



**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**of the**

**BELMONT METROPOLITAN  
HOUSING AUTHORITY**

**for the**

**Year Ended March 31, 2002**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors  
Belmont Metropolitan Housing Authority  
Martins Ferry, Ohio

We have reviewed the Independent Auditor's Report of the Belmont Metropolitan Housing Authority, Belmont County, prepared by Jones, Cochenour, & Company, for the audit period April 1, 2001 through March 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

December 27, 2002

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**BELMONT METROPOLITAN HOUSING AUTHORITY  
TABLE OF CONTENTS**

	<u>Page</u>
<b>Independent Auditors' Report .....</b>	<b>1 - 2</b>
<b>Management's Discussion and Analysis .....</b>	<b>3 - 8</b>
<b>Basic Financial Statements:</b>	
<b>Statement of Net Assets .....</b>	<b>9</b>
<b>Statement of Revenues, Expenses and Changes in Net Assets .....</b>	<b>10</b>
<b>Statement of Cash Flows .....</b>	<b>11</b>
<b>Notes to the Basic Financial Statements .....</b>	<b>12 - 19</b>
<b>Supplemental Data:</b>	
<b>FDS Schedule .....</b>	<b>20 - 22</b>
<b>Cost Certification of Projects .....</b>	<b>23</b>
<b>Schedule of Federal Awards Expenditures .....</b>	<b>24</b>
<b>Report on Compliance and on Internal Control Over Financial Reporting Based on an     Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>25</b>
<b>Report on Compliance With Requirements Applicable to Each Major Program and     Internal Control Over Compliance in Accordance with OMB Circular A-133 .....</b>	<b>26 - 27</b>
<b>Schedule of Findings and Questioned Costs .....</b>	<b>28 - 29</b>

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Belmont Metropolitan Housing Authority  
Martins Ferry, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying basic financial statements of Belmont Metropolitan Housing Authority, as of and for the year ended March 31, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Belmont Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Belmont Metropolitan Housing Authority, as of March 31, 2002, and the results of its operations and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 of the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as of April 1, 2001. This results in a change to the Authority's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements. As described in Note 9 to the basic financial statements, the Authority adjusted the beginning net assets due to correction of the fixed assets and accumulated depreciation and other immaterial adjustments, as of and for the year ended March 31, 2001.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 2002 on our consideration of Belmont Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplemental data listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements of the Belmont 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. 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.  
October 9, 2002



**BELMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2002**

**Unaudited**

It is a privilege to present for you the financial picture of Belmont Metropolitan Housing Authority. The Belmont 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 (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

This Management Discussion and Analysis is new, and will now be presented at the front of each year's financial statements.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements, which will begin on page 9.

**FINANCIAL HIGHLIGHTS**

- In 2002, the Housing Authority implemented GASB 33 and 34 and reported under GAAP for the second time. A more detailed depreciation schedule was prepared for the second year. An overall prior year adjustment totaling (2.3) million was needed to (a) write-off soft costs included in fixed assets, (b) an entry to correct a GAAP conversion error understating construction in progress in the CGP program and (c) an adjustment to correct fixed assets to the detailed fixed asset depreciation schedule, and (d) an adjustment to reclassify items included in inventory. Restated net assets were \$16.4 million and \$16.6 million for 2001 and 2002 respectively. The basic financial statements reflect an increase in total net assets of \$181,980 (or 1.1%) during 2002. This increase is reflective of the year's activities.
- The revenue increased by \$1.5 million (or 47%) during 2002, and was \$3.2 million and \$4.7 million for 2001 and 2002 respectively.
- The total expenses increased by \$161,440 (or 3.7%). Total expenses were \$4.3 million and \$4.5 million for 2001 and 2002, respectively.

