

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**BELMONT METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended March 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Belmont Metropolitan Housing Authority, Belmont County, prepared by Jones, Cochenour & Co., for the audit period April 1, 2010 through March 31, 2011. 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

November 7, 2011

This Page is Intentionally Left Blank.

**BELMONT METROPOLITAN HOUSING AUTHORITY
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 8
Basic Financial Statements:	
Statement of Net Assets	9
Statement of Revenues, Expenses and Changes in Net Assets	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	12 – 19
Supplemental Data:	
FDS Schedule	20 – 26
Schedule of Federal Awards Expenditures	27
Cost Certification	28
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29 – 30
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	31 – 32
Summary of Auditors' Results and Schedule of Findings	33 – 34

This Page is Intentionally Left Blank.



125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel
614.837.2921 tel
740.653.0983 fax

Dean A. Cochenour, MBA, CPA
Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Belmont Metropolitan Housing Authority
Martins Ferry, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying basic financial statements of Belmont Metropolitan Housing Authority, as of and for the year ended March 31, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Belmont Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Belmont Metropolitan Housing Authority, as of March 31, 2011, and the changes in the financial position, and the cash flows of its proprietary funds activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 20, 2011 on our consideration of Belmont Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

much more than an accounting firm

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The FDS and cost certification are presented for purposes of additional analysis and are not a required part of the financial statements of the Belmont Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Jones, Cochenour & Co.
July 20, 2011

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2011**

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") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify other issues or concerns.

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

FINANCIAL HIGHLIGHTS

- Net assets, defined as Assets net of Liabilities, were \$17.5 million and \$18.3 million for fiscal 2010 and fiscal 2011 respectively. The Authority-wide financial statements reflect an increase in total Net Assets of \$0.9 million during fiscal year 2011.
- Total revenue, Authority-wide, decreased by \$0.4 million (6%) during fiscal 2011, and was \$6.9 million and \$6.5 million for fiscal 2010 and fiscal 2011, respectively.
- Total expenses, Authority-wide, increased by \$0.2 million (4%) during fiscal 2011, and were \$5.4 million and \$5.6 million for fiscal 2010 and fiscal 2011, 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 ~ ~ Fund Financial Statement ~ ~ 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, 2011**

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 Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

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

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:

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.

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2011**

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 Assets

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

**TABLE 1
STATEMENT OF NET ASSETS**

	Fiscal 2011 (in millions of dollars)	Fiscal 2010 (in millions of dollars)
Current and Other Assets	\$ 4.8	\$ 3.9
Capital Assets	14.0	14.0
Total Assets	\$ 18.8	\$ 17.9
Current Liabilities	0.4	0.4
Long-Term Liabilities	0.1	0.1
Total Liabilities	\$ 0.5	\$ 0.5
Net Assets:		
Invested in Capital Assets, Net of Related Debt	14.0	14.0
Restricted	0.1	0.1
Unrestricted	4.2	3.4
Total Net Assets	\$ 18.3	\$ 17.5

For more detailed information see the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Current assets increased by \$0.9 million while current liabilities remained the same. The net of the Authority's increase in current assets and current liabilities reflects the Authority's positive net cash flow during the year of about \$0.9 million. Although the Authority's revenue exceeded expenses by \$0.9 million, this amount included non-cash expenses (depreciation) of \$1.2 million (added back to determine net cash flow) and Capital Grant funding of \$1.2 million (deducted because the related expenses are capitalized). Therefore net cash flow, after the items above are added back and deducted, was about \$0.9 million enabling the Authority to increase current assets.

Capital assets remain stable, being \$14.0 million in fiscal 2010 to fiscal 2011. Additions were about \$1.2 million, minus depreciation of about \$1.2 million. The additions were primarily related to capital grant and stimulus grant funds provided by HUD.

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2011**

Unaudited

The unrestricted net assets account, which resembles net working capital, increased by \$0.8 million to \$4.2 million at the end of fiscal 2011, reflecting the results of operations and positive net cash flow mentioned earlier.

