BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED
MARCH 31, 2012

James G. Zupka, CPA, Inc.
Certified Public Accountants

Dave Yost • Auditor of State

Board of Directors
Belmont Metropolitan Housing Authority
100 South Third Street
Martins Ferry, Ohio 43935

We have reviewed the *Independent Auditor's Report* of the Belmont Metropolitan Housing Authority, Belmont County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2011 through March 31, 2012. 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.

Dave Yost

Dave Yost
Auditor of State

October 29, 2012

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BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2012

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INDEPENDENT AUDITOR'S 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 financial statements of the Belmont Metropolitan Housing Authority, Belmont County, Ohio as of and for the year ended March 31, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Belmont Metropolitan Housing Authority, Ohio's management. Our responsibility is to express opinions on these 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Belmont Metropolitan Housing Authority, Ohio, as of March 31, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2012, on our consideration of the Belmont Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Belmont Metropolitan Housing Authority, Ohio's basic financial statements taken as a whole. The accompanying Schedule of Modernization Costs Completed and Supplemental Financial Data Schedules are presented for additional analysis and are not a required part of the basic financial statements of the Belmont Metropolitan Housing Authority. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The above noted schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

August 29, 2012

It is a privilege to present for you the financial condition of the Belmont Metropolitan Housing Authority, as described in this "Management's Discussion and Analysis" (MD&A). 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 other issues or concerns.

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

FINANCIAL HIGHLIGHTS

- Net assets, defined as Assets net of Liabilities, were $18.3 million for fiscal 2011 and $18.4 million for fiscal 2012. The Authority-wide financial statements reflect a $0.1 million increase in total Net Assets.

- Total revenue, Authority-wide, decreased by $0.9 million (14 percent) during fiscal 2012, and was $6.5 million and $5.6 million for fiscal 2011 and fiscal 2012 respectively.

- Total expenses, Authority-wide, decreased by $0.1 million (2 percent) during fiscal 2012, and were $5.6 million for fiscal 2011 and $5.5 million for fiscal 2012.

USING THIS ANNUAL REPORT

This report includes three major sections, the Management's Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information.

MD&A

- Management Discussion and Analysis -

Basic Financial Statements
~ Authority-wide Financial Statements~
~Fund Financial Statement~
~Notes to Financial Statements~

Other Required Supplementary Information

- Required Supplementary Information -
(Other than the MD&A)

Authority-Wide Financial Statements

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

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equals Net Assets, commonly referred to 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, of the Authority. Net assets (formerly equity) are reported in three broad categories:

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Assets (similar to an Income Statement). This Statement reports Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital 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, the Authority's financial statements also include a Statement of Cash Flows. This Statement reports net cash provided by or used for operating activities, non-operating financial activities, and capital and related financing activities.

Fund Financial Statements

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

The Authority maintains its accounting records by program consistent with how funding is provided for these programs by the U.S. Department of Housing and Urban Development (HUD).

THE AUTHORITY'S PROGRAMS

Conventional Public Housing (PH)
Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that generally is based on 30 percent of gross household income.

Capital Fund Program (CFP)
This is the current primary funding source for the Authority's physical (i.e. capital) and management improvements. Funds are provided by formula allocation and based on 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 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 percent, and the Housing Authority subsidizes the balance.

AUTHORITY STATEMENTS

Statement of Net Assets

The following table is a condensed Statement of Net Assets compared to prior year. The Authority is engaged in only business-type activities.

Table 1 - Statement of Net Assets (in millions of dollars)

	2012	2011
Assets		
Current and Other Assets	$ 5.2	$ 4.8
Capital Assets	13.7	14.0
Total Assets	$ 18.9	$ 18.8
Liabilities		
Current Liabilities	$ .4	$ .4
Long-Term Liabilities	.1	.1
Total Liabilities	.5	.5
Net Assets		
Invested in Capital Assets, Net of Related Debt	13.7	14.0
Restricted Net Assets	.1	.1
Unrestricted Net Assets	4.6	4.2
Total Net Assets	18.4	18.3
Total Liabilities and Net Assets	$ 18.9	$ 18.8

For more detailed information see the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Current assets increased by $0.5 million while current liabilities remained the same. The Authority's increase in current assets net of current liabilities reflects the Authority's positive net cash flow for the year of about $0.5 million. The Authority's revenue exceeded expenses by $52,241, and this amount included non-cash expenses (depreciation) of $1.2 million (added back to determine net cash flow) and Capital Grant funding of $0.7 million (deducted because the related expenses are capitalized). Therefore net cash flow, after the items above are added back and deducted, was about $0.5 million enabling the Authority to increase current assets.

