BELMONT METROPOLITAN
HOUSING AUTHORITY
BELMONT COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED MARCH 31, 2013

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

Dave Yost • Auditor of State

Board of Commissioners
Belmont Metropolitan Housing Authority
100 S 3rd St.
Martins Ferry, OH 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, 2012 through March 31, 2013. 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
Auditor of State

October 14, 2013

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BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Belmont Metropolitan Housing Authority, Belmont County, Ohio as of and for the fiscal year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Belmont Metropolitan Housing Authority, Ohio, as of March 31, 2013, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 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 the 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.

Other Information

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. The Statement of Modernization Costs - Completed and the Financial Data Schedules are presented for purposes of additional analysis and not a part of the basic financial statements. The 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 basic financial statements.

The Statement of Modernization Cost - Completed, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2013, 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 an compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Belmont Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

August 30, 2013

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

- The Authority's Net Position, defined as Assets and Deferred Outflows of Resources net of Liabilities and Deferred inflows of Resources, was $18.4 million for fiscal 2012 and $17.8 million for fiscal 2013. The Authority-wide financial statements reflect a $0.5 million decrease in total Net Position.

- Total revenue, Authority-wide, decreased by $0.5 million (9 percent) during fiscal 2013, and was $5.6 million and $5.1 million for fiscal 2012 and fiscal 2013 respectively.

- Total expenses, Authority-wide, increased by $0.1 million (2 percent) during fiscal 2013, and were $5.5 million for fiscal 2012 and $5.6 million for fiscal 2013.

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 Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets plus Deferred Outflows of Resources, minus liabilities plus Deferred Inflows of Resources, equals Net Position, 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 Position, the Unrestricted Net Position, is designed to represent the net available liquid (non-capital) assets plus Deferred Outflows of Resources, net of liabilities plus Deferred Inflows of Resources, of the Authority. Net position (formerly equity) are reported in three broad categories:

Net Position, Investment in Capital Assets,: This component of Net Position 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 Position: This component of Net Position 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 Position: This component consists of Net Position that does not meet the definition of Net Position Investment in Capital Assets, or Restricted Net Position. 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 Position (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 Position is the Change in Net Position, 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-WIDE STATEMENTS

Statement of Net Position

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

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

	2013	2012
Assets		
Current and Other Assets	$ 5.3	$ 5.2
Capital Assets	13.1	13.7
Total Assets	$ 18.4	$ 18.9
Liabilities		
Current Liabilities	$ .5	$ .4
Long-Term Liabilities	.1	.1
Total Liabilities	.6	.5
Net Position		
Investment in Capital Assets	13.1	13.7
Restricted	.1	.1
Unrestricted	4.6	4.6
Total Net Position	17.8	18.4
Total Liabilities and Net Position	$ 18.4	$ 18.9

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets and current liabilities each increased by $0.1 million. This reflects an increase in cash and investments, and payables.

Capital assets decreased, being $13.7 million at the end of fiscal 2012 and $13.1 million at the end of fiscal 2013. Additions were about $0.7 million, minus depreciation of about $1.3 million. The additions were primarily related to capital grant funds provided by HUD.

The unrestricted net position account, which resembles net working capital, remained stable at $4.6 million at the end of fiscal 2012 and 2013. Although the Authority had a $0.5 million Net Loss (see Table 2), it was in the category of Capital Assets (related to depreciation, a noncash expense) and not Unrestricted Net Position. The Authority's expenses exceeded revenue by $0.5 million, but this amount included non-cash expenses (depreciation) of $1.3 million (added back to determine net cash flow) and Capital Grant funding of $0.8 million (deducted because the related expenses are capitalized). Therefore net cash flow, after the items above are added back and deducted, was about a break even. This is an accomplishment considering the current funding situation for Housing Agencies. The breakeven situation caused Unrestricted Net Position to remain stable.