**USING THIS ANNUAL REPORT**

This is a very different presentation of the Authority's previous financial statements. The following graphic outlining these changes is provided for your review:

<b>MD&amp;A</b> ~ Management Discussion and Analysis (new) ~
<b>Basic Financial Statements</b> ~ Statement of Net Assets ~ ~ Statement of Revenues, Expenses and Changes in Net Assets ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~

The new and clearly preferable focus is on the Authority as a single enterprise fund. This new format will 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.

**BELMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2002**

**Unaudited**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements, beginning on page 9, are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the 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, equals “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 (as applicable):

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 basic 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, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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.

The Authority’s programs that are consolidated into a single enterprise fund are as follows:

Conventional Public Housing – 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.

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

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

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents 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.

**BELMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2002**

**Unaudited  
BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET ASSETS**

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

**TABLE 1  
STATEMENT OF NET ASSETS**

	2002 (in millions of dollars)	2001 (in millions of dollars)
Current and Other Assets	\$ 1.9	\$ 1.4
Capital Assets	15.3	15.4
Total Assets	<u>17.2</u>	<u>16.8</u>
Other Liabilities	0.4	0.2
Long-Term Liabilities	0.2	0.2
Total Liabilities	<u>0.6</u>	<u>0.4</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	15.4	15.4
Restricted	-	-
Unrestricted	1.2	1.0
Total Net Assets	<u>\$ 16.6</u>	<u>\$ 16.4</u>

For more detailed information see the Statement of Net Assets.

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS**

Current assets were increased by \$.5 million while liabilities increased by \$.3 million, while current assets increased in relation to current liabilities the changes are not significant.

Capital assets decreased by \$.1 million, from \$15.4 million to \$15.3 million. The unrestricted net assets, the account that resembles the old operating reserves, increased by \$258,531. See footnote 9.

While the results of operations are a significant measure of the Authority's activities, the changes in Unrestricted Net Assets provides a clearer change in financial well being. The Authority's unrestricted net assets increased, indicating a positive change in the financial well being of the Authority.

**BELMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2002**

**Unaudited**

**TABLE 2  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	2002 (in millions of dollars)	2001 (in millions of dollars)
Revenues		
Tenant Revenue - Rents and Other	\$ 1.2	\$ 1.2
Operating Subsidies and Grants	2.4	1.5
Capital Grants	1.0	0.2
Investment Income	0.1	0.1
Other Revenues	-	-
Total Revenue	4.7	3.0
Expenses		
Administrative	0.9	0.8
Utilities	0.6	0.7
Maintenance	1.0	0.7
General	0.1	0.1
Housing Assistance Payments	0.8	0.7
Depreciation	1.1	1.2
Total Expenses	4.5	4.2
Net Increase (Decrease)	\$ 0.2	\$ (1.2)

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES  
IN NET ASSETS**

Operating Subsidies, Grants and Capital Grants increased substantially. This increase was primarily due to the new formula funding of public housing operating subsidy and utility adjustments. Most expenses increased modestly due to inflation, except for depreciation, which remained stable and utilities, which declined slightly due to mild weather.

**BELMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2002**

**Unaudited**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

As of year end, the Authority had 15.3 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$.1 million from the end of last year after the restatement of capital assets.

**TABLE 3  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	2002	2001
Land and Land Rights	\$ 1,446,016	\$ 1,006,706
Buildings	27,297,803	30,936,337
Equipment - Administrative	301,599	258,490
Equipment - Dwellings	-	936,604
Accumulated Depreciation	(15,251,506)	(15,491,320)
Construction in Progress	1,540,009	-
<b>TOTAL</b>	<b>\$ 15,333,921</b>	<b>\$ 17,646,817</b>

**DEBT ADMINISTRATION**

The Authority's only debt is listed in the current liabilities in the form of accounts payable. The Authority has no long-term debt.