Capital assets decreased, being $14.0 million at the end of fiscal 2011 and $13.7 million at the end of fiscal 2012. Additions were about $0.9 million, minus depreciation of about $1.2 million. The additions were primarily related to capital grant funds provided by HUD.

The unrestricted net assets account, which resembles net working capital, increased by $0.4 million to $4.6 million at the end of fiscal 2012, primarily reflecting the results of operations and positive net cash flow mentioned earlier.

It was a very stable year and the Authority's unrestricted net assets increased, indicating a positive change in the financial well being of the Authority.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in business-type activities.

Table 2- Statement of Revenues, Expenses, and Change in Net Assets
(in the millions of dollars)

	2012	2011
Revenues		
Tenant Revenue - Rents and Other	$ 1.6	$ 1.5
Operating Subsidies and Grants	3.2	3.7
Capital Grants	0.7	1.2
Investment and Other Income	0.1	0.1
Total Revenues	5.6	6.5
Expenses		
Administrative	0.9	0.9
Utilities	1.0	1.0
Maintenance and Protective Services	1.1	1.2
General	.3	.3
Housing Assistance Payments	1.0	1.0
Depreciation	1.2	1.2
Total Expenses	5.5	5.6
Net Increases (Decreases)	$ 0.1	$ 0.9

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

Tenant revenue increased slightly in 2012. Operating and Capital Grants decreased primarily due to funding cuts from HUD, and a lower level of Capital spending related to the closure of the Federal Stimulus grant (ARRA).

Expenses were very slightly lower in 2012, compared to 2011, enabling the Authority to have an increase in Unrestricted Net Assets despite the reduction in HUD revenue.

CAPITAL ASSETS

As of fiscal year end, the Authority had $13,649,405 million invested in a variety of capital assets as reflected in the following schedule.

Table 3 - Capital Assets at Year-End (net of Depreciation)

	2012	2011
Land and Land Rights	$ 1,446,016	$ 1,446,016
Buildings	37,131,115	36,575,333
Equipment - Administrative	561,915	476,435
Construction in Progress	1,761,617	1,577,063
Accumulated Depreciation	(27,251,258)	(26,014,704)
Total	$13,649,405	$14,060,143

The following reconciliation summarizes the changes in Capital Assets.

Table 4 - Change in Capital Assets

Beginning Balance, April 1, 2011	$14,060,143
Additions from Capital Grants	740,338
Less: Current Year Depreciation	(1,260,541)
Equipment Purchased through Operations and Other Miscellaneous Charges	109,465
Ending Balance at March 31, 2012	$13,649,405

This year's major additions are:

Business-type Activities	
Administrative Equipment, net of Dispositions, from Operating Funds	$ 109,465
Capital Improvements completed through the Authority's Capital Fund Program Grant on variety of the Authority's complexes	740,338
Total	$ 849,803

DEBT

The Authority has no debt other than normal accounts payable, accrued expenses, and accrued compensated absences.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development is subject to cuts due to the tight Federal budget situation.
- 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 good year financially as reflected in the $0.1 million increase in unrestricted net assets.