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

TABLE 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	Fiscal 2011 (in millions of dollars)	Fiscal 2010 (in millions of dollars)
Revenues		
Tenant Revenue - Rents and Other	\$ 1.5	\$ 1.5
Operating Subsidies and Grants	3.6	3.4
Capital Grants	1.2	1.9
Investment Income/Other Revenue	0.1	0.1
Total Revenue	6.4	6.9
Expenses		
Administrative	0.9	0.9
Utilities	1.0	1.0
Maintenance	1.2	1.0
General and Other	0.3	0.3
Housing Assistance Payments	1.0	1.1
Depreciation	1.2	1.1
Total Expenses	\$ 5.6	\$ 5.4
Net Increase (Decrease)	\$ 0.8	\$ 1.5

Major Factors Affecting The Statement Of Revenue, Expenses And Changes In Net Assets

Tenant revenue remained stable in 2011. Operating funding increased slightly due to a higher level of Congressional Appropriations resulting in funding at 100% of subsidy eligibility. Capital grants decreased. Capital grants were unusually high in Fiscal 2010 due to a Federal Stimulus grant (ARRA), and returned to normal levels in Fiscal 2011.

Expenses were very much consistent between fiscal 2010 and 2011. Increases in revenue and the stability of the expenses enabled the authority to achieve a large net increase in revenues over expenses, and therefore an increase in net assets.

**BELMONT METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
Year Ended March 31, 2011**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end, the Authority had \$14.0 million invested in a variety of capital assets as reflected in the following schedule, representing no net change from the prior fiscal year.

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

	Fiscal 2011	Fiscal 2010
Land and Land Rights	\$ 1,446,016	\$ 1,446,016
Buildings	36,575,333	34,527,300
Equipment - Administrative	476,435	434,684
Accumulated Depreciation	(26,014,704)	(24,822,217)
Construction in Progress	1,577,063	2,456,100
TOTAL	\$ 14,060,143	\$ 14,041,883

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

Beginning Balance, April 1, 2010	\$ 14,041,883
Additions from Capital Grants	1,168,997
Less: Current Year Depreciation	(1,204,268)
Other miscellaneous changes, including Equipment purchased through Operations, net of Dispositions	53,531
Ending Balance, March 31, 2011	\$ 14,060,143

This year's major additions are:

Business-Type Activities

Admin Equipment, net of dispositions	\$ 53,531
Capital improvements completed through the Authority's Capital Fund Program Grant on a variety of the Authority's complexes	1,168,997
Total additions	\$ 1,222,528

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, 2011**

Unaudited

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

The Authority had a very good year financially as reflected in the \$0.8 million increase in unrestricted net assets.

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

FINANCIAL CONTACT

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

Respectfully submitted,

Jody Robinson Geese

**Jody Robinson Geese
Executive Director**

**BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
March 31, 2011**

ASSETS

Cash and cash equivalents	\$ 1,561,679
Cash and cash equivalents - restricted	66,714
Investments	2,910,147
Receivables - net of allowance	19,019
Inventories - net of allowance	55,797
Prepaid expenses	<u>133,155</u>

TOTAL CURRENT ASSETS 4,746,511

CAPITAL ASSETS

Land and construction in progress	3,023,079
Other capital assets - net	<u>11,037,064</u>

TOTAL CAPITAL ASSETS 14,060,143

TOTAL ASSETS 18,806,654

LIABILITIES

Accounts payable	48,829
Accounts payable - other government	45,233
Accrued wages and payroll taxes	46,063
Accrued compensated absences - current	75,108
Tenant security deposits	147,288
Deferred revenue	<u>29,650</u>

TOTAL CURRENT LIABILITIES 392,171

Accrued compensated absences - noncurrent	<u>91,799</u>
---	---------------

TOTAL LIABILITIES 483,970

NET ASSETS

Invested in capital assets - net of related debt	14,060,143
Restricted net assets	66,714
Unrestricted net assets	<u>4,195,827</u>

