

**BELMONT METROPOLITAN
HOUSING AUTHORITY
BELMONT COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

For the Year Ended March 31, 2017



Dave Yost • Auditor of State

Board of Directors
Belmont Metropolitan Housing Authority
PO Box 398
Martins Ferry, OH 43935-1457

We have reviewed the *Independent Auditor's Report* of the Belmont Metropolitan Housing Authority, Belmont County, prepared by JC & Company, for the audit period April 1, 2016 through March 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 19, 2017

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**BELMONT METROPOLITAN HOUSING AUTHORITY
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Jeanette R. Addington, MBA, CPA, CGFM ▪ Brian D. Long, CPA, PFS, CFF ▪ Keith A. Lewis, CPA

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 business-type activities of the Belmont Metropolitan Housing Authority, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which comprise Belmont Metropolitan Housing 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 entity'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 entity'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 financial position of the business-type activities of the Belmont Metropolitan Housing Authority, as of March 31, 2017, and the changes in financial position and cash flows 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 3-8 and schedules of net pension liabilities and pension contributions on pages 25-26 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Belmont Metropolitan Housing Authority's basic financial statements. The statement of modernization cost-completed and the financial data schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is represented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The statement of modernization cost-completed, the financial data schedule, 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 schedule, 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 September 15, 2017, on our consideration of Belmont Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of 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* in considering the Belmont Metropolitan Housing Authority's internal control over financial reporting and compliance.



JC & Company
Lancaster, Ohio
September 15, 2017

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2017**

Unaudited

It is a privilege to present for you the financial condition of Belmont Metropolitan Housing Authority, as described in this "Management's Discussion and Analysis" (MD&A). The Belmont Metropolitan Housing Authority's ("the Authority") MD&A 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, net of Liabilities and deferred Inflows, was \$16.2 million and \$16.5 million for 2017 and 2016, respectively.
- The Authority-wide financial statements reflect a \$0.3 million decrease in total Net Position. This decrease in Net Position was due to a loss from the statement of activities of \$0.2 million that was primarily caused by depreciation – a noncash expense. Once depreciation and other noncash items are considered, the Authority experienced a \$0.4 increase in net cash flow.
- Total Revenue, Authority-wide, decreased by \$0.3 million (5%) during fiscal 2017, and was \$6.0 million and \$5.7 million for fiscal 2017 and 2016, respectively.
- Total Expenses, Authority-wide, increased by \$0.2 million (3%) during fiscal 2017, and were \$6.0 million and \$5.8 million for fiscal 2017 and 2016, respectively.

USING THIS ANNUAL REPORT

The following chart outlines the format of this report:

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

BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2017

Unaudited

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, minus liabilities, minus deferred inflows, equals “Net Position”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

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

Net Position, Invested 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, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of Net Position Invested in Capital Assets, or Restricted Net Position.

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 includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists exclusively of 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.

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

Business Type Funds:

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

Capital Fund Programs - This is the current primary funding source for the Authority's 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.

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2017**

Unaudited

Central Office Cost Center (COCC) – The Authority owns and operates more than 250 dwelling rental units 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 subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

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

**TABLE 1
STATEMENT OF NET POSITION**

	Fiscal 2017 (in millions of dollars)	Fiscal 2016 (in millions of dollars)
Current and Other Assets	\$ 6.7	\$ 6.3
Capital Assets	11.2	11.8
Total Assets	17.9	18.1
Deferred Outflows of Resources	0.7	0.4
Total Assets and Deferred Outflows of Resources	18.6	18.5
Current Liabilities	0.4	0.5
Long-Term Liabilities	1.9	1.4
Total Liabilities	2.3	1.9
Deferred Inflows of Resources	0.1	0.1
Total Liabilities and Deferred Inflows of Resources	2.4	2.0
Net Position:		
Invested in Capital Assets	11.2	11.8
Restricted	-	-
Unrestricted	5.0	4.7
Total Net Position	\$ 16.2	\$ 16.5

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets increased by \$0.4 million. This reflects the positive net operating results of the Authority during fiscal 2017.

Capital assets decreased by \$0.6, being \$11.2 million and \$11.8 million in 2017 to 2016, respectively. Additions were about \$0.7 million, minus depreciation of about \$1.3 million. The additions were primarily in the category of building improvements funded with capital grants provided by HUD.