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

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

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF NET ASSETS
MARCH 31, 2012

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,573,113
Investments - Unrestricted	3,183,305
Investments - Restricted	273,254
Receivables, Net	24,622
Inventory	57,006
Prepaid Expenses	137,811
Total Current Assets	5,249,111
Noncurrent Assets	
Non-depreciable Capital Assets	3,207,633
Depreciable Capital Assets, Net of Depreciation	10,441,772
Total Noncurrent Assets	13,649,405
TOTAL ASSETS	$ 18,898,516
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	$ 63,129
Accrued Wages/Payroll Taxes	49,888
Accrued Compensated Absences	80,078
Tenant Security Deposits	158,280
Intergovernmental Payables	48,188
Deferred Revenue	26,155
Total Current Liabilities	425,718
Noncurrent Liabilities	
Accrued Compensated Absences, Non-Current	97,873
Total Noncurrent Liabilities	97,873
Total Liabilities	523,591
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	13,649,405
Unrestricted Net Assets	4,610,546
Restricted Net Assets	114,974
Total Net Assets	18,374,925
TOTAL LIABILITIES AND NET ASSETS	$ 18,898,516

See accompanying notes to the basic financial statements.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2012

Operating Revenues	
Government Operating Grants	$ 3,261,467
Tenant Revenue	1,556,820
Other Revenue	33,954
Total Operating Revenues	4,852,241
Operating Expenses	
Administrative	870,724
Tenant Services	16,950
Utilities	979,929
Maintenance	1,084,332
Protective Services	107,744
General	251,341
Housing Assistance Payments	993,816
Total Operating Expenses before Depreciation	4,304,836
Income (Loss) before Depreciation	547,405
Depreciation	1,260,541
Operating Income (Loss)	(713,136)
Non-Operating Revenues (Expenses)	
Interest and Investment Income	25,039
Total Non-Operating Revenues (Expenses)	25,039
Income (Loss) Before Capital Grants	(688,097)
Capital Grants	740,338
Change in Net Assets	52,241
Total Net Assets at Beginning of Year	18,322,684
Total Net Assets at End of Year	$ 18,374,925

See accompanying notes to the basic financial statements.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012

Cash Flows from Operating Activities	
Cash Received from Government Grants	$ 3,259,514
Cash Received from Tenants	1,563,261
Cash Payments for Housing Assistance	(993,816)
Cash Payments for Administrative Expenses	(855,855)
Cash Payments for Other Operating Expenses	(2,431,861)
Cash Received - Other	34,315
Net Cash (Provided) by Operating Activities	575,558
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(849,803)
Capital Grants Received	740,338
Net Cash Provided by Capital and Other Related Financing Activities	(109,465)
Cash Flows from Investing Activities	
Interest and Investment Income Received	25,039
Investment Purchases	(546,412)
Net Cash Provided from Investing Activities	(521,373)
Net Increase (Decrease) in Cash and Cash Equivalents	(55,280)
Cash and Cash Equivalents at Beginning of Year	1,628,393
Cash and Cash Equivalents at End of Period	$ 1,573,113
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating Income (Loss)	$ (713,136)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,260,541
(Increase) Decrease in:	
Accounts Receivable - HUD	(4,908)
Accounts Receivable - Other	(695)
Prepaid Expenses	(4,656)
Inventory	(1,209)
Increase (Decrease) in:	
Accounts Payable	14,300
Accrued Compensated Absences	11,044
Tenants' Security Deposits	10,992
Accrued Wages and Payroll Taxes	3,825
Deferred Revenue Intergovernmental	(540)
Net Cash Provided by Operating Activities	$ 575,558

See accompanying notes to the basic financial statements.

NOTE 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 after 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.

The Authority has implemented GASB 34, noting that the inclusion of Management's Discussion and Analysis, the presentation of net assets, and the utilization of the direct method of cash flows are the changes made to the financial statements to comply with the requirement.

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 rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of a 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.

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

Reporting Entity (Continued)
It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing 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. The 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.

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 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.

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

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.

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

Projects - Conventional Public Housing and Capital Fund Programs

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 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

Central Office Cost Center (COCC)

The Authority owns and operates more than 250 dwelling rentals and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees and bookkeeping fees.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistant Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

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

Accounting and Reporting for Nonexchange Transactions

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 non-governmental 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.

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

Accounting and Reporting for Nonexchange Transactions (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.

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.

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 ending March 31, 2012 totaled $25,039.

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 doubtful accounts was $1,080 at March 31, 2012.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond March 31, 2012, 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.