TOTAL NET ASSETS \$ 18,322,684

See accompanying notes to the basic financial statements

**BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended March 31, 2011**

OPERATING REVENUES		
Tenant revenue	\$	1,515,261
HUD operating grants		3,745,539
Other operating revenues		<u>34,640</u>
TOTAL OPERATING REVENUES		5,295,440
OPERATING EXPENSES		
Administrative		873,379
Tenant services		16,986
Utilities		1,048,641
Maintenance		1,089,805
Protection services		129,648
Depreciation		1,204,268
PILOT		45,233
Insurance		136,397
Bad debts		15,189
Compensated absences		40,774
General expenses		19,273
Housing assistance payments		<u>1,020,391</u>
TOTAL OPERATING EXPENSES		<u>5,639,984</u>
OPERATING LOSS		(344,544)
NON-OPERATING REVENUE		
Interest income		68,548
Gain on sale of capital assets		3,138
HUD capital grants		<u>1,168,997</u>
TOTAL NON OPERATING REVENUE		<u>1,240,683</u>
CHANGE IN NET ASSETS		896,139
Net Assets Beginning of Year		<u>17,426,545</u>
NET ASSETS END OF YEAR		<u><u>\$ 18,322,684</u></u>

See accompanying notes to the basic financial statements

**BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended March 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tenants	\$	1,521,805
Cash received from HUD		3,757,516
Cash received from other revenue		34,742
Cash payments for housing assistance payments		(1,020,391)
Cash payments for other operating expenses		(3,400,408)
Cash payments to HUD and other governments		(47,465)
NET CASH PROVIDED BY OPERATING ACTIVITIES		845,799

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Capital grants received		1,168,997
Proceeds from disposal of capital assets		10,075
Acquisition of capital assets		(1,229,468)
NET CASH (USED) BY CAPITAL AND FINANCING ACTIVITIES		(50,396)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings		68,549
Investment acquisitions		(312,526)
NET CASH (USED) BY INVESTING ACTIVITIES		(243,977)

INCREASE IN CASH AND CASH EQUIVALENTS

551,426

CASH AND CASH EQUIVALENTS, BEGINNING

1,076,967

CASH AND CASH EQUIVALENTS, ENDING

\$ 1,628,393

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

Operating (loss)	\$	(344,544)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		1,204,268
(Increase) decrease in:		
Receivables - net of allowance		19,901
Inventories - net of allowance		6,018
Prepaid expenses		414
Increase (decrease) in:		
Accounts payable		(13,620)
Accrued wages and payroll taxes		(4,998)
Accrued compensated absences		(18,132)
Accounts payable - other government		(2,231)
Tenant security deposits		4,385
Deferred revenue		(5,662)
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 845,799

See accompanying notes to the basic financial statements

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Belmont Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through 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. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or is obligated in some manner for the debt of the organizations.

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

Basis of Presentation

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

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

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

**BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS**

March 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus

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

Enterprise Fund

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

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

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 33 identifies four classes of nonexchange transactions as follows:

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

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

**BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ending March 30, 2011 totaled \$68,549.

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was \$1,284 at March 31, 2011.

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond March 31, 2011, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Inventory

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

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 \$6,200 at March 31, 2011.

Capital Assets

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

March 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Due From/To Other Programs

On the basic financial statements, 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 <u>3/31/10</u>	Increases	Decreases	Balance <u>3/31/11</u>	Due within <u>one year</u>
Compensated Absences Payable	\$ 185,039	\$ 58,669	\$ (76,801)	\$ 166,907	\$ 75,108

Deferred Revenue

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use either 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
March 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Grant

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

Budgetary Accounting

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

Estimates

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

2. DEPOSITS 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 withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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, 2011, the carrying amount of the Authority's deposits totaled \$1,628,393 and its bank balance was \$1,218,767. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of March 31, 2011, \$934,279 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation. \$357,882 of the deposits is in the investment account described 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 Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2011

2. CASH AND INVESTMENTS - CONTINUED

Investments

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

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based 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 \$2,910,147 at March 31, 2011 with the same corresponding bank balance. The investments are held in certificates of deposit.

3. CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 3/31/2010	Additions	Disposals/ Corrections	Balance 3/31/2011
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 1,446,016	\$ -	\$ -	\$ 1,446,016
Construction in Progress	2,456,100	1,168,996	(2,048,033)	1,577,063
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	\$ 3,902,116	\$ 1,168,996	\$ (2,048,033)	\$ 3,023,079
CAPITAL ASSETS, BEING DEPRECIATED				
Buildings and Improvements	\$ 34,527,300	-	2,048,033	\$ 36,575,333
Furniture and equipment	434,684	60,471	(18,720)	476,435
Totals at Historical Costs	34,961,984	60,471	2,029,313	37,051,768
Less: Accumulated Depreciation	(24,822,217)	(1,204,268)	11,781	(26,014,704)
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	\$ 10,139,767	\$ (1,143,797)	\$ 2,041,094	\$ 11,037,064
TOTAL CAPITAL ASSETS	\$ 14,041,883	\$ 25,199	\$ (6,939)	\$ 14,060,143
Accumulated Depreciation by Class:				
Building and Improvements				\$ 25,671,465
Furniture and Fixtures				343,239
TOTAL ACCUMULATED DEPRECIATION				\$ 26,014,704

**BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2011**

4. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

5. RISK MANAGEMENT

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

6. DEFINED BENEFIT PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. **The Traditional Pension Plan – A cost-sharing multiple-employer defined benefit pension plan.**
2. **The Member-Directed Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings thereon.**
3. **The Combined Plan – A cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.**

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interest parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010 and 2011, member and employer contribution rates were consistent across all three plans. The 2010 and 2011 member contribution rates were 10.0% for members and 14.0% for employers of covered payroll. The Authority's contribution for the years ended March 31, 2011, 2010 and 2009 were \$143,040, \$145,909 and \$146,040, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through March 31, 2011.

7. POST-EMPLOYMENT BENEFITS

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

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

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

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2011

7. POST-EMPLOYMENT BENEFITS - CONTINUED

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

OPERS issue a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

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

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2011 and 2010, the employer contributions allocated to the health care plan was 5.5% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended March 31, 2011, which were used to fund post-employment benefits, were \$56,194.

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

8. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2011, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net asset and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

9. ECONOMIC DEPENDENCY

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

10. RESTRICTED NET ASSETS

For the fiscal year ended March 31, 2011, the Authority had \$66,714 in its HAP reserve account for the Section 8 program.

11. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2011, the Authority implemented GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, and GASB Statements No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB Statements No. 51, No. 54, No. 55, No. 56, and No. 58 did not affect the presentation of the financial statements of the Authority

12. SUBSEQUENT EVENTS

There were no subsequent events through July 20, 2011, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

BELMONT METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF NET ASSETS
March 31, 2011