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 Position
(in the millions of dollars)

	2013	2012
Revenues		
Tenant Revenue - Rents and Other	$ 1.6	$ 1.6
Operating Subsidies and Grants	2.7	3.2
Capital Grants	0.7	0.7
Investment and Other Income	0.1	0.1
Total Revenues	5.1	5.6
Expenses		
Administrative	0.9	0.9
Utilities	1.0	1.0
Maintenance and Protective Services	1.2	1.1
General	.2	.3
Housing Assistance Payments	1.0	1.0
Depreciation	1.3	1.2
Total Expenses	5.6	5.5
Net Increases (Decreases)	$ (0.5)	$ 0.1

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

Tenant Revenue and Capital Grants remained stable in Fiscal 2013. However, Operating Subsidies and Grants decreased primarily due to funding cuts from the Department of Housing and Urban Development, including a calendar year 2012 Allocation Adjustment (recapture) of Operating Reserves.

Expenses were relatively stable in Fiscal 2013, with slight increases in Maintenance and Depreciation and a slight decrease in General Expenses.

The Authority's expenses exceeded revenue by $0.5 million, but this amount included non-cash expenses (depreciation) of $1.3 million (added back to determine net cash flow) and Capital Grant funding of $0.8 million (deducted because the related expenses are capitalized). Therefore net cash flow, after the items above are added back and deducted, was about a break even. As stated earlier, this is an accomplishment considering the current funding situation for Housing Agencies.

CAPITAL ASSETS

As of fiscal year end, the Authority had $13,122,959 million invested in a variety of capital assets as reflected in the following schedule.

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

	2013	2012
Land and Land Rights	$ 1,446,016	$ 1,446,016
Buildings	38,822,922	37,131,115
Equipment - Administrative	566,615	561,915
Construction in Progress	834,016	1,761,617
Accumulated Depreciation	(28,546,610)	(27,251,258)
Total	$13,122,959	$13,649,405

The following reconciliation summarizes the changes in Capital Assets.

Table 4 - Change in Capital Assets

Beginning Balance, April 1, 2012	$13,649,405
Additions from Capital Grants	768,905
Less: Current Year Depreciation	(1,295,351)
Ending Balance at March 31, 2013	$13,122,959

This year's major additions are:

Business-type Activities	
Capital Improvements completed through the Authority's Capital Fund Program Grant on variety of the Authority's complexes	$ 768,905
Total	$ 768,905

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 of the U.S. 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

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.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF NET POSITION
MARCH 31, 2013

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,612,664
Investments - Unrestricted	3,205,504
Cash - Restricted	237,177
Receivables, Net	27,244
Inventory	51,931
Prepaid Expenses	134,107
Total Current Assets	5,268,627
Noncurrent Assets	
Non-depreciable Capital Assets	2,280,032
Depreciable Capital Assets, Net of Depreciation	10,842,927
Total Noncurrent Assets	13,122,959
TOTAL ASSETS	$ 18,391,586
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts Payable	$ 27,927
Accrued Wages/Payroll Taxes	130,990
Accrued Compensated Absences	77,670
Tenant Security Deposits	163,399
Intergovernmental Payables	48,184
Prepaid Rents	14,689
Total Current Liabilities	462,859
Noncurrent Liabilities	
Accrued Compensated Absences, Non-Current	94,928
Total Noncurrent Liabilities	94,928
Total Liabilities	557,787
NET POSITION	
Investment in Capital Assets	13,122,959
Unrestricted	4,637,062
Restricted	73,778
Total Net Position	17,833,799
TOTAL LIABILITIES AND NET POSITION	$ 18,391,586

See accompanying notes to the basic financial statements.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

Operating Revenues	
Government Operating Grants	$ 2,708,569
Tenant Revenue	1,564,623
Other Revenue	35,166
Total Operating Revenues	4,308,358
Operating Expenses	
Administrative	880,727
Tenant Services	17,300
Utilities	990,804
Maintenance	1,092,992
Protective Services	119,510
General	246,494
Housing Assistance Payments	998,571
Total Operating Expenses before Depreciation	4,346,398
(Loss) before Depreciation	(38,040)
Depreciation	1,295,351
Operating (Loss)	(1,333,391)
Non-Operating Revenues	
Interest and Investment Income	23,362
Total Non-Operating Revenues	23,362
(Loss) Before Capital Grants	(1,310,029)
Capital Grants	768,903
Change in Net Position	(541,126)
Total Net Position at Beginning of Year	18,374,925
Total Net Position at End of Year	$ 17,833,799