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

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

Inventory (Continued)
The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charges as expenditures when used. The allowance for obsolete inventory was $6,329 at March 31, 2012.

Capital Assets
Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life are expensed as incurred. The Authority's capitalization policy is $2,000. The following are the useful lives used for depreciation purposes:

Buildings - Residential	40 years
Buildings - Non-Residential	40 years
Building Improvements	15 years
Furniture - Dwelling	5 years
Furniture - Non-Dwelling	5 years
Equipment - Dwelling	5 years
Equipment - Non-Dwelling	5 years
Auto and Trucks	5 years
Computer Hardware	5 years
Computer Software	5 years

Due From/To Other Programs
On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

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

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.

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

Compensated Absences (Continued)
Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both 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.

The following is a summary of changes in the compensated absence liability.

	Balance 03/31/2011	Increases	Decreases	Balance 03/31/2012	Due Within One Year
Compensated Absences	$ 166,907	$ 55,784	$ 44,740	$ 177,951	$ 80,078

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

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 by internal or external restrictions.

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 grant from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

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

Capital Grant

This represents grants provided by HUD that the Authority spends on capital assets.

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.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

A. 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.

B. 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.

C. 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.

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

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

At fiscal year end March 31, 2012, the carrying amount of the Authority's deposits totaled $4,357,196 (including $2,782,973 non-negotiable CDs and $300 petty cash) and its bank balance was $4,517,537. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2012, $1,154,028 was exposed to custodial risk as discussed below, while $3,363,509 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments
In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

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

Investments (Continued)

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The carrying amount of the Authority's investments was $672,476 at March 31, 2012 with the same corresponding bank balance. The investments are held in money markets.

Description	Total Fair Value/ Carrying Value	Credit Quality Rating
Money Market Funds	$ 672,476	AAAm*

* Rating offered by Standards and Poor's

A reconciliation of cash and investments as shown on the statement of net assets at March 31, 2012 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	$ 1,573,113
Investments - Unrestricted	3,183,305
Investments - Restricted	273,254
Total	$ 5,029,672

Carrying Amount of Deposits	$ 4,357,196
Carrying Amount of Investments	672,476
Total	$ 5,029,672

NOTE 3: CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 04/01/2011	Additions	Transfers/ Disposals	Balance 03/31/2012
Capital Assets Not Being Depreciated				
Land	$ 1,446,016	$ 0	$ 0	$ 1,446,016
Construction-in-Progress	1,577,063	740,338	(555,784)	1,761,617
Total Capital Assets Not Being Depreciated	3,023,079	740,338	(555,784)	3,207,633
Capital Assets Being Depreciated				
Buildings and Improvements	36,575,333	0	555,782	37,131,115
Furniture, Equipment, and Machinery	476,435	109,465	(23,985)	561,915
Total Capital Assets Being Depreciated	37,051,768	109,465	531,797	37,693,030
Accumulated Depreciation				
Buildings and Improvements	(25,671,465)	(1,200,344)	0	(26,871,809)
Furniture, Equipment, and Machinery	(343,239)	(60,197)	23,987	(379,449)
Total Accumulated Depreciation	(26,014,704)	(1,260,541)	23,987	(27,251,258)
Depreciable Assets, Net	11,037,064	(1,151,076)	555,784	10,441,772
Total Capital Assets, Net	$14,060,143	$ (410,738)	$ 0	$13,649,405

NOTE 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 accrual basis of accounting.

NOTE 5: 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 coverage and no settlements exceeded insurance coverage during the past three years.

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

All Authority full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost sharing, multiple-employer defined benefit pension plan;

- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;

- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377, or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2012, member and employer contribution rates were consistent across all three plans. The 2011 and 2012 member contribution rates were 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the years ended March 31, 2012, 2011 and 2010 were $138,401, $143,040 and $145,941, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through March 31, 2012.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. **Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

NOTE 7: POST-EMPLOYMENT BENEFITS

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2012, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for Belmont Metropolitan Housing Authority's year ended March 31, 2012.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended March 31, 2012, 2011, and 2010 which were used to fund post-employment benefits were $39,543, $48,531, and $56,900, respectively.

