESIDUAL RECEIPTS (DEFICIT) FOR YEAR END REPORTS	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Voucher</u>	<u>Certificates</u>	<u>Total</u>
GAAP Basis Income (Loss)	\$ 13,307	\$ 5,091	\$ (623,061)
Increase (Decrease):			
Depreciation expense	-	-	664,054
Adjustment for compensated absences	1,147	468	9,270
Fixed assets affecting residual receipts	-	-	(35,491)
Prior year adjustment	1,286	-	1,286
Fraud recovery receivable	-	(78)	(78)
Other adjustments	-	-	388
Recognition of collection losses	-	-	(1,825)
Accrued interest adjustment	-	-	3,429
Allowance adjustments	-	-	3,570
HUD BASIS RESIDUAL RECEIPTS (DEFICIT) FOR YEAR END REPORTS	<u>\$ 15,740</u>	<u>\$ 5,481</u>	<u>\$ 21,542</u>

Chillicothe Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
September 30, 1999

3. CASH AND INVESTMENTS

HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies; and
- Demand and Savings Deposits and Certificates of Deposit.

Deposits: The carrying amount of Chillicothe Metropolitan Housing Authority's deposits, totaled \$284,250. The corresponding bank balances totaled \$545,050. The carrying amount includes petty cash of \$100. The Authority had investments of certificates of deposits that exceeded three months in the amount of \$166,489 at September 30, 1999.

The \$304,361 was covered by federal depository insurance in four banks and the remaining \$240,689 was covered by collateralization held by the banks for the Authority's deposits as required by HUD..

4. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999, the Authority was a member of the State Housing Authority Risk Pool Association, Inc. (SHARP), an insurance pool for housing authorities in Ohio. Vehicle insurance does not carry a deductible. Property insurance carries a \$500 deductible. There is no deductible for general liability insurance.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

6. FIXED ASSETS

The following is a summary:

Land	\$ 639,312
Buildings	9,506,130
Furniture and equipment - dwellings	219,618
Furniture and equipment - administrative	417,438
Leasehold improvements	<u>5,802,958</u>
	16,585,456
Accumulated depreciation	<u>(6,750,677)</u>
NET FIXED ASSETS	<u>\$ 9,834,779</u>

Chillicothe Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
September 30, 1999

The following is a summary of changes:

	Balance September 30, 1998	Additions	Deletions	Balance September 30, 1999
Land	\$ 639,312	\$ -	\$ -	\$ 639,312
Buildings	9,506,130	-	-	9,506,130
Furniture and equipment				
- dwellings	271,962	-	52,344	219,618
Furniture and equipment				
- administrative	400,642	35,491	18,695	417,438
Leasehold improvements	<u>5,641,840</u>	<u>161,118</u>	<u>-</u>	<u>5,802,958</u>
TOTAL FIXED ASSETS	\$ <u>16,459,886</u>	\$ <u>196,609</u>	\$ <u>71,039</u>	\$ <u>16,585,456</u>

The depreciation expense for the year ended September 30, 1999 was \$664,054.

7. CHANGES IN FINANCIAL STATEMENT PREPARATION AND BASIS OF ACCOUNTING

For the fiscal year ended September 30, 1999, the Authority has presented for the first time general purpose financial statements by fund type. In conjunction with this presentation, the Authority has changed its basis of accounting from the HUD basis to the accrual basis for proprietary funds, including the valuation of fixed assets. These changes include recognition of revenue when earned for proprietary funds and expenditures/expenses when incurred. Fixed assets were valued at historical cost. Retained earnings as of October 1, 1998 have been restated for these changes to conform to generally accepted accounting principles (GAAP).

These restatements had the following effect on retained earnings and other credits:

Fund Type	Balance Prior to Change September 30, 1998	Adjustments to Reflect Decrease Due to Changes in Basis of Accounting	Restated Balance September 30, 1998
Proprietary Fund Type:			
Enterprise Fund	\$ <u>17,409,669</u>	\$ <u>(6,671,640)</u>	\$ <u>10,738,029</u>

8. DEFINED BENEFIT PENSION PLANS - PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtaining by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended September 30, 1999, 1998 and 1997 were \$59,315, \$53,556, and \$50,709, respectively. The full amount has been contributed for 1998 and 1997. 92 percent has been contributed for 1999, with the remainder being reported as a liability within the enterprise fund.

Chillicothe Metropolitan Housing Authority
Notes to the General Purpose Financial Statements
September 30, 1999

9. POSTEMPLOYMENT BENEFITS - PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care. For 1998, the percent used to fund health care was also 4.2 percent.