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4  
CHANGE IN CAPITAL ASSETS**

Beginning Balance		\$ 17,646,817
Adjustments - prior period		(2,236,345)
Additions		1,042,748
Depreciation		(1,119,299)
	<b>Ending Balance</b>	<b>\$ 15,333,921</b>

This year's major additions are:

Capital improvements (CGP & CFP) completed on variety of the Authority's Public Housing complexes)		\$ 1,042,748
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**BELMONT METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
Year Ended March 31, 2002**

**Unaudited**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

**IN CONCLUSION**

The Authority had a very good year financially as reflected in the \$258,531 increase in unrestricted net assets.

The old HUD accounting method did not require the depreciation of assets and the separation of soft and hard costs. GAAP financial reporting requires the depreciation of assets. Creating meaningful depreciation schedules was a challenge for all Housing Authorities, in the case of Belmont Metropolitan Housing Authority we had to go back through 37 years of records. The prior period adjustments are what we hope to be a final “clean-up” of our fixed asset accounts.

Belmont Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the sound financial condition of the Authority.

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Jody Geese, Executive Director of the Belmont Metropolitan Housing Authority at (740) 633-5085.

Respectfully submitted,

**Jody Robinson Geese**  
Executive Director

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**March 31, 2002**

**ASSETS**

Cash and cash equivalents	\$	591,974
Investments		1,034,830
Receivables - net of allowance		212,456
Inventories - net of allowance		34,509
Due to other programs		4,528
Prepaid expenses		<u>42,177</u>
<b>TOTAL CURRENT ASSETS</b>		<b>1,920,474</b>

**CAPITAL ASSETS**

Land and construction in progress		2,986,025
Other capital assets - net		<u>12,347,896</u>
<b>TOTAL ASSETS</b>		<b>17,254,395</b>

**LIABILITIES**

Accounts payable		206,631
Accounts payable - other government		48,529
Accrued compensated absences - current		65,280
Tenant security deposits		99,108
Due from other programs		4,528
Deferred revenue		<u>99,489</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>523,565</b>

Accrued compensated absences - noncurrent		<u>157,983</u>
<b>TOTAL LIABILITIES</b>		<b>681,548</b>

**NET ASSETS**

Invested in capital assets - net of related debt		15,333,921
Unrestricted net assets		<u>1,238,926</u>
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b><u>16,572,847</u></b>

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**Year Ended March 31, 2002**

<b>OPERATING REVENUES</b>	
Tenant revenue	\$ 1,217,574
HUD operating grants	2,370,940
Other operating revenues	<u>34,489</u>
<b>TOTAL OPERATING REVENUES</b>	<b>3,623,003</b>
 <b>OPERATING EXPENSES</b>	
Administrative	879,279
Utilities	675,252
Maintenance	963,392
Depreciation	1,119,299
PILOT	48,529
Insurance	54,328
Bad debts	8,288
Extraordinary maintenance	3,193
Housing assistance payments	<u>772,639</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>4,524,199</u></b>
<b>OPERATING LOSS</b>	<b>(901,196)</b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	40,428
<b>HUD CAPITAL GRANTS</b>	<u>1,042,748</u>
<b>CHANGE IN NET ASSETS</b>	<b>181,980</b>
Net Assets Beginning of Year	18,666,024
Prior period adjustments	<u>(2,275,157)</u>
Net Assets Beginning of Year - Restated	<u>16,390,867</u>
<b>NET ASSETS END OF YEAR</b>	<b><u><u>\$ 16,572,847</u></u></b>

See accompanying notes to the basic financial statements



**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
Year Ended March 31, 2002

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from tenants	\$	1,209,942
Cash received from HUD for 2003		89,334
Cash received from HUD for 2002		2,370,940
Cash payments for housing assistance payments		(772,639)
Cash payments for administrative		(1,548,501)
Cash payments for other operating expenses		(998,768)
Cash payments to HUD and other governments		<u>(44,628)</u>

<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>305,680</b>
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**CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES**

Capital grants received		859,553
Acquisition of capital assets		<u>(859,553)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Change in investments		<u>27,601</u>
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<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>333,281</b>
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<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>		<u>258,693</u>
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<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$</b>	<u><u>591,974</u></u>
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**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES**