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

NOTE 8: FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2012, 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 schedules are presented in the manner prescribed by the Department of Housing and Urban Development.

NOTE 9: **RESTRICTED NET ASSETS**

For the fiscal year ended March 31, 2012, the Authority had $114,974 in its HAP reserve for the Section 8 program.

NOTE 10: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2012.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At March 31, 2012, the Authority was not aware of any such matters.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Low Rent Public Housing Program	14.850	$ 1,862,919
Capital Fund Program	14.872	956,838
Total Public Housing Program		2,819,757
Section 8 Tenant Based Programs		
Section 8 Housing Choice Voucher Program	14.871	1,182,048
Total Section 8 Tenant Based Programs		1,182,048
Total U. S. Department of Housing and Urban Development		4,001,805
Total Expenditures of Federal Awards		$ 4,001,805

This schedule is prepared on the accrual basis of accounting.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED MARCH 31, 2012

Annual Contributions Contract C-916

1. The total amount of modernization costs of the Capital Fund Program grant is shown below:

OH16P020501-09

Funds Approved	$ 1,083,311
Funds Expended	1,083,311
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 1,083,311
Funds Expended	1,083,311
Excess (Deficiency) of Funds Advanced	$ 0

2. All modernization work in connection with the Capital Fund Program has been completed.

3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.

4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2012

	Project Total	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$745,174	$94,589	$733,350	$1,573,113		$1,573,113
114 Cash - Tenant Security Deposits	$158,280			$158,280		$158,280
100 Total Cash	$903,454	$94,589	$733,350	$1,731,393		$1,731,393
122 Accounts Receivable - HUD Other Projects	$19,184			$19,184		$19,184
125 Accounts Receivable - Miscellaneous		$245	$1,890	$2,135		$2,135
126 Accounts Receivable - Tenants	$4,383			$4,383		$4,383
126.1 Allowance for Doubtful Accounts - Tenants	($1,080)			($1,080)		($1,080)
120 Total Receivables, Net of Allowances for Doubtful Accounts	$22,487	$245	$1,890	$24,622		$24,622
131 Investments - Unrestricted	$2,474,485	$788	$708,032	$3,183,305		$3,183,305
132 Investments - Restricted		$114,974		$114,974		$114,974
142 Prepaid Expenses and Other Assets	$92,863		$44,948	$137,811		$137,811
143 Inventories	$63,335			$63,335		$63,335
143.1 Allowance for Obsolete Inventories	($6,329)			($6,329)		($6,329)
150 Total Current Assets	$3,550,295	$210,596	$1,488,220	$5,249,111		$5,249,111
161 Land	$1,446,016			$1,446,016		$1,446,016
162 Buildings	$37,131,115			$37,131,115		$37,131,115
164 Furniture, Equipment & Machinery - Administration	$394,948	$22,802	$144,165	$561,915		$561,915
166 Accumulated Depreciation	($27,132,965)	($19,571)	($98,722)	($27,251,258)		($27,251,258)
167 Construction in Progress	$1,761,617			$1,761,617		$1,761,617
160 Total Capital Assets, Net of Accumulated Depreciation	$13,600,731	$3,231	$45,443	$13,649,405		$13,649,405
190 Total Assets	**$17,151,026**	**$213,827**	**$1,533,663**	**$18,898,516**		**$18,898,516**
312 Accounts Payable <= 90 Days	$61,600		$1,529	$63,129		$63,129
321 Accrued Wage/Payroll Taxes Payable	$33,103	$3,801	$12,984	$49,888		$49,888
322 Accrued Compensated Absences - Current Portion	$50,929	$3,107	$26,042	$80,078		$80,078
333 Accounts Payable - Other Government	$48,188			$48,188		$48,188
341 Tenant Security Deposits	$158,280			$158,280		$158,280
342 Deferred Revenues	$26,155			$26,155		$26,155
310 Total Current Liabilities	$378,255	$6,908	$40,555	$425,718		$425,718
354 Accrued Compensated Absences - Non Current	$62,247	$3,797	$31,829	$97,873		$97,873
350 Total Non-Current Liabilities	$62,247	$3,797	$31,829	$97,873		$97,873
300 Total Liabilities	$440,502	$10,705	$72,384	$523,591		$523,591
508.1 Invested In Capital Assets, Net of Related Debt	$13,600,731	$3,231	$45,443	$13,649,405		$13,649,405
511.1 Restricted Net Assets		$114,974		$114,974		$114,974
512.1 Unrestricted Net Assets	$3,109,793	$84,917	$1,415,836	$4,610,546		$4,610,546
513 Total Equity/Net Assets	$16,710,524	$203,122	$1,461,279	$18,374,925		$18,374,925
600 Total Liabilities and Equity/Net Assets	**$17,151,026**	**$213,827**	**$1,533,663**	**$18,898,516**		**$18,898,516**