See accompanying notes to the basic financial statements.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

Cash Flows from Operating Activities	
Cash Received from Government Grants	$ 2,704,656
Cash Received from Tenants	1,559,318
Cash Payments for Housing Assistance	(998,571)
Cash Payments for Administrative Expenses	(804,978)
Cash Payments for Other Operating Expenses	(2,493,523)
Cash Received - Other	35,411
Net Cash Provided by Operating Activities	2,313
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(786,905)
Capital Grants Received	786,903
Net Cash (used for) by Capital and Other Related Financing Activities	(2)
Cash Flows from Investing Activities	
Interest and Investment Income Received	23,362
Investment Maturities	251,055
Net Cash Provided from Investing Activities	274,417
Net Increase in Cash and Cash Equivalents	276,728
Cash and Cash Equivalents at Beginning of Year	1,573,113
Cash and Cash Equivalents at End of Period	$ 1,849,841
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (1,333,391)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation	1,295,351
(Increase) Decrease in:	
Accounts Receivable - HUD	(3,909)
Accounts Receivable - Other	1,287
Prepaid Expenses	3,704
Inventory	5,075
Increase (Decrease) in:	
Accounts Payable	(35,202)
Accrued Compensated Absences	(5,353)
Tenants' Security Deposits	5,119
Accrued Wages and Payroll Taxes	81,102
Prepaid Rents/Intergovernmental	(11,470)
Net Cash Provided by Operating Activities	$ 2,313

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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 more significant of the Authority's accounting policies are described below.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

The Authority has implemented GASB Statement No. 34, noting that the inclusion of Management's Discussion and Analysis, the presentation of net position, 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 Position, a Statement of Revenue, Expenses, and Changes in Net Position, 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 position, 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 deferred inflows of resources and all liabilities and deferred outflows of resources associated with the operation of the Authority are included on the statement of net position. The Statement of Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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 Statement No. 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 Statement No. 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 position, 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 accounts payable or prepaids 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. Cash held by fiscal agent is cash advanced to TPA of the healthcare plan to pay claims.

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, 2013 totaled $23,362.

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 $156 at March 31, 2013.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond March 31, 2013, 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 $5,770 at March 31, 2013.

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 03/31/2012	Increases	Decreases	Balance 03/31/2013	Due Within One Year
Compensated Absences	$ 177,951	$ 58,922	$ 64,275	$ 172,598	$ 77,670

Net Position
Net position represents the difference between assets and liabilities. Net position investment in capital assets 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 position is 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, 2013, the carrying amount of the Authority's deposits totaled $3,072,401 (including $1,496,569 non-negotiable CDs, $48,693 cash held by fiscal agent and $300 petty cash) and its bank balance was $3,180,368. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2013, $1,145,910 was exposed to custodial risk as discussed below, while $2,034,458 was covered by the Federal Depository Insurance Corporation for each depository.

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 $1,982,944 at March 31, 2013 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	$ 1,982,944	AAAm*

* Rating offered by Standards and Poor's

A reconciliation of cash and investments as shown on the Statement of Net Position at March 31, 2013 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	$ 1,612,664
Investments - Unrestricted	3,205,504
Investments - Restricted	237,177
Total	$ 5,055,345

Carrying Amount of Deposits	$ 3,072,401
Carrying Amount of Investments	1,982,944
Total	$ 5,055,345