Operating (loss)	\$	(901,196)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation		1,119,299
Unfound difference		(1,059)
(Increase) decrease in:		
Receivables - net of allowance		(198,312)
Due from other programs		(4,528)
Inventories - net of allowance		23,453
Deferred charges and other assets		(19,174)
Increase (decrease) in:		
Accounts payable		161,916
Accrued compensated absences		22,089
Due to other programs		4,528
Intergovernmental payables		3,901
Tenant security deposits		8,839
Deferred credits and other liabilities		<u>85,924</u>

<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$</b>	<u><u>305,680</u></u>
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**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
March 31, 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Belmont 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 Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

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

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

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Authority has elected to implement the provisions of the Statement in the current year.

**Reporting Entity**

The 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.

**Basis of Presentation**

The Authority's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

**Enterprise Fund**

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.

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
March 31, 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The following are the various programs which are included in the single enterprise fund:

**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.

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

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

**Housing Choice Voucher Program (HCVP)** – Under the Housing Choice Voucher Program, the Authority subsidizes rents 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 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.

**Accounting and Reporting for Nonexchange Transactions**

The Authority adopted GASB 33 effective for the year ended March 31, 2002. Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- **Imposed nonexchange revenues:** result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated nonexchange transactions:** occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- **Voluntary nonexchange transactions:** result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- **Time requirements** specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- **Purpose restrictions** specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
March 31, 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

**Deferred Revenue**

Deferred revenue arises when revenues are received before revenue recognition criteria have been satisfied.

**Prepaid expenses**

Payments made to vendors for services that will benefit periods beyond March 31, 2002, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

**Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2002 for both programs totaled \$40,428. The interest income earned on the general fund investments in the Section 8 Program is required to be returned to HUD, and this amount was \$150 for the year ended March 31, 2002.

**Capital Assets**

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

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15

**Due From/To Other Programs**

On the basic financial statements, receivables and payables resulting from the short-term interprogram loans are classified as due to/due from other programs.

**Accrued Liabilities**

All payables and accrued liabilities are reported in the basic financial statements.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use either by internal or external restrictions.

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
March 31, 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

**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 liability.

**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 accounting principles generally accepted in the United States of America 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.

**Receivables – net of allowance**

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for receivables was \$1,761 at March 31, 2002.

**Inventories**

Inventories are stated at cost. The allowance for obsolete inventory was \$3,506 at March 31, 2002.

**2. CASH AND INVESTMENTS**

**Cash**

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

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

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
March 31, 2002

**2. CASH AND INVESTMENTS - CONTINUED**

Inactive deposits are public deposits that the Authority has 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 Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

**Deposits:** The carrying amount of the Authority's deposits totaled \$591,974, which includes \$300 petty cash. The corresponding bank balances totaled \$658,739.

The following show the Authority's deposits (bank balances) in each category:

Category 1:	\$100,000 was covered by federal depository insurance
Category 2:	\$558,787 was covered by specific collateral pledged by the financial institution in the name of the Authority.

**Investments**

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose or arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had investments of U. S. Treasury Notes in the amount of \$1,034,830 at March 31, 2002.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name. The investments of the Authority are classified as Category A.

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**March 31, 2002**

**3. 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 accrual basis of accounting.

**4. RISK MANAGEMENT**

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverages and no settlements exceeded insurance coverage during the past three years.