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The Authority's actual contributions for 1999 which were used to fund OPEB were \$26,692.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equaled 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

Chillicothe Metropolitan Housing Authority
 Combining Balance Sheet
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 September 30, 1999

FDS Line Item No.	Account Description	14,850A Low Rent Pub Hsg	14,850B Development	14,855 Sect. 8 Rent VO Prgm	14,857 Sect. 8 Rent CE Prgm	14,854 Drug Elimina Program	14,859 Comp Grant Program	Total
	ASSETS							
111	Cash - unrestricted	\$ 99,046	\$ -	\$ 101,719	\$ 29,096	\$ -	\$ -	\$ 229,861
114	Cash - tenant security deposits	43,397	-	-	-	-	-	43,397
100	TOTAL CASH	142,443	-	101,719	29,096	-	-	273,258
122	Accounts receivable - HUD other projects	-	9,818	40,963	41,760	6,243	115,903	214,687
125	Accounts receivable - miscellaneous	3,305	-	-	-	-	-	3,305
126	A/R tenants - dwelling rents	12,005	-	-	-	-	-	12,005
126.1	Allowance for doubtful accts	(3,070)	-	-	-	-	-	(3,070)
128	Fraud recovery	-	-	-	255	-	-	255
128.1	Fraud recovery - allowance	-	-	-	(50)	-	-	(50)
129	Accrued interest receivable	3,429	-	-	-	-	-	3,429
120	TOTAL ACCOUNTS RECEIVABLE	15,669	9,818	40,963	41,965	6,243	115,903	230,561
131	Investments - unrestricted	177,483	-	-	-	-	-	177,483
142	Prepaid expenses & other assets	22,393	-	-	-	-	-	22,393
143	Inventories	43,791	-	-	-	-	-	43,791
143.1	Allowance for obsolete inventory	(500)	-	-	-	-	-	(500)
144	Interprogram due from	257,913	-	-	-	-	-	257,913
150	TOTAL CURRENT ASSETS	659,192	9,818	142,682	71,061	6,243	115,903	1,004,899
161	Land	500,843	138,469	-	-	-	-	639,312
162	Buildings	7,839,432	1,666,698	-	-	-	-	9,506,130
163	Furniture and equipment - dwellings	105,172	17,799	-	-	-	96,647	219,618
164	Furniture and equipment - administrative	332,922	-	-	10,346	-	74,170	417,438
165	Leasehold improvements	4,804,931	407,997	-	-	-	590,030	5,802,958
166	Accumulated depreciation	(6,464,206)	(249,935)	-	(10,346)	-	(26,190)	(6,750,677)
160	TOTAL FIXED ASSETS, NET	7,119,094	1,981,028	-	-	-	734,657	9,834,779
180	TOTAL NON-CURRENT ASSETS	7,119,094	1,981,028	-	-	-	734,657	9,834,779
190	TOTAL ASSETS	\$ 7,778,286	\$ 1,990,846	\$ 142,682	\$ 71,061	\$ 6,243	\$ 850,560	\$ 10,839,678

Chillicothe Metropolitan Housing Authority
 Combining Balance Sheet
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 September 30, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Developmnt	14.855 Sect. 8 Rent VO Prgm	14.857 Sect. 8 Rent CE Prgm	14.854 Drug Elimin Program	14.859 Comp Grant Program	Total
	LIABILITIES							
312	Accounts payable <=90 days	\$ 34,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,334
321	Accrued wages/payroll taxes	25,309	-	-	-	-	-	25,309
322	Accrued compensated absences	160,049	-	2,236	832	-	-	163,117
331	Accounts payable - HUD PHA Programs	18,215	-	-	127	-	-	18,342
333	Accounts payable - other govt.	15,437	-	-	-	-	-	15,437
341	Tenant security deposits	37,225	-	-	-	-	-	37,225
345	Other current liabilities	2,296	-	4,967	4,303	-	-	11,566
347	Interprogram due to	-	9,818	79,507	46,442	6,243	115,903	257,913
310	TOTAL CURRENT LIABILITIES	<u>292,865</u>	<u>9,818</u>	<u>86,710</u>	<u>51,704</u>	<u>6,243</u>	<u>115,903</u>	<u>563,243</u>
300	TOTAL LIABILITIES	292,865	9,818	86,710	51,704	6,243	115,903	563,243
504	Net PHA HUD contributions	6,894,259	1,981,028	-	-	-	734,657	9,609,944
507	Other contributions	26,033	-	-	-	-	-	26,033
508	TOTAL CONTRIBUTED CAPITAL	<u>6,920,292</u>	<u>1,981,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,657</u>	<u>9,635,977</u>
512	Retained Earnings	565,129	-	55,972	19,357	-	-	640,458
513	TOTAL EQUITY	<u>7,485,421</u>	<u>1,981,028</u>	<u>55,972</u>	<u>19,357</u>	<u>-</u>	<u>734,657</u>	<u>10,276,435</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$ 7,778,286</u>	<u>\$ 1,990,846</u>	<u>\$ 142,682</u>	<u>\$ 71,061</u>	<u>\$ 6,243</u>	<u>\$ 850,560</u>	<u>\$ 10,839,678</u>