NOTE 3: CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 04/01/2012	Additions	Transfers/ Disposals	Balance 03/31/2013
Capital Assets Not Being Depreciated				
Land	$ 1,446,016	$ 0	$ 0	$ 1,446,016
Construction-in-Progress	1,761,617	768,905	(1,696,506)	834,016
Total Capital Assets Not Being Depreciated	3,207,633	768,905	(1,696,506)	2,280,032
Capital Assets Being Depreciated				
Buildings and Improvements	37,131,116	0	1,691,806	38,822,922
Furniture, Equipment, and Machinery	561,915	0	4,700	566,615
Total Capital Assets Being Depreciated	37,693,031	0	1,696,506	39,389,537
Accumulated Depreciation				
Buildings and Improvements	(26,871,809)	(1,236,692)	0	(28,108,501)
Furniture, Equipment, and Machinery	(379,450)	(58,659)	0	(438,109)
Total Accumulated Depreciation	(27,251,259)	(1,295,351)	0	(28,546,610)
Depreciable Assets, Net	10,441,772	(1,295,351)	1,696,506	10,842,927
Total Capital Assets, Net	$13,649,405	$ (526,446)	$ 0	$13,122,959

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.

The Authority provides health care benefits to its employees via participation in a partially self-funded healthcare pool, OME-RESA Health Benefits Program. The Authority makes monthly payments to the Plan Administrator for claims paid by the plan in the previous month. No liability was accrued for the immaterial amount of unpaid claims at year-end.

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 2012 and 2013, member and employer contribution rates were consistent across all three plans. The 2012 and 2013 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, 2013, 2012 and 2011 were $133,548, $143,040 and $145,909, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through March 31, 2013.

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 2013, 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 and Combined Plan was 5.5 percent for Belmont Metropolitan Housing Authority's period ended December, 2012. The percentage changed to 1.0 percent effective January 1, 2013.

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, 2013, 2012, and 2011 which were used to fund post-employment benefits were $30,562, $39,543, and $48,531, 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, 2013, 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: ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD.

NOTE 10: RESTRICTED NET POSITION

For the fiscal year ended March 31, 2013, the Authority had $73,778 in its HAP reserve for the Section 8 program.

NOTE 11: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

For 2013, the Authority has implemented GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Authority.

GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows or resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 changed the presentation of the Authority's financial statements to incorporate the concept of net position.

NOTE 11: **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS** (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources and deferred inflows of resources,* such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the Authority.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

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	$ 1,435,205
Capital Fund Program	14.872	942,903
Total Public Housing Program		2,378,108
Section 8 Tenant Based Programs		
Section 8 Housing Choice Voucher Program	14.871	1,099,364
Total Section 8 Tenant Based Programs		1,099,364
Total U. S. Department of Housing and Urban Development		3,477,472
Total Expenditures of Federal Awards		$ 3,477,472

This schedule is prepared on the accrual basis of accounting.

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

Annual Contributions Contract C-916

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

OH16P020501-10

Funds Approved	$ 1,075,116
Funds Expended	1,075,116
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 1,075,116
Funds Expended	1,075,116
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, 2013