**5. CAPITAL ASSETS**

The following is a summary of capital assets:

	<u>Balance 03/31/2001</u>	<u>Additions / Deletions</u>	<u>Reclassification</u>	<u>Correction</u>	<u>Balance 03/31/2002</u>
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>					
Land	\$ 1,006,706	\$ -	\$ 439,310	\$ -	\$ 1,446,016
Construction in Progress	-	1,042,748	-	497,261	1,540,009
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<u>\$ 1,006,706</u>	<u>\$ 1,042,748</u>	<u>\$ 439,310</u>	<u>\$ 497,261</u>	<u>\$ 2,986,025</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED</b>					
Buildings and Improvements	\$ 30,936,337	\$ -	\$ (439,310)	\$ (3,199,224)	\$ 27,297,803
Furniture and equipment	1,195,094	-	-	(893,495)	301,599
Totals at Historical Costs	32,131,431	-	(439,310)	(4,092,719)	27,599,402
Less: Accumulated Depreciation	<u>(15,491,319)</u>	<u>(1,119,299)</u>	<u>-</u>	<u>1,359,113</u>	<u>(15,251,506)</u>
<b>TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED</b>	<u>\$ 16,640,112</u>	<u>\$ (1,119,299)</u>	<u>\$ (439,310)</u>	<u>\$ (2,733,606)</u>	<u>\$ 12,347,896</u>

The depreciation expense for the year then ended March 31, 2002 was \$1,119,299.

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**March 31, 2002**

**6. 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 obtained 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 was required to contribute 9.565 percent through December 31. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended March 31, 2002, 2001 and 2000 were \$126,309, \$95,898, and \$116,203, respectively. The full amount has been contributed for 2000 and 2001. Eighty nine percent (89%) has been contributed for 2002, with the remainder being reported as a liability within the enterprise fund.

**7. POSTEMPLOYMENT BENEFITS – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Ohio Revised Code also provides statutory authority requiring public employers to provide and fund postretirement health care through their contributions to the Public Employees Retirement System of Ohio (PERS). Postretirement health care coverage is provided to age and service retirees with ten or more years of qualifying service credit. Health care coverage for disability recipients and primary survivor 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. The Ohio Revised Code also provides statutory authority for employer contributions. Of the 13.55 percent employer contribution rate for the Authority for the year 2002, 4.3 percent was used to fund health care. The assumptions and calculations below were based on the System's latest Actuarial Review performed December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75 percent. An annual increase of 4.75 percent compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from 0.54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually. As of December 31, 2000, the number of active contributing participants was 411,076. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000 was \$11,735.9 million.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

**8. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended March 31, 2002, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net asset and other data to HUD as required on the GAAP basis. The FDS schedules are on pages 20 – 22. The schedules are presented in the manner prescribed by Housing and Urban Development.



**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**March 31, 2002**

**9. CHANGES IN ACCOUNTING PRINCIPLES, RECLASSIFICATIONS AND RESTATEMENT OF PRIOR YEAR'S FUND EQUITY**

**Changes in Accounting Principles**

For fiscal year 2002, the Authority implemented GASB 33 and GASB 34. The implementation had no effect on the total enterprise fund equity, however, it did effect the classification of the equity. See the following for the reclassification and restatement.

	<u>Total</u>	<u>Net HUD PHA Contributions</u>	<u>Undesignated Retained Earnings</u>	<u>Invested in Capital Assets- Net of Debt</u>	<u>Unrestricted Net Assets</u>
Net Assets, Beginning of Year	\$ 18,666,024	\$ 17,646,817	\$ 1,019,207	\$ -	\$ -
Reclassification - GASB 34	-	(17,646,817)	(1,019,207)	17,646,817	1,019,207
Correction of fixed assets and accumulated depreciation	(2,236,345)	-	-	(2,236,345)	
Other immaterial prior period adjustment	(8,219)	-	-	-	(8,219)
Inventory overstated	(32,113)	-	-		(32,113)
HUD corrections on Section 8 year end reports	1,520	-	-	-	1,520
Net Assets, Beginning of Year, Restated	16,390,867	-	-	15,410,472	980,395
Fixed asset additions	1,042,748	-	-	1,042,748	-
Depreciation expense	(1,119,299)	-	-	(1,119,299)	-
Current year income	258,531	-	-	-	258,531
Net Assets, End of Year	<u>\$ 16,572,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,333,921</u>	<u>\$ 1,238,926</u>