Chillicothe Metropolitan Housing Authority
 Combining Statement of Revenues, Expenses and Changes in Retained Earnings
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 Year Ended September 30, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Developmnt	14.855 Sect. 8 Rent YO Prgm	14.857 Sect. 8 Rent CE Prgm	14.854 Drug Elimin Program	14.859 Comp Grant Program	Total
REVENUE								
703	Net tenant rental revenue	\$ 433,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,557
704	Tenant revenue - other	12,315	-	-	-	-	-	12,315
705	TOTAL TENANT REVENUE	445,872	-	-	-	-	-	445,872
HUD PHA grants								
706	HUD PHA grants	685,547	2,000	482,907	243,295	67,254	76,009	1,557,012
711	Investment income - unrestricted	17,470	-	3,575	1,439	-	-	22,484
714	Fraud recovery	-	-	-	248	-	-	248
715	Other revenue	1,623	-	-	-	-	-	1,623
716	Gain/Loss on sale of fixed assets	896	-	-	-	-	-	896
700	TOTAL REVENUE	1,151,408	2,000	486,482	244,982	67,254	76,009	2,028,135
EXPENSES								
911	Administrative salaries	163,055	-	23,145	24,195	-	-	210,395
912	Auditing fees	10,435	-	603	247	-	-	11,285
913	Outside management fees	-	2,000	-	-	2,500	61,846	66,346
914	Compensated absences	62,593	-	5,310	2,169	-	-	70,072
915	Employee benefit contributions - admin	80,314	-	5,378	2,197	-	-	87,889
916	Other operating - administrative	74,747	-	15,144	6,185	-	7,192	103,268
923	Employee benefit contrib. - tenant services	8,924	-	-	-	-	-	8,924
924	Tenant services - other	30,178	-	-	-	36,368	-	66,546
931	Water	103,035	-	-	-	-	-	103,035
932	Electricity	123,198	-	-	-	-	-	123,198
933	Gas	9,785	-	-	-	-	-	9,785
941	Ordinary maint and operations labor	165,208	-	-	-	-	-	165,208
942	Ordinary maint and operations materials	49,829	-	-	-	-	-	49,829
943	Ordinary maint and operations cont const	129,138	-	-	-	-	6,971	136,109
945	Employee benefit contrib. - ord maint.	59,492	-	-	-	-	-	59,492
953	Protective services - other	-	-	-	-	28,386	-	28,386

Chillicothe Metropolitan Housing Authority
 Combining Statement of Revenues, Expenses and Changes in Retained Earnings
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 Year Ended September 30, 1999