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	449,199	81,639	1,081,826	1,612,664		1,612,664
113 Cash - Other Restricted		73,778		73,778		73,778
114 Cash - Tenant Security Deposits	163,399			163,399		163,399
115 Cash - Restricted for Payment of Current Liabilities				-		-
100 Total Cash	612,598	155,417	1,081,826	1,849,841	-	1,849,841
122 Accounts Receivable - HUD Other Projects	23,093			23,093		23,093
125 Accounts Receivable - Miscellaneous			1,890	1,890		1,890
126 Accounts Receivable - Tenants	2,417			2,417		2,417
126.1 Allowance for Doubtful Accounts -Tenants	-156			-156		-156
120 Total Receivables, Net of Allowances for Doubtful Accounts	25,354	-	1,890	27,244	-	27,244
131 Investments - Unrestricted	2,496,986		708,518	3,205,504		3,205,504
142 Prepaid Expenses and Other Assets	97,950		36,157	134,107		134,107
143 Inventories	57,701			57,701		57,701
143.1 Allowance for Obsolete Inventories	-5,770			-5,770		-5,770
150 Total Current Assets	3,284,819	155,417	1,828,391	5,268,627	-	5,268,627
161 Land	1,446,016			1,446,016		1,446,016
162 Buildings	38,822,922			38,822,922		38,822,922
164 Furniture, Equipment & Machinery - Administration	399,648	22,802	144,165	566,615		566,615
166 Accumulated Depreciation	-28,412,327	-21,970	-112,313	-28,546,610		-28,546,610
167 Construction in Progress	834,016			834,016		834,016
160 Total Capital Assets, Net of Accumulated Depreciation	13,090,275	832	31,852	13,122,959	-	13,122,959
180 Total Non-Current Assets	13,090,275	832	31,852	13,122,959	-	13,122,959
190 Total Assets	16,375,094	156,249	1,860,243	18,391,586	-	18,391,586
311 Bank Overdraft				-		-
312 Accounts Payable <= 90 Days	25,748		2,179	27,927		27,927
313 Accounts Payable >90 Days Past Due				-		-
321 Accrued Wage/Payroll Taxes Payable	66,395	4,097	12,746	83,238		83,238
322 Accrued Compensated Absences - Current Portion	56,542	3,283	17,845	77,670		77,670
333 Accounts Payable - Other Government	48,184			48,184		48,184
341 Tenant Security Deposits	163,399			163,399		163,399
342 Deferred Revenues	14,689			14,689		14,689
346 Accrued Liabilities - Other	47,752			47,752		47,752
310 Total Current Liabilities	422,709	7,380	32,770	462,859	-	462,859
354 Accrued Compensated Absences - Non Current	69,105	4,012	21,811	94,928		94,928
350 Total Non-Current Liabilities	69,105	4,012	21,811	94,928	-	94,928
300 Total Liabilities	491,814	11,392	54,581	557,787	-	557,787
508.1 Invested In Capital Assets, Net of Related Debt	13,090,275	832	31,852	13,122,959		13,122,959
511.1 Restricted Net Assets		73,778		73,778		73,778
512.1 Unrestricted Net Assets	2,793,005	70,247	1,773,810	4,637,062		4,637,062
513 Total Equity/Net Assets	15,883,280	144,857	1,805,662	17,833,799	-	17,833,799
600 Total Liabilities and Equity/Net Assets	16,375,094	156,249	1,860,243	18,391,586	-	18,391,586

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	1,542,101			1,542,101		1,542,101
70400 Tenant Revenue - Other	22,522			22,522		22,522
70500 Total Tenant Revenue	1,564,623	-	-	1,564,623	-	1,564,623
70600 HUD PHA Operating Grants	1,609,205	1,099,364		2,708,569		2,708,569
70610 Capital Grants	768,903			768,903		768,903
70710 Management Fee			642,384	642,384	-642,384	-
70720 Asset Management Fee			86,060	86,060	-86,060	-
70730 Book Keeping Fee			73,624	73,624	-73,624	-
70700 Total Fee Revenue	-	-	802,068	802,068	-802,068	-
71100 Investment Income - Unrestricted	22,876		486	23,362		23,362
71500 Other Revenue	35,157		9	35,166		35,166
70000 Total Revenue	4,000,764	1,099,364	802,563	5,902,691	-802,068	5,100,623
91100 Administrative Salaries	198,213	63,915	241,347	503,475		503,475
91200 Auditing Fees	6,430	3,445	4,410	14,285		14,285
91300 Management Fee	622,908	19,476		642,384	-642,384	-
91310 Book-keeping Fee	63,886	9,738		73,624	-73,624	-
91500 Employee Benefit contributions - Administrative	102,674	35,471	87,166	225,311		225,311
91600 Office Expenses	22,387	8,006	13,953	44,346		44,346
91700 Legal Expense		1,000	9,000	10,000		10,000
91800 Travel		673		673		673
91900 Other	15,222	8,259	59,156	82,637		82,637
91000 Total Operating - Administrative	1,031,720	149,983	415,032	1,596,735	-716,008	880,727
92000 Asset Management Fee	86,060			86,060	-86,060	-
92400 Tenant Services - Other	17,300			17,300		17,300
92500 Total Tenant Services	17,300	-	-	17,300	-	17,300
93100 Water	320,634			320,634		320,634
93200 Electricity	404,621			404,621		404,621
93300 Gas	53,772			53,772		53,772
93500 Labor	23,686			23,686		23,686
93600 Sewer	188,091			188,091		188,091
93000 Total Utilities	990,804	-	-	990,804	-	990,804
94100 Ordinary Maintenance and Operations - Labor	368,601			368,601		368,601
94200 Ordinary Maintenance and Operations - Materials and Other	288,862			288,862		288,862
94300 Ordinary Maintenance and Operations Contracts	282,694			282,694		282,694
94500 Employee Benefit Contributions - Ordinary Maintenance	139,131			139,131		139,131
94000 Total Maintenance	1,079,288	-	-	1,079,288	-	1,079,288
95200 Protective Services - Other Contract Costs	119,510			119,510		119,510
95000 Total Protective Services	119,510	-	-	119,510	-	119,510
96110 Property Insurance	46,682		3,804	50,486		50,486
96120 Liability Insurance	46,682	1,768	3,804	52,254		52,254
96130 Workmen's Compensation	10,772	387	877	12,036		12,036
96140 All Other Insurance	15,560	608	1,269	17,437		17,437
96100 Total insurance Premiums	119,696	2,763	9,754	132,213	-	132,213