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**BALANCE SHEET**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE**  
**ENTERPRISE FUND**  
**March 31, 2002**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.859 Comp Grant	14.872 Capital Fund	14.871 Section 8 Vouchers	TOTAL
<b>ASSETS</b>						
111	Cash - unrestricted	\$ 64,194	\$ -	\$ -	\$ 167,267	\$ 231,461
113	Cash - other restricted	-	-	-	89,334	89,334
115	Cash - restricted for current liab.	271,179	-	-	-	271,179
100	TOTAL CASH	<u>335,373</u>	<u>-</u>	<u>-</u>	<u>256,601</u>	<u>591,974</u>
122	Accounts receivable - HUD other proj	-	71,818	111,377	8,759	191,954
125	Accounts receivable - miscellaneous	-	-	-	10,963	10,963
126	A/R Tenants - dwelling rents	11,300	-	-	-	11,300
126.1	Allowance for doubtful accts	(1,761)	-	-	-	(1,761)
120	TOTAL ACCOUNTS RECEIVABLE	<u>9,539</u>	<u>71,818</u>	<u>111,377</u>	<u>19,722</u>	<u>212,456</u>
131	Investments - unrestricted	944,562	-	-	-	944,562
132	Investments - restricted	90,268	-	-	-	90,268
142	Prepaid expenses and other assets	42,177	-	-	-	42,177
143	Inventories	38,015	-	-	-	38,015
143.1	Allowance for obsolete inventory	(3,506)	-	-	-	(3,506)
144	Interprogram due from	4,528	-	-	-	4,528
150	TOTAL CURRENT ASSETS	<u>1,460,956</u>	<u>71,818</u>	<u>111,377</u>	<u>276,323</u>	<u>1,920,474</u>
161	Land	1,446,016	-	-	-	1,446,016
162	Buildings	27,297,803	-	-	-	27,297,803
164	Furniture and equipment - admin	301,599	-	-	-	301,599
166	Accumulated depreciation	(15,251,506)	-	-	-	(15,251,506)
167	Construction in progress	-	1,213,196	326,813	-	1,540,009
160	TOTAL FIXED ASSETS, NET	<u>13,793,912</u>	<u>1,213,196</u>	<u>326,813</u>	<u>-</u>	<u>15,333,921</u>
180	TOTAL NON-CURRENT ASSETS	<u>13,793,912</u>	<u>1,213,196</u>	<u>326,813</u>	<u>-</u>	<u>15,333,921</u>
190	TOTAL ASSETS	<u>\$ 15,254,868</u>	<u>\$ 1,285,014</u>	<u>\$ 438,190</u>	<u>\$ 276,323</u>	<u>\$ 17,254,395</u>

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY  
BALANCE SHEET  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
March 31, 2002**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.859 Comp Grant	14.872 Capital Fund	14.871 Section 8 Vouchers	TOTAL
	<b>LIABILITIES</b>					
312	Accounts payable <=90 days	\$ 23,436	\$ 71,818	\$ 111,377	\$ -	\$ 206,631
321	Accrued wages/payroll taxes	61,940	-	-	3,340	65,280
333	Accounts payable - other govt	48,529	-	-	-	48,529
341	Tenant security deposits	99,108	-	-	-	99,108
342	Deferred revenue	10,155	-	-	89,334	99,489
347	Interprogram due to	-	-	-	4,528	4,528
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>243,168</b>	<b>71,818</b>	<b>111,377</b>	<b>97,202</b>	<b>523,565</b>
354	Accrued comp absences - noncurrent	144,571	-	-	13,412	157,983
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>144,571</b>	<b>-</b>	<b>-</b>	<b>13,412</b>	<b>157,983</b>
300	<b>TOTAL LIABILITIES</b>	<b>387,739</b>	<b>71,818</b>	<b>111,377</b>	<b>110,614</b>	<b>681,548</b>
513	<b>TOTAL EQUITY/NET ASSETS</b>	<b>14,867,129</b>	<b>1,213,196</b>	<b>326,813</b>	<b>165,709</b>	<b>16,572,847</b>
600	<b>TOTAL LIABILITIES AND EQUITY/NET ASSETS</b>	<b>\$ 15,254,868</b>	<b>\$ 1,285,014</b>	<b>\$ 438,190</b>	<b>\$ 276,323</b>	<b>\$ 17,254,395</b>