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2017**

Unaudited

Deferred Outflows and Deferred Inflows reflect items related to the Authority's defined benefit pension plan, OPERS, to account for changes in expense that under GASB 68 should not be recognized in the current period, but should be spread out over three to five years.

Current liabilities decreased slightly due to the payment of bills due.

Long-term Liabilities increased by \$0.5 million due to increases in unfunded Net Pension Liabilities.

The Unrestricted Net Position account increased from \$4.7 million at the end of fiscal 2016 to \$5.0 million at the end of fiscal 2017. The Authority's expenses exceeded revenue by \$0.3 million, resulting in a loss, but this amount included depreciation expense – a noncash expense – of \$1.3 million which is added back to determine net cash flow. In addition, the Authority earned Capital Grant hard cost funding of \$0.6 million which is deducted because the related expenses are capitalized. Therefore, net cash flow, after the items above are added back and deducted, was approximately \$0.4 million, which is the primary cause for the increase in Unrestricted Net Position.

TABLE 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	Fiscal 2017 (in millions of dollars)	Fiscal 2016 (in millions of dollars)
Revenues		
Tenant Revenue - Rents and Other	\$ 1.6	\$ 1.7
Operating Subsidies and Grants	3.4	3.4
Capital Grants	0.6	0.9
Investment Income/Other Revenue	0.1	0.0
Total Revenue	5.7	6.0
Expenses		
Administrative	0.9	0.8
Utilities	1.1	1.1
Maintenance	1.3	1.3
General and Other	0.3	0.2
Housing Assistance Payments	1.1	1.1
Depreciation	1.3	1.3
Total Expenses	\$ 6.0	\$ 5.8
Net Increase (Decrease)	\$ (0.3)	\$ 0.2

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

Tenant revenue experienced a slight decrease in fiscal 2017. The Authority's occupancy at its properties remained very strong, but average rent payments decreased slightly due to the HUD-prescribed family-income-based formula. Capital Grants decreased slightly.

Expenses were relatively stable in fiscal 2017, with very slight increases in some categories.

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2017**

Unaudited

The Authority's expenses exceeded revenue by \$0.3 million, but after the adjustments for non-cash items (depreciation) and the Capital Grant funding, the effect on the Changes in Net Position was positive at approximately \$0.4 million increase. We feel this is an accomplishment considering the current funding situation for housing agencies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end, the Authority had \$11.2 million invested in a variety of capital assets as reflected in the following schedule.

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

	2017	2016
Land and Land Rights	\$ 1,446,016	\$ 1,446,016
Buildings	41,967,388	41,645,990
Leasehold Improvements	208,408	208,408
Equipment - Administrative	676,877	573,516
Accumulated Depreciation	(33,489,891)	(32,222,097)
Construction in Progress	401,330	139,355
TOTAL	\$ 11,210,128	\$ 11,791,188

The following reconciliation summarizes the changes in Capital Assets.

**TABLE 4
CHANGES IN CAPITAL ASSETS**

Beginning Balance, April 1, 2016	\$ 11,791,188
Additions from Capital Grants	610,182
Additions from COCC funds and other	94,290
Less: Current Year Depreciation	1,285,532
Ending Balance, March 31, 2017	\$ 11,210,128

This year's major additions are:
Business-Type Activities

Capital improvements completed through the Authority's Capital Fund Program Grant on a variety of the Authority's complexes	\$ 610,182
Vehicle purchases and other miscellaneous equipment items	94,290
Total additions	\$ 704,472

Debt Administration

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

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2017**

Unaudited

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

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

Respectfully submitted,

Jody Geese

Jody Geese
Executive Director

BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
March 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	4,681,224
Cash and cash equivalents - restricted		170,588
Receivables - net of allowance		10,976
Investments		1,571,780
Inventories - net of allowance		57,768
Prepaid expenses and other assets		156,471
TOTAL CURRENT ASSETS		<u>6,648,807</u>

CAPITAL ASSETS

Land and construction in progress		1,847,346
Other capital assets - net		9,362,782
TOTAL CAPITAL ASSETS, NET		<u>11,210,128</u>
TOTAL ASSETS		<u>17,858,935</u>