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$345,140	\$61,080	\$1,008,171	\$1,414,391		\$1,414,391
113 Cash - Other Restricted		\$66,714		\$66,714		\$66,714
114 Cash - Tenant Security Deposits	\$147,288			\$147,288		\$147,288
100 Total Cash	\$492,428	\$127,794	\$1,008,171	\$1,628,393	\$0	\$1,628,393
122 Accounts Receivable - HUD Other Projects	\$14,276			\$14,276		\$14,276
125 Accounts Receivable - Miscellaneous		\$371	\$2,125	\$2,496		\$2,496
126 Accounts Receivable - Tenants	\$3,531			\$3,531		\$3,531
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,284			-\$1,284		-\$1,284
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$16,523	\$371	\$2,125	\$19,019	\$0	\$19,019
131 Investments - Unrestricted	\$2,738,599	\$50,061	\$121,487	\$2,910,147		\$2,910,147
132 Investments - Restricted		\$0		\$0		\$0
142 Prepaid Expenses and Other Assets	\$92,532		\$40,623	\$133,155		\$133,155
143 Inventories	\$61,997			\$61,997		\$61,997
143.1 Allowance for Obsolete Inventories	-\$6,200			-\$6,200		-\$6,200
144 Inter Program Due From			\$2,851	\$2,851	-\$2,851	\$0
150 Total Current Assets	\$3,395,879	\$178,226	\$1,175,257	\$4,749,362	-\$2,851	\$4,746,511
161 Land	\$1,446,016			\$1,446,016		\$1,446,016
162 Buildings	\$36,575,333			\$36,575,333		\$36,575,333
164 Furniture, Equipment & Machinery - Administration	\$312,966	\$21,614	\$141,855	\$476,435		\$476,435
166 Accumulated Depreciation	-\$25,915,244	-\$15,130	-\$84,330	-\$26,014,704		-\$26,014,704
167 Construction in Progress	\$1,577,063			\$1,577,063		\$1,577,063
160 Total Capital Assets, Net of Accumulated Depreciation	\$13,996,134	\$6,484	\$57,525	\$14,060,143	\$0	\$14,060,143
180 Total Non-Current Assets	\$13,996,134	\$6,484	\$57,525	\$14,060,143	\$0	\$14,060,143
190 Total Assets	\$17,392,013	\$184,710	\$1,232,782	\$18,809,505	-\$2,851	\$18,806,654
312 Accounts Payable <= 90 Days	\$48,286		\$543	\$48,829		\$48,829
321 Accrued Wage/Payroll Taxes Payable	\$30,489	\$3,409	\$12,165	\$46,063		\$46,063
322 Accrued Compensated Absences - Current Portion	\$48,811	\$2,870	\$23,427	\$75,108		\$75,108
333 Accounts Payable - Other Government	\$45,233			\$45,233		\$45,233
341 Tenant Security Deposits	\$147,288			\$147,288		\$147,288
342 Deferred Revenues	\$29,650			\$29,650		\$29,650
347 Inter Program - Due To		\$2,851		\$2,851	-\$2,851	\$0
310 Total Current Liabilities	\$349,757	\$9,130	\$36,135	\$395,022	-\$2,851	\$392,171
354 Accrued Compensated Absences - Non Current	\$59,657	\$3,508	\$28,634	\$91,799		\$91,799
350 Total Non-Current Liabilities	\$59,657	\$3,508	\$28,634	\$91,799	\$0	\$91,799
300 Total Liabilities	\$409,414	\$12,638	\$64,769	\$486,821	-\$2,851	\$483,970
508.1 Invested in Capital Assets, Net of Related Debt	\$13,996,134	\$6,484	\$57,525	\$14,060,143		\$14,060,143
511.1 Restricted Net Assets		\$66,714		\$66,714		\$66,714
512.1 Unrestricted Net Assets	\$2,986,465	\$98,874	\$1,110,488	\$4,195,827		\$4,195,827
513 Total Equity/Net Assets	\$16,982,599	\$172,072	\$1,168,013	\$18,322,684	\$0	\$18,322,684
600 Total Liabilities and Equity/Net Assets	\$17,392,013	\$184,710	\$1,232,782	\$18,809,505	-\$2,851	\$18,806,654