FDS Line Item No.	Account Description	14.850A Low Rent Pub Hsg	14.850B Development	14.855 Sect. 8 Rent VO Prgm	14.857 Sect. 8 Rent CE Prgm	14.854 Drug Elimn Program	14.859 Drug Elimn Comp Grant Program	Total
	EXPENSES - CONTINUED							
961	Insurance premiums	38,916	-	99	-	-	-	39,015
962	Other general expenses	-	-	-	40	-	-	40
963	Pilot	18,842	-	-	-	-	-	18,842
964	Bad debts - tenant rents	1,124	-	-	-	-	-	1,124
966	Bad debts - other	-	-	-	50	-	-	50
969	TOTAL OPERATING EXPENSES	<u>1,128,813</u>	<u>2,000</u>	<u>49,679</u>	<u>35,083</u>	<u>67,254</u>	<u>76,009</u>	<u>1,358,838</u>
970	Excess operating revenues over expenses	22,595	-	436,803	209,899	-	-	669,297
	OTHER EXPENSES							
973	Housing assistance payments	-	-	423,496	204,808	-	-	628,304
974	Depreciation expense	<u>566,454</u>	<u>71,410</u>	-	-	-	<u>26,190</u>	<u>664,054</u>
900	TOTAL EXPENSES*	<u>1,695,267</u>	<u>73,410</u>	<u>473,175</u>	<u>239,891</u>	<u>67,254</u>	<u>102,199</u>	<u>2,651,196</u>
1010	TOTAL OTHER FINANCING SOURCES	-	-	-	-	-	8	8
1000	EXCESS OF REVENUE OVER EXPENSES	<u>(543,859)</u>	<u>(71,410)</u>	<u>13,307</u>	<u>5,091</u>	-	<u>(26,190)</u>	<u>(623,061)</u>
1101	Capital Contributions	-	-	-	-	-	161,118	161,118
1103	Beginning Equity	8,029,280	2,052,438	42,316	14,266	-	599,729	10,738,029
1104	Prior Period Adjustment	-	-	349	-	-	-	349
	ENDING EQUITY	<u>\$ 7,485,421</u>	<u>\$ 1,981,028</u>	<u>\$ 55,972</u>	<u>\$ 19,357</u>	<u>\$ -</u>	<u>\$ 734,657</u>	<u>\$ 10,276,435</u>

* - Lines 969 + 973 + 974 = Line 900

Chillicothe Metropolitan Housing Authority
 Additional FDS Schedule Information
 FDS Schedule Submitted to HUD
 Proprietary Fund Type
 Enterprise Fund
 Year Ended September 30, 1999

FDS Line Item No.	Account Description	14.850A		14.850B		14.855		14.857		14.854		14.859		Total
		Low Rent	Pub Hsg	Developmnt	VO Prgm	Sect. 8 Rent	Sect. 8 Rent	CE Prgm	Drug Elimin	Program	Comp Grant	Program		
1101	Capital Outlays Enterprise Fund	\$	-	\$	-	\$	-	\$	-	\$	-	\$	161,118	\$ 161,118
1103	Beginning equity	8,029,280	-	2,052,438	-	42,316	-	14,266	-	-	-	599,729	-	10,738,029
1104	Prior period adj and equity transfers	-	-	-	-	349	-	-	-	-	-	-	-	349
1112	Depreciation add back	566,454	-	71,410	-	-	-	-	-	-	-	26,190	-	664,054
1113	Maximum annual contributions	-	-	-	-	630,239	-	286,722	-	-	-	-	-	916,961
1114	Prorata	-	-	-	-	-	-	14,742	-	-	-	-	-	14,742
1115	Contingency reserve	-	-	-	-	(1,783)	-	314,449	-	-	-	-	-	312,666
1116	Total annual contributions available	-	-	-	-	628,456	-	615,913	-	-	-	-	-	1,244,369
1120	Unit months available	4,452	-	-	-	2,352	-	900	-	-	-	-	-	7,704
1121	Number of unit months leased	4,290	-	-	-	1,704	-	680	-	-	-	-	-	6,674

Chillicothe Metropolitan Housing Authority
 Reconciliation of Development, Drug Elimination and
 Comprehensive Grant Costs with Funds Advanced
 Year Ended September 30, 1999

	OH16DEP 0240198	OH16DEP 0240197	OH16P 024704	OH16P 024705	OH16P 024706	OH16P 024-004	OH16P 024-005
Maximum authorized	\$ 110,100	\$ 110,100	\$ 372,311	\$ 369,775	\$ 390,889	\$ 2,507,804	\$ 1,783,300
Balance at September 3, 1998	\$ -	\$ 55,140	\$ 262,079	\$ 58,467	\$ -	\$ 2,401,969	\$ 2,450
1999 additions	<u>18,302</u>	<u>48,952</u>	<u>98,357</u>	<u>106,441</u>	<u>21,325</u>	<u>-</u>	<u>2,000</u>
Balance at September 30, 1999	18,302	104,092	360,436	164,908	21,325	2,401,969	4,450
HUD funds advanced	<u>13,955</u>	<u>102,196</u>	<u>360,367</u>	<u>70,399</u>	<u>-</u>	<u>2,396,601</u>	<u>-</u>
Over (under) advanced	<u>\$ (4,347)</u>	<u>\$ (1,896)</u>	<u>\$ (69)</u>	<u>\$ (94,509)</u>	<u>\$ (21,325)</u>	<u>\$ (5,368)</u>	<u>\$ (4,450)</u>