DEFERRED OUTFLOW OF RESOURCES

		704,737
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		<u>18,563,672</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable		15,893
Accounts payable - other government		44,341
Accrued wages and payroll taxes		30,251
Accrued compensated absences - current		70,423
Accrued liabilities - other		46,480
Tenant security deposits		165,286
Unearned revenue		29,052
TOTAL CURRENT LIABILITIES		<u>401,726</u>

NONCURRENT LIABILITIES

Accrued compensated absences - noncurrent		86,074
Accrued pension and OPEB liabilities		1,817,346
TOTAL NONCURRENT LIABILITIES		<u>1,903,420</u>
TOTAL LIABILITIES		<u>2,305,146</u>

DEFERRED INFLOW OF RESOURCES

		49,334
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		<u>2,354,480</u>

NET POSITION

Net investment in capital assets		11,210,128
Restricted		5,302
Unrestricted		4,993,762
TOTAL NET POSITION	\$	<u><u>16,209,192</u></u>

See accompanying notes to the basic financial statements

BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year Ended March 31, 2017

OPERATING REVENUES	
Tenant revenue	\$ 1,586,981
HUD operating grants	3,432,306
Other operating revenues	<u>43,153</u>
TOTAL OPERATING REVENUES	5,062,440
 OPERATING EXPENSES	
Administrative	926,956
Tenant services	16,650
Utilities	1,139,930
Maintenance	1,217,691
Protection services	104,035
Insurance	120,613
General expenses	116,470
Housing assistance payments	1,085,620
Depreciation	<u>1,285,532</u>
TOTAL OPERATING EXPENSES	<u>6,013,497</u>
OPERATING LOSS	(951,057)
 NON-OPERATING REVENUE	
Interest income	17,265
HUD capital grants	<u>610,182</u>
TOTAL NON-OPERATING REVENUE	<u>627,447</u>
CHANGE IN NET POSITION	(323,610)
NET POSITION BEGINNING OF YEAR	<u>16,532,802</u>
NET POSITION END OF YEAR	<u><u>\$ 16,209,192</u></u>

See accompanying notes to the basic financial statements

BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended March 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tenants	\$	1,569,203
Cash received from HUD		3,461,126
Cash received from other revenue		42,740
Cash payments for housing assistance payments		(1,085,620)
Cash payments for other operating expenses		(3,529,427)
Cash payments to HUD and other governments		(57,854)
NET CASH PROVIDED BY OPERATING ACTIVITIES		400,168

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Capital grants received		610,182
Acquisition of capital assets		(704,472)
NET CASH (USED) BY CAPITAL AND FINANCING ACTIVITIES		(94,290)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment purchases		(15,635)
Investment sales		1,162,816
Investment income		17,265
NET CASH PROVIDED BY INVESTING ACTIVITIES		1,164,446

CHANGE IN CASH AND CASH EQUIVALENTS 1,470,324

CASH AND CASH EQUIVALENTS, BEGINNING 3,381,488

CASH AND CASH EQUIVALENTS, ENDING \$ 4,851,812

RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating (loss)	\$	(951,057)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		1,285,532
(Increase) decrease in:		
Receivables - net of allowance		26,594
Inventories - net of allowance		(12,603)
Prepaid expenses and other assets		(15,727)
Deferred outflow of resources		(294,510)
Increase (decrease) in:		
Accounts payable		(24,099)
Accounts payable - other government		(13,513)
Accrued wages and payroll taxes		(33,594)
Accrued compensated absences		(34,640)
Accrued liabilities - other		(58,156)
Tenant security deposits		(6,141)
Unearned revenue		6,602
Accrued pension and OPEB liabilities		548,803
Deferred inflow of resources		(23,323)

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 400,168

See accompanying notes to the basic financial statements

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

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.

The Authority has implemented GASB 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.

The Authority has also implemented GASB 68, requiring State and Local governments to report unfunded pension liabilities related to defined pension plans.

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 provision of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the Authority is 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 the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. 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.

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows 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.

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% 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 rental 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 Assistance 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% of household income.

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

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

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 unearned 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 ended March 30, 2017 totaled \$17,265.