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2012

	Project Total	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$1,537,046			$1,537,046		$1,537,046
70400 Tenant Revenue - Other	$19,774			$19,774		$19,774
70500 Total Tenant Revenue	$1,556,820	$0	$0	$1,556,820	$0	$1,556,820
70600 HUD PHA Operating Grants	$2,079,419	$1,182,048		$3,261,467		$3,261,467
70610 Capital Grants	$740,338			$740,338		$740,338
70710 Management Fee			$581,451	$581,451	($581,451)	$0
70720 Asset Management Fee			$85,870	$85,870	($85,870)	$0
70730 Book Keeping Fee			$73,558	$73,558	($73,558)	$0
70700 Total Fee Revenue			$740,879	$740,879	($740,879)	$0
71100 Investment Income - Unrestricted	$24,412	$52	$531	$24,995		$24,995
71500 Other Revenue	$33,923	$31		$33,954		$33,954
72000 Investment Income - Restricted		$44		$44		$44
70000 Total Revenue	$4,434,912	$1,182,175	$741,410	$6,358,497	($740,879)	$5,617,618
91100 Administrative Salaries	$206,617	$64,322	$250,413	$521,352		$521,352
91200 Auditing Fees	$4,492	$2,430	$3,708	$10,630		$10,630
91300 Management Fee	$561,897	$19,554		$581,451	($581,451)	$0
91310 Book-keeping Fee	$63,781	$9,777		$73,558	($73,558)	$0
91500 Employee Benefit contributions - Administrative	$94,321	$30,368	$72,210	$196,899		$196,899
91600 Office Expenses	$22,243	$8,020	$11,092	$41,355		$41,355
91700 Legal Expense		$1,000	$9,000	$10,000		$10,000
91800 Travel		$1,147		$1,147		$1,147
91900 Other	$17,635	$9,135	$62,571	$89,341		$89,341
91000 Total Operating - Administrative	$970,986	$145,753	$408,994	$1,525,733	($655,009)	$870,724
92000 Asset Management Fee	$85,870			$85,870	($85,870)	$0
92400 Tenant Services - Other	$16,950			$16,950		$16,950
92500 Total Tenant Services	$16,950	$0	$0	$16,950	$0	$16,950
93100 Water	$355,846			$355,846		$355,846
93200 Electricity	$368,801			$368,801		$368,801
93300 Gas	$52,667			$52,667		$52,667
93500 Labor	$21,413			$21,413		$21,413
93600 Sewer	$181,202			$181,202		$181,202
93000 Total Utilities	$979,929	$0	$0	$979,929	$0	$979,929
94100 Ordinary Maintenance and Operations - Labor	$368,403			$368,403		$368,403
94200 Ordinary Maintenance and Operations - Materials and Other	$285,348			$285,348		$285,348
94300 Ordinary Maintenance and Operations Contracts	$288,022			$288,022		$288,022
94500 Employee Benefit Contributions - Ordinary Maintenance	$142,559			$142,559		$142,559
94000 Total Maintenance	$1,084,332	$0	$0	$1,084,332	$0	$1,084,332
95200 Protective Services - Other Contract Costs	$107,744			$107,744		$107,744
95000 Total Protective Services	$107,744	$0	$0	$107,744	$0	$107,744
96110 Property Insurance	$48,035		$3,676	$51,711		$51,711
96120 Liability Insurance	$48,035	$2,033	$3,676	$53,744		$53,744
96130 Workmen's Compensation	$11,085	$445	$848	$12,378		$12,378
96140 All Other Insurance	$16,012	$698	$1,226	$17,936		$17,936
96100 Total insurance Premiums	$123,167	$3,176	$9,426	$135,769	$0	$135,769
96210 Compensated Absences	$36,515	$3,938	$15,331	$55,784		$55,784
96300 Payments in Lieu of Taxes	$48,188			$48,188		$48,188
96400 Bad debt - Tenant Rents	$11,600			$11,600		$11,600
96000 Total Other General Expenses	$96,303	$3,938	$15,331	$115,572	$0	$115,572
96900 Total Operating Expenses	$3,465,281	$152,867	$433,751	$4,051,899	($740,879)	$3,311,020
97000 Excess of Operating Revenue over Operating Expenses	$969,631	$1,029,308	$307,659	$2,306,598	$0	$2,306,598