**Chillicothe Metropolitan Housing Authority
Cost Certification of Comprehensive Grant Program
September 30, 1999**

Comprehensive Grant Number OH16-P024-703-95

Management improvements	\$ 50,815
Administration	2,319
Fees and costs	56,299
Site improvements	3,000
Dwelling structure	295,785
Dwelling equipment	5,700
Relocation costs	<u>1,350</u>
TOTAL EXPENDED	<u>\$ 415,268</u>
TOTAL RECEIVED	<u>\$ 415,268</u>

1. All costs have been paid and there are no outstanding obligations.
2. The final evaluation report was signed and filed on July 8, 1999.
3. The actual modernization cost certificate was signed and filed on July 8, 1999.
4. The final costs on the certificate agrees to the Authority's records.

Chillicothe Metropolitan Housing Authority
 Chillicothe, Ohio
 Schedule of Federal Awards Expenditures
 Year Ended September 30, 1999

	<u>FEDERAL CFDA NUMBER</u>	<u>FUNDS EXPENDED</u>
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
Annual Contribution Contract C-524		
PHA Owned Housing:		
Public and Indian Housing	14.850A	\$ 697,203
Public and Indian Housing	14,850B	2,000
Public and Indian Housing Comprehensive Grant	14.859	237,127
Public and Indian Housing Drug Elimination Program	14.854	<u>67,254</u>
		1,003,584
Annual Contribution Contract C-5100		
Housing Assistance Payments:		
Annual Contribution -		
Lower Income Housing Assistance Program	14.857	243,295
Section 8 Rental Voucher Program	14.855	<u>482,907</u>
Total Housing Assistance Payments Cluster		<u>726,202</u>
Total - All Programs		<u>\$ 1,729,786</u>



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

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the general purpose financial statements of Chillicothe Metropolitan Housing Authority as of and for the year ended September 30, 1999, and have issued our report thereon dated March 29, 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 *PIH Compliance Supplement for Audits of Public Housing Agencies and Indian Housing Authorities* (the "Guide") issued by the Department of Housing and Urban Development, Office of the Inspector General.

Compliance

As part of obtaining reasonable assurance about whether Chillicothe 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* and the Guide.

Internal Control Over Financial Reporting

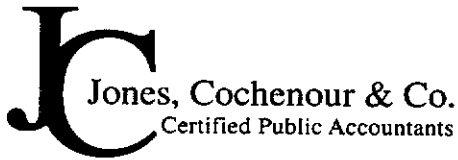
In planning and performing our audit, we considered Chillicothe Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Chillicothe Metropolitan Housing Authority in a separate letter dated March 29, 2000.

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

Jones, Cochenour & Co.

Jones, Cochenour & Co.
March 29, 2000



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

Board of Directors
Chillicothe Metropolitan Housing Authority
Chillicothe, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of Chillicothe Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 and the PIH Compliance Supplement for Audits of Public Housing Agencies and Indian Housing Authorities* (the "Guide") that are applicable to each of its major federal programs for the year ended September 30, 1999. Chillicothe 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 Chillicothe Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Chillicothe 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Guide. Those standards, OMB Circular A-133 and the Guide 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 Chillicothe 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 Chillicothe Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Chillicothe 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 September 30, 1999.

Internal Control Over Compliance

The management of Chillicothe 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 Chillicothe 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 and the Guide.

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

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

Jones, Cochenour & Co.

Jones, Cochenour & Co.
March 29, 2000

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505

Chillicothe Metropolitan Housing Authority
September 30, 1999

1. SUMMARY OF AUDITORS' RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA #14.857 & #14.855 (Cluster programs) Housing Assistance Payments
Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: All others
Low Risk Auditee?	Yes

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505 - Continued

Chillicothe Metropolitan Housing Authority
September 30, 1999

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended September 30, 1999.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended September 30, 1999.

**Chillicothe Metropolitan Housing Authority
Schedule of Prior Audit Findings and Questioned Costs
OMB Circular A-133§.315(b)**

September 30, 1999

Finding Number	Finding Summary	Status
1998-0426-001	Year 2000	Corrected

Chillicothe Metropolitan Housing Authority
Activities of the PHA
September 30, 1999

The PHA had 642 units in management.

<u>Management</u>	<u>Units</u>
PHA Owned Housing	371
Section 8	
Existing	75
Voucher	<u>196</u>
Total	<u><u>642</u></u>



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CHILlicothe METROPOLITAN HOUSING AUTHORITY

ROSS 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.

By: Susan Babbitt

Date: MAY 25, 2000