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**PROPRIETARY FUND TYPE**  
**ENTERPRISE FUND**  
**Year Ended March 31, 2002**

FDS Line Item No.	Account Description	14.850 Public & Indian Hsg	14.859 Comp Grant	14.872 Capital Fund	14.871 Section 8 Vouchers	TOTAL
	<b>REVENUE</b>					
703	Net tenant revenue	\$ 1,216,674	\$ -	\$ -	\$ -	\$ 1,216,674
704	Tenant revenue - other	900	-	-	-	900
705	<b>TOTAL TENANT REVENUE</b>	<b>1,217,574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,217,574</b>
706	PHA HUD grants	1,171,663	72,234	234,117	892,926	2,370,940
706.1	Capital contributions	-	715,935	326,813	-	1,042,748
711	Investment income - unrestricted	37,763	-	-	2,665	40,428
715	Other revenue	34,264	-	-	225	34,489
	<b>TOTAL REVENUE</b>	<b>2,461,264</b>	<b>788,169</b>	<b>560,930</b>	<b>895,816</b>	<b>4,706,179</b>
	<b>EXPENSES</b>					
911	Administrative salaries	287,450	-	-	66,571	354,021
912	Auditing fees	7,730	-	-	859	8,589
914	Compensated absences	2,664	-	-	84	2,748
915	Employee benefit contribution - admin	111,664	-	-	17,660	129,324
916	Other operating - administrative	74,865	72,234	234,117	3,381	384,597
931	Water	230,513	-	-	-	230,513
932	Electricity	218,547	-	-	-	218,547
933	Gas	55,117	-	-	-	55,117
935	Labor	28,241	-	-	-	28,241
938	Other utilities	142,834	-	-	-	142,834
941	Ord maintenance/op - labor	486,611	-	-	-	486,611
942	Ord maintenance/op - materials	149,984	-	-	-	149,984
943	Ord maintenance/op - cont costs	144,252	-	-	288	144,540
945	Emp benefit contrib - ord main	182,257	-	-	-	182,257
961	Insurance premiums	54,328	-	-	-	54,328
963	PILOT	48,529	-	-	-	48,529
964	Bad debts - tenant rents	8,288	-	-	-	8,288
969	<b>TOTAL OPERATING EXPENSES</b>	<b>2,233,874</b>	<b>72,234</b>	<b>234,117</b>	<b>88,843</b>	<b>2,629,068</b>
970	<b>EXCESS OPERATING REVENUE OVER EXPENSES</b>	<b>227,390</b>	<b>715,935</b>	<b>326,813</b>	<b>806,973</b>	<b>2,077,111</b>
971	Extraordinary Maintenance	3,193	-	-	-	3,193
973	Housing Assistance Payments	-	-	-	772,639	772,639
974	Depreciation expense	1,119,299	-	-	-	1,119,299
900	<b>TOTAL EXPENSES</b>	<b>3,356,366</b>	<b>72,234</b>	<b>234,117</b>	<b>861,482</b>	<b>4,524,199</b>
	<b>EXCESS OF REVENUE OVER EXPENSES</b>					
1000	<b>OVER EXPENSES</b>	<b>(895,102)</b>	<b>715,935</b>	<b>326,813</b>	<b>34,334</b>	<b>181,980</b>
1103	Beginning equity	18,140,140	396,029	-	129,855	18,666,024
1104	Prior period adj/equity transfers	(2,377,909)	101,232	-	1,520	(2,275,157)
	<b>ENDING EQUITY/NET ASSETS</b>	<b>\$ 14,867,129</b>	<b>\$ 1,213,196</b>	<b>\$ 326,813</b>	<b>\$ 165,709</b>	<b>\$ 16,572,847</b>