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2012

	Project Total	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
97300 Housing Assistance Payments		$993,816		$993,816		$993,816
97400 Depreciation Expense	$1,241,706	$4,442	$14,393	$1,260,541		$1,260,541
90000 Total Expenses	$4,706,987	$1,151,125	$448,144	$6,306,256	($740,879)	$5,565,377
10010 Operating Transfer In	$108,989			$108,989		$108,989
10020 Operating transfer Out	($108,989)			($108,989)		($108,989)
10100 Total Other Financing Sources (Uses)	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($272,075)	$31,050	$293,266	$52,241	$0	$52,241
11030 Beginning Equity	$16,982,599	$172,072	$1,168,013	$18,322,684		$18,322,684
11170 Administrative Fee Equity		$88,148		$88,148		$88,148
11180 Housing Assistance Payments Equity		$114,974		$114,974		$114,974
11190 Unit Months Available	8616	3300		11916		11916
11210 Number of Unit Months Leased	8528	3259		11787		11787
11270 Excess Cash	$2,751,337			$2,751,337		$2,751,337
11620 Building Purchases	$740,338		$0	$740,338		$740,338

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

Board of Directors
Belmont Metropolitan Housing Authority
Martins Ferry, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited the financial statements of the Belmont Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2012, and have issued our report thereon dated August 29, 2012. 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.

Internal Control Over Financial Reporting

Management of the Belmont Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Belmont Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Belmont Metropolitan Housing Authority, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Belmont Metropolitan Housing Authority, Ohio's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Belmont Metropolitan Housing Authority, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Belmont Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

August 29, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 Belmont Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Belmont Metropolitan Housing Authority, Ohio's major federal programs for the year ended March 31, 2012. The Belmont Metropolitan Housing Authority, Ohio'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 the Belmont Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Belmont Metropolitan Housing Authority, Ohio'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; and 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 the Belmont Metropolitan Housing Authority, Ohio'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 of the Belmont Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the Belmont Metropolitan Housing Authority, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

Internal Control Over Compliance

Management of the Belmont Metropolitan Housing Authority, Ohio, 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 the Belmont Metropolitan Housing Authority, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Belmont Metropolitan Housing Authority, Ohio's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James G. Zupka, CPA, Inc.

James G. Zupka CPA, Inc.
Certified Public Accountants

August 29, 2012

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
MARCH 31, 2012

1. **SUMMARY OF AUDITOR'S RESULTS**

2012(i)	Type of Financial Statement Opinion	Unqualified
2012(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2012(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2012(v)	Type of Major Programs' Compliance Opinion	Unqualified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list): Housing Choice Voucher Program - CFDA #14.871	
2012(viii)	Dollar Threshold: Type A\B Programs	Type A: >$ 300,000 Type B: all others
2012(ix)	Low Risk Auditee?	Yes

2. **FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS
MARCH 31, 2012

The prior audit report, as of March 31, 2011, had no audit findings or management letter recommendations.

Dave Yost • Auditor of State

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
NOVEMBER 8, 2012

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