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

	Project Total	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
96200 Other General Expenses				-		-
96210 Compensated Absences	36,153	3,913	14,776	54,842		54,842
96300 Payments in Lieu of Taxes	48,184			48,184		48,184
96400 Bad debt - Tenant Rents	11,255			11,255		11,255
96000 Total Other General Expenses	95,592	3,913	14,776	114,281	-	114,281
96900 Total Operating Expenses	3,539,970	156,659	439,562	4,136,191	-802,068	3,334,123
97000 Excess of Operating Revenue over Operating Expenses	460,794	942,705	363,001	1,766,500	-	1,766,500
97100 Extraordinary Maintenance	8,676		5,028	13,704		13,704
97300 Housing Assistance Payments		998,571		998,571		998,571
97400 Depreciation Expense	1,279,362	2,399	13,590	1,295,351		1,295,351
90000 Total Expenses	4,828,008	1,157,629	458,180	6,443,817	-802,068	5,641,749
10091 Inter Project Excess Cash Transfer In	150,000			150,000	-150,000	-
10092 Inter Project Excess Cash Transfer Out	-150,000			-150,000	150,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-827,244	-58,265	344,383	-541,126	-	-541,126
11030 Beginning Equity	16,710,524	203,122	1,461,279	18,374,925		18,374,925
11170 Administrative Fee Equity		71,079		71,079		71,079
11180 Housing Assistance Payments Equity		73,778		73,778		73,778
11190 Unit Months Available	8,606	3,300		11,906		11,906
11210 Number of Unit Months Leased	8,520	3,247		11,767		11,767
11270 Excess Cash	2,431,733			2,431,733		2,431,733
11620 Building Purchases	768,903		-	768,903		768,903

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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
Martins Ferry, Ohio

Regional Inspector General for Audit
Department of Housing and Urban Development

We have audited, in accordance with the 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, the financial statements of the Belmont Metropolitan Housing Authority, Ohio, as of and for the fiscal year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Belmont Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated August 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Belmont Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Belmont Metropolitan Housing Authority, Ohio's internal control.

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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Belmont Metropolitan Housing Authority, Ohio's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

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

August 30, 2013

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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

Report on Compliance for Each Major Federal Program

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 the Belmont Metropolitan Housing Authority, Ohio's major federal program for the fiscal year ended March 31, 2013. Belmont Metropolitan Housing Authority, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Belmont Metropolitan Housing Authority, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Belmont Metropolitan Housing Authority, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the Belmont Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the fiscal year ended March 31, 2013.

Report on Internal Control Over Compliance

The management of the Belmont Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Belmont Metropolitan Housing Authority Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

James G. Zupka CPA, Inc.
Certified Public Accountants

August 30, 2013

BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
MARCH 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2013(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510?	No
2013(vii)	Major Programs (list): Capital Fund Program - CFDA #14.872	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: >$ 300,000 Type B: all others
2013(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.

STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS
MARCH 31, 2013

The prior audit report, as of March 31, 2012, had no audit findings or management letter recommendations.

BELMONT COUNTY MHA

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 7, 2013