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY  
 COST CERTIFICATION OF MODERNIZATION PROJECTS  
 March 31, 2002**

	<u>OH16P02070798</u>	<u>OH16P02070899</u>
Management improvements	\$ 104,876.55	\$ 101,970.52
Administration	52,600.00	55,074.00
Fees and costs	46,369.10	39,919.05
Site improvement	248,774.00	-
Dwelling structures	281,680.35	687,110.43
Nondwelling equipment	16,000.00	-
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 750,300.00</u></u>	<u><u>\$ 884,074.00</u></u>
Total Receipts	\$ 750,300.00	\$ 812,255.96
Accounts Receivable - HUD	-	71,818.04
<b>TOTAL RECEIPTS</b>	<u><u>\$ 750,300.00</u></u>	<u><u>\$ 884,074.00</u></u>

1. The HUD Form 53001 was submitted and signed on November 9, 2001 and July 30, 2002 for 707 and 708, respectively.
2. There are not outstanding liabilities associated with 707. There was outstanding accounts payable at 3/31/02 for \$71,818.04. These were paid by the audit report date.
3. The expenditures and receipts agree to the Authority's records.

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
March 31, 2002**

	<b>FEDERAL CFDA NUMBER</b>	<b>FUNDS EXPENDED</b>
<b><u>FROM U.S. DEPARTMENT OF HUD</u></b>		
<b><u>DIRECT PROGRAMS</u></b>		
<b>PHA Owned Housing:</b>		
Public and Indian Housing	14.850a	\$ 1,171,663
Public Housing Comprehensive Grant	14.859	788,169
Public Housing Capital Fund	14.872	560,930
<b>Housing Assistance Payments:</b>		
<b>Annual Contribution -</b>		
Section 8 Housing Choice Vouchers	14.871	892,926
<b>Total - All Programs</b>		<b>\$ 3,413,688</b>

See independent auditors' report



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

Board of Directors  
Belmont Metropolitan Housing Authority  
Martins Ferry, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the basic financial statements of Belmont Metropolitan Housing Authority as of and for the year ended March 31, 2002, and have issued our report thereon dated October 9, 2002. The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, as of April 1, 2001. This results in a change to the Authority’s method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Belmont 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.

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.  
October 9, 2002



**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  
Belmont Metropolitan Housing Authority  
Martins Ferry, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of Belmont Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended March 31, 2002. Belmont Metropolitan Housing Authority's major federal programs are identified in the summary of auditors' 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 Belmont Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Belmont Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Belmont 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 Belmont Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Belmont 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 March 31, 2002.

**Internal Control Over Compliance**

The management of Belmont 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 Belmont Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



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

**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.  
October 9, 2002**

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

**Belmont Metropolitan Housing Authority  
March 31, 2002**

<b>1. SUMMARY OF AUDITORS' RESULTS</b>
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<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>Are there any reportable findings under § .510?</b>	<b>No</b>
<b>Major Programs (list):</b>	<b>Public &amp; Indian Housing CFDA #14.850a Public Housing Comprehensive Grant CFDA #14.859 Capital Fund CFDA #14.872</b>
<b>Dollar Threshold: Type A/B Programs</b>	<b>\$300,000</b>
<b>Low Risk Auditee?</b>	<b>Yes</b>

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

**Belmont Metropolitan Housing Authority  
March 31, 2002**

**2. FINDINGS RELATED TO FINANCIAL STATEMENTS**

**There are no findings or questioned costs for the year ended March 31, 2002.**

**3. FINDINGS RELATED TO FEDERAL AWARDS**

**There are no findings or questioned costs for the year ended March 31, 2002.**





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BELMONT METROPOLITAN HOUSING AUTHORITY**

**BELMONT 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  
JANUARY 9, 2003**