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 \$5164 at March 31, 2017.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond March 31, 2017, 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 average cost and uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charges as expenditures when used. The allowance for obsolete inventory was \$6,418 at March 31, 2017.

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:

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets – Continued

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
Autos 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.

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

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

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

	Balance 3/31/2016	Increases	Decreases	Balance 3/31/17	Due within one year
Compensated Absences Payable	\$ 191,137	\$ 91,248	\$ (125,888)	\$ 156,497	\$ 70,423

Unearned Revenue

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

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 grants 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.

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Grants

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 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

The following is a summary of changes in the net pension liability:

	Balance 3/31/2016	Increases	Decreases	Balance 3/31/17	Due within one year
Net Pension Liability	\$ 1,268,543	\$ 548,803	\$ -	\$ 1,817,346	\$ -

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 5.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 5)

2. CASH AND INVESTMENTS

Deposits

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

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

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.

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

2. CASH AND INVESTMENTS - CONTINUED

Deposits - Continued

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

Protection of 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, 2017, the carrying amount of the Authority's deposits totaled \$5,929,672 (including \$1,078,028 in non-negotiable CDs, cash held by fiscal agent and \$300 petty cash) and its bank balance was \$3,071,090. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of March 31, 2017, \$2,803,571 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Bank 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 subdivisions 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 upon 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.

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 \$2,383,719 at March 31, 2017 with the same corresponding bank balance. The investments are held in U.S. Agency securities and money markets invested in U.S. Treasuries.

<u>Description</u>	<u>Total Fair Value/ Carrying Value</u>	<u>Credit Quality Rating</u>
US Agency Securities	\$ 493,920	
Money Market Funds	\$ 1,889,799	AAAm*

*Rating offered by Standards and Poor's

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

2. CASH AND INVESTMENTS – CONTINUED

Deposits – Continued

A reconciliation of cash and investments as shown on the statement of net position at March 31, 2017 to the deposits and investments included in this note is as follows:

Cash and cash equivalents	\$ 4,851,812
Investments - unrestricted	1,571,780
Total	<u><u>\$ 6,423,592</u></u>
Carrying amount of deposits	\$ 5,929,840
Carrying amount of investments	493,752
Total	<u><u>\$ 6,423,592</u></u>

3. CAPITAL ASSETS

The following is a summary of capital assets:

	3/31/2016	Additions	Corrections	3/31/2017
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 1,446,016	\$ -	\$ -	\$ 1,446,016
Construction in Progress	139,355	605,282	(343,307)	401,330
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u><u>\$ 1,585,371</u></u>	<u><u>\$ 605,282</u></u>	<u><u>\$ (343,307)</u></u>	<u><u>\$ 1,847,346</u></u>
CAPITAL ASSETS, BEING DEPRECIATED				
Buildings and Improvements	\$ 41,854,398	-	321,398	\$ 42,175,796
Furniture and equipment	573,516	99,190	4,171	676,877
Totals at Historical Costs	42,427,914	99,190	325,569	42,852,673
Less: Accumulated Depreciation	(32,222,097)	(1,285,532)	17,738	(33,489,891)
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	<u><u>\$ 10,205,817</u></u>	<u><u>\$ (1,186,342)</u></u>	<u><u>\$ 343,307</u></u>	<u><u>\$ 9,362,782</u></u>
TOTAL CAPITAL ASSETS	<u><u>\$ 11,791,188</u></u>	<u><u>\$ (581,060)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,210,128</u></u>
Accumulated Depreciation by Class:				
Building and Improvements				\$ 32,935,115
Furniture and Fixtures				554,779
TOTAL ACCUMULATED DEPRECIATION				<u><u>\$ 33,489,894</u></u>

4. RISK MANAGEMENT

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

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

5. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

5. DEFINED BENEFIT PENSION PLAN - CONTINUED

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy- The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2016 Statutory Maximum Contribution Rates:	State and Local
Employer	<u>14.0%</u>
Employee	<u>10.0%</u>
2016 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	<u>2.0%</u>
Total Employer	<u><u>14.0%</u></u>
Employee	<u><u>10.0%</u></u>

Employee contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required traditional plan contribution was \$59,872 for fiscal year ending March 31, 2017.

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

5. DEFINED BENEFIT PENSION PLAN - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share on contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Net Pension Liability	Traditional
Proportionate Share of the Net Pension Liability Prior Measurement Date	\$ 1,268,543
Proportionate Share of the Net Pension Liability Current Measure Date	1,817,346
Change in Proportionate Share	\$ 548,803
 Proportion of the Net Pension Liability	 0.800300%
Pension Expense	\$ 385,826

At March 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$ 270,645
Changes of assumptions	288,253
Net differences between expected and actual experience	2,463
Change in proportion	107,479
Authority contributions subsequent to the measurement date	35,897
Total deferred outflows of resources	\$ 704,737

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 10,816
Change in proportion and differences between employer contributions and proportionate share of contributions	38,518
Total deferred inflows of resources	\$ 49,334

\$35,897 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the next pension liability in the year ending March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:

2017	\$ 244,330
2018	252,420
2019	113,448
2020	9,308
Total	\$ 619,506

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017**

5. DEFINED BENEFIT PENSION PLAN - CONTINUED

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Valuation Date	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Wage Inflation	3.75%
Projected Salary Increases	4.25% - 10.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2017

5. DEFINED BENEFIT PENSION PLAN - CONTINUED

Asset Class	Target Allocation for 2016	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.75%
Domestic equities	20.70%	6.34%
Real estate	10.00%	4.75%
Private equity	10.00%	8.97%
International equities	18.30%	7.95%
Other investments	18.00%	4.92%
TOTAL	100.00%	5.66%

Discount Rate - The discount rate used to measure the total pension liability was 8.0 percent for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Authority's proportionate share of the net pension liability	\$ 2,776,439	\$ 1,817,346	\$ 1,018,156

6. POST-EMPLOYMENT BENEFITS

A. Plan Description

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 two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

6. POST-EMPLOYMENT BENEFITS - CONTINUED

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible recipients. Authority to establish and amend healthcare coverage is provided to the Board 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, or by visiting <https://www.opers.org/investments/cafr.shtml>.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Director Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 for both plans.

The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent. The portion of actual Authority contributions for the year ended March 31, 2017, 2016 and 2015 which were used by OPERS to fund post-employment benefits were \$20,493, \$18,667, and \$18,964, respectively.

7. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2017, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net position and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

8. ECONOMIC DEPENDENCY

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

9. RESTRICTED NET POSITION

For the fiscal year ended March 31, 2017, the Authority had \$5,302 in its HAP reserve account for the Section 8 program.

10. SUBSEQUENT EVENTS

There were no subsequent events through September 15, 2017, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

**BELMONT METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.008003%	0.007324%	0.007738%	0.0077380%
Authority's Proportionate Share of the Net Pension Liability	\$1,817,346	\$1,268,543	\$933,235	\$912,156
Authority's Covered-Employee Payroll	\$1,024,673	\$932,525	\$948,217	\$953,917
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	177.36%	136.03%	98.42%	95.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.

The plan measurement date is the prior calendar year end.

**BELMONT METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 122,960	\$ 111,903	\$ 113,786	\$ 114,470	\$ 122,248
Contributions in Relation to the Contractually Required Contribution	<u>\$ (122,960)</u>	<u>\$ (111,903)</u>	<u>\$ (113,786)</u>	<u>\$ (114,470)</u>	<u>\$ (122,248)</u>
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Employee Payroll	\$ 1,024,673	\$ 932,525	\$ 948,217	\$ 953,917	\$ 940,369
Contributions as a Percentage of Covered- Employee Payroll	12.00%	12.00%	12.00%	12.00%	12.00%

(1) Information prior to 2013 is not available.

BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2017

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,024,876	\$23,921	\$2,632,427	\$4,681,224		\$4,681,224
113 Cash - Other Restricted		\$5,302		\$5,302		\$5,302
114 Cash - Tenant Security Deposits	\$165,286			\$165,286		\$165,286
100 Total Cash	\$2,190,162	\$29,223	\$2,632,427	\$4,851,812		\$4,851,812
122 Accounts Receivable - HUD Other Projects	\$475			\$475		\$475
125 Accounts Receivable - Miscellaneous		\$373	\$5,599	\$5,972		\$5,972
126 Accounts Receivable - Tenants	\$5,045			\$5,045		\$5,045
126.1 Allowance for Doubtful Accounts - Tenants	-\$516			-\$516		-\$516
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,004	\$373	\$5,599	\$10,976		\$10,976
131 Investments - Unrestricted	\$1,220,989	\$0	\$350,791	\$1,571,780		\$1,571,780
142 Prepaid Expenses and Other Assets	\$98,162		\$58,309	\$156,471		\$156,471
143 Inventories	\$64,186			\$64,186		\$64,186
143.1 Allowance for Obsolete Inventories	-\$6,418			-\$6,418		-\$6,418
150 Total Current Assets	\$3,572,085	\$29,596	\$3,047,126	\$6,648,807		\$6,648,807
161 Land	\$1,446,016			\$1,446,016		\$1,446,016
162 Buildings	\$41,967,388			\$41,967,388		\$41,967,388
164 Furniture, Equipment & Machinery - Administration	\$528,101	\$22,802	\$125,974	\$676,877		\$676,877
165 Leasehold Improvements			\$208,408	\$208,408		\$208,408
166 Accumulated Depreciation	-\$33,330,641	-\$22,802	-\$136,448	-\$33,489,891		-\$33,489,891
167 Construction in Progress	\$401,330			\$401,330		\$401,330
160 Total Capital Assets, Net of Accumulated Depreciation	\$11,012,194	\$0	\$197,934	\$11,210,128		\$11,210,128
180 Total Non-Current Assets	\$11,012,194	\$0	\$197,934	\$11,210,128		\$11,210,128
200 Deferred Outflow of Resources	\$505,634	\$33,927	\$165,176	\$704,737		\$704,737
290 Total Assets and Deferred Outflow of Resources	\$15,089,913	\$63,523	\$3,410,236	\$18,563,672		\$18,563,672

**BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2017**

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$14,096		\$1,797	\$15,893		\$15,893
321 Accrued Wage/Payroll Taxes Payable	\$22,698	\$2,019	\$5,515	\$30,232		\$30,232
322 Accrued Compensated Absences - Current Portion	\$49,779	\$3,727	\$16,936	\$70,442		\$70,442
333 Accounts Payable - Other Government	\$44,341			\$44,341		\$44,341
341 Tenant Security Deposits	\$165,286			\$165,286		\$165,286
342 Unearned Revenue	\$29,052			\$29,052		\$29,052
346 Accrued Liabilities - Other	\$46,480	\$0		\$46,480		\$46,480
310 Total Current Liabilities	\$371,732	\$5,746	\$24,248	\$401,726		\$401,726
354 Accrued Compensated Absences - Non Current	\$60,819	\$4,555	\$20,700	\$86,074		\$86,074
357 Accrued Pension and OPEB Liabilities	\$1,303,906	\$87,491	\$425,949	\$1,817,346		\$1,817,346
350 Total Non-Current Liabilities	\$1,364,725	\$92,046	\$446,649	\$1,903,420		\$1,903,420
300 Total Liabilities	\$1,736,457	\$97,792	\$470,897	\$2,305,146		\$2,305,146
400 Deferred Inflow of Resources	\$36,366	\$2,844	\$10,124	\$49,334		\$49,334
508.4 Net Investment in Capital Assets	\$11,012,194		\$197,934	\$11,210,128		\$11,210,128
511.4 Restricted Net Position		\$5,302		\$5,302		\$5,302
512.4 Unrestricted Net Position	\$2,304,896	-\$42,415	\$2,731,281	\$4,993,762		\$4,993,762
513 Total Equity - Net Assets / Position	\$13,317,090	-\$37,113	\$2,929,215	\$16,209,192		\$16,209,192
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$15,089,913	\$63,523	\$3,410,236	\$18,563,672		\$18,563,672

**BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED MARCH 31, 2017**

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELM	Total
70300 Net Tenant Rental Revenue	\$1,560,383			\$1,560,383		\$1,560,383
70400 Tenant Revenue - Other	\$26,598			\$26,598		\$26,598
70500 Total Tenant Revenue	\$1,586,981	\$0	\$0	\$1,586,981	\$0	\$1,586,981
70600 HUD PHA Operating Grants	\$2,205,864	\$1,226,442		\$3,432,306		\$3,432,306
70610 Capital Grants	\$610,182			\$610,182		\$610,182
70710 Management Fee			\$569,798	\$569,798	-\$569,798	\$0
70720 Asset Management Fee			\$85,680	\$85,680	-\$85,680	\$0
70730 Book Keeping Fee			\$72,701	\$72,701	-\$72,701	\$0
70700 Total Fee Revenue			\$728,179	\$728,179	-\$728,179	\$0
71100 Investment Income - Unrestricted	\$17,259	\$6	\$0	\$17,265		\$17,265
71500 Other Revenue	\$35,255	\$7,269	\$629	\$43,153		\$43,153
70000 Total Revenue	\$4,455,541	\$1,233,717	\$728,808	\$6,418,066	-\$728,179	\$5,689,887
91100 Administrative Salaries	\$218,173	\$53,155	\$206,980	\$478,308		\$478,308
91200 Auditing Fees	\$5,632	\$3,943	\$7,540	\$17,115		\$17,115
91300 Management Fee	\$551,672	\$18,126		\$569,798	-\$569,798	\$0
91310 Book-keeping Fee	\$63,638	\$9,063		\$72,701	-\$72,701	\$0
91500 Employee Benefit contributions - Administrative	\$108,206	\$39,754	\$133,642	\$281,602		\$281,602
91600 Office Expenses	\$19,669	\$5,490	\$12,459	\$37,618		\$37,618
91700 Legal Expense	\$30,435			\$30,435		\$30,435
91900 Other	\$11,080	\$14,995	\$55,803	\$81,878		\$81,878
91000 Total Operating - Administrative	\$1,008,505	\$144,526	\$416,424	\$1,569,455	-\$642,499	\$926,956
92000 Asset Management Fee	\$85,680			\$85,680	-\$85,680	\$0
92400 Tenant Services - Other	\$16,650			\$16,650		\$16,650
92500 Total Tenant Services	\$16,650	\$0	\$0	\$16,650	\$0	\$16,650
93100 Water	\$385,110			\$385,110		\$385,110
93200 Electricity	\$439,394			\$439,394		\$439,394
93300 Gas	\$59,961			\$59,961		\$59,961
93500 Labor	\$25,051			\$25,051		\$25,051
93600 Sewer	\$230,414			\$230,414		\$230,414
93000 Total Utilities	\$1,139,930	\$0	\$0	\$1,139,930	\$0	\$1,139,930
94100 Ordinary Maintenance and Operations - Labor	\$412,937			\$412,937		\$412,937
94200 Ordinary Maintenance and Operations - Materials and Other	\$273,289		\$1,886	\$275,175		\$275,175
94300 Ordinary Maintenance and Operations Contracts	\$261,371			\$261,371		\$261,371
94500 Employee Benefit Contributions - Ordinary Maintenance	\$268,208			\$268,208		\$268,208
94000 Total Maintenance	\$1,215,805	\$0	\$1,886	\$1,217,691	\$0	\$1,217,691

**BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED MARCH 31, 2017**

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELM	Total
95200 Protective Services - Other Contract Costs	\$104,035			\$104,035		\$104,035
95000 Total Protective Services	\$104,035	\$0	\$0	\$104,035	\$0	\$104,035
96110 Property Insurance	\$40,779		\$5,668	\$46,447		\$46,447
96120 Liability Insurance	\$40,779	\$972	\$5,668	\$47,419		\$47,419
96130 Workmen's Compensation	\$9,410	\$213	\$1,308	\$10,931		\$10,931
96140 All Other Insurance	\$13,593	\$334	\$1,889	\$15,816		\$15,816
96100 Total insurance Premiums	\$104,561	\$1,519	\$14,533	\$120,613	\$0	\$120,613
96200 Other General Expenses		\$104		\$104		\$104
96210 Compensated Absences	\$40,174	\$3,254	\$12,672	\$56,100		\$56,100
96300 Payments in Lieu of Taxes	\$44,341			\$44,341		\$44,341
96400 Bad debt - Tenant Rents	\$15,925			\$15,925		\$15,925
96000 Total Other General Expenses	\$100,440	\$3,358	\$12,672	\$116,470	\$0	\$116,470
96900 Total Operating Expenses	\$3,775,606	\$149,403	\$445,515	\$4,370,524	-\$728,179	\$3,642,345
97000 Excess of Operating Revenue over Operating Expenses	\$679,935	\$1,084,314	\$283,293	\$2,047,542	\$0	\$2,047,542
97300 Housing Assistance Payments		\$1,078,951		\$1,078,951		\$1,078,951
97350 HAP Portability-In		\$6,669		\$6,669		\$6,669
97400 Depreciation Expense	\$1,277,855	\$119	\$7,558	\$1,285,532		\$1,285,532
90000 Total Expenses	\$5,053,461	\$1,235,142	\$453,073	\$6,741,676	-\$728,179	\$6,013,497
10010 Operating Transfer In	\$66,537			\$66,537	-\$66,537	\$0
10020 Operating transfer Out	-\$66,537			-\$66,537	\$66,537	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$597,920	-\$1,425	\$275,735	-\$323,610	\$0	-\$323,610
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$13,915,010	-\$35,688	\$2,653,480	\$16,532,802		\$16,532,802
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
11170 Administrative Fee Equity		-\$42,415		-\$42,415		-\$42,415
11180 Housing Assistance Payments Equity		\$5,302		\$5,302		\$5,302
11190 Unit Months Available	8568	3031		11599		11599
11210 Number of Unit Months Leased	8485	3013		11498		11498
11270 Excess Cash	\$2,737,545			\$2,737,545		\$2,737,545
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$610,182		\$0	\$610,182		\$610,182

**BELMONT METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2017**

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
PHA Owned Housing:		
Public and Indian Housing	14.850	\$ 2,046,269
Public Housing Capital Fund	14.872	769,777
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	1,226,442
Total - All Programs		\$ 4,042,488

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the Belmont Metropolitan Housing Authority under a program of the federal government for the year ended March 31, 2017. The information in this SEFA is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Organization has elected not to use the 10-percent de minimum indirect cost rate as allowed under the Uniform Guidance.

**BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATIONS COST - COMPLETED
Year Ended March 31, 2017**

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

	OH16P02050114
Funds approved	\$ 877,970
Funds expended	877,970
	\$ -
Funds advanced	\$ 877,970
Funds expended	877,970
	\$ -

1. All modernization work in connection with the Capital Fund Program has been completed.
2. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.
3. There are no discharged mechanics, laborers, contractors, or materialmen 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.



Jeanette R. Addington, MBA, CPA, CGFM ▪ Brian D. Long, CPA, PFS, CFF ▪ Keith A. Lewis, CPA

**INDEPENDENT AUDITOR'S 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 of 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 business-type activities of the Belmont Metropolitan Housing Authority, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which comprise the Belmont Metropolitan Housing Authority's basic financial statements, and have issued our report thereon dated September 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Belmont Metropolitan Housing Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Belmont Metropolitan Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Belmont Metropolitan Housing Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JC & Company
Lancaster, Ohio
September 15, 2017



Jeanette R. Addington, MBA, CPA, CGFM ▪ Brian D. Long, CPA, PFS, CFF ▪ Keith A. Lewis, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Belmont Metropolitan Housing Authority's major federal program for the year ended March 31, 2017. The Belmont Metropolitan Housing Authority'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 federal statutes, regulations, and the terms and conditions of its federal awards 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's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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'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's compliance.

Opinion on Each Major Federal Program

In our opinion, the Belmont Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2017.

Report on Internal Control over Compliance

Management of the Belmont Metropolitan Housing Authority 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's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the Uniform Guidance, 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'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 compliances 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



JC & Company
Lancaster, Ohio
September 15, 2017

**Belmont Metropolitan Housing Authority
Belmont County**

**Summary of Auditor's Results and Schedule of Findings
2 CFR § 200.515
March 31, 2017**

1. SUMMARY OF AUDITORS' RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Program Compliance Opinion	Unmodified
Are there any reportable findings under § .510(a)?	No
Major Program:	CFDA # 14.850 Low Rent Public Housing
Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
Low Risk Auditee under 2 CFR §200.520?	Yes

**Belmont Metropolitan Housing Authority
Belmont County**

**Summary of Auditors' Results and Schedule of Findings
2 CFR § 200.515
March 31, 2017**

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended March 31, 2017.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended March 31, 2017.



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 9, 2017**