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011**

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELJM	Total
70300 Net Tenant Rental Revenue	\$1,498,841			\$1,498,841		\$1,498,841
70400 Tenant Revenue - Other	\$16,420			\$16,420		\$16,420
70500 Total Tenant Revenue	\$1,515,261	\$0	\$0	\$1,515,261	\$0	\$1,515,261
70600 HUD FHA Operating Grants	\$2,532,462	\$1,213,077		\$3,745,539		\$3,745,539
70610 Capital Grants	\$1,168,997			\$1,168,997		\$1,168,997
70710 Management Fee			\$667,977	\$667,977	-\$667,977	\$0
70720 Asset Management Fee			\$85,670	\$85,670	-\$85,670	\$0
70730 Book Keeping Fee			\$72,973	\$72,973	-\$72,973	\$0
70700 Total Fee Revenue			\$826,620	\$826,620	-\$826,620	\$0
71100 Investment Income - Unrestricted	\$66,673	\$273	\$1,512	\$68,458		\$68,458
71500 Other Revenue	\$34,411	\$198	\$30	\$34,639		\$34,639
71600 Gain or Loss on Sale of Capital Assets	-\$1,037	\$4,175		\$3,138		\$3,138
72000 Investment Income - Restricted		\$91		\$91		\$91
70000 Total Revenue	\$5,316,767	\$1,217,814	\$828,162	\$7,362,743	-\$826,620	\$6,536,123
91100 Administrative Salaries	\$196,943	\$65,735	\$236,447	\$499,125		\$499,125
91200 Auditing Fees	\$5,080	\$2,931	\$5,017	\$13,028		\$13,028
91300 Management Fee	\$648,303	\$19,674		\$667,977	-\$667,977	\$0
91310 Book-keeping Fee	\$63,136	\$9,837		\$72,973	-\$72,973	\$0
91500 Employee Benefit contributions - Administrative	\$98,832	\$31,291	\$83,888	\$214,021		\$214,021
91600 Office Expenses	\$25,391	\$10,164	\$15,063	\$50,618		\$50,618
91700 Legal Expense		\$1,000	\$7,781	\$8,781		\$8,781
91800 Travel		\$975		\$975		\$975
91900 Other	\$18,664	\$8,569	\$59,578	\$86,831		\$86,831
91000 Total Operating - Administrative	\$1,056,349	\$150,196	\$407,784	\$1,614,329	-\$740,960	\$873,379
92000 Asset Management Fee	\$85,670			\$85,670	-\$85,670	\$0
92400 Tenant Services - Other	\$16,986			\$16,986		\$16,986
92500 Total Tenant Services	\$16,986	\$0	\$0	\$16,986	\$0	\$16,986
93100 Water	\$346,016			\$346,016		\$346,016
93200 Electricity	\$362,326			\$362,326		\$362,326
93300 Gas	\$69,118			\$69,118		\$69,118
93500 Labor	\$20,509			\$20,509		\$20,509
93600 Sewer	\$171,809			\$171,809		\$171,809
93800 Other Utilities Expense	\$78,863			\$78,863		\$78,863
93000 Total Utilities	\$1,048,641	\$0	\$0	\$1,048,641	\$0	\$1,048,641

See independent auditors' report

BELMONT METROPOLITAN HOUSING AUTHORITY
COMBINED - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$431,242			\$431,242		\$431,242
94200 Ordinary Maintenance and Operations - Materials and Other	\$206,576			\$206,576		\$206,576
94300 Ordinary Maintenance and Operations Contracts	\$276,600			\$276,600		\$276,600
94600 Employee Benefit Contributions - Ordinary Maintenance	\$175,387			\$175,387		\$175,387
94000 Total Maintenance	\$1,089,805	\$0	\$0	\$1,089,805	\$0	\$1,089,805
96200 Protective Services - Other Contract Costs	\$129,648			\$129,648		\$129,648
96000 Total Protective Services	\$129,648	\$0	\$0	\$129,648	\$0	\$129,648
96110 Property Insurance	\$48,489		\$3,497	\$51,986		\$51,986
96120 Liability Insurance	\$48,488	\$1,986	\$3,497	\$53,970		\$53,970
96130 Workmen's Compensation	\$11,189	\$434	\$807	\$12,430		\$12,430
96140 All Other Insurance	\$16,163	\$682	\$1,166	\$18,011		\$18,011
96100 Total insurance Premiums	\$124,329	\$3,101	\$8,967	\$136,397	\$0	\$136,397
96200 Other General Expenses		\$343		\$343		\$343
96210 Compensated Absences	\$40,774	\$4,454	\$14,476	\$59,704		\$59,704
96300 Payments in Lieu of Taxes	\$46,233			\$46,233		\$46,233
96400 Bad debt - Tenant Rents	\$15,189			\$15,189		\$15,189
96000 Total Other General Expenses	\$101,196	\$4,797	\$14,476	\$120,469	\$0	\$120,469
96800 Total Operating Expenses	\$3,662,624	\$158,094	\$431,227	\$4,241,945	-\$826,620	\$3,415,325
97000 Excess of Operating Revenue over Operating Expenses	\$1,664,143	\$1,069,720	\$366,936	\$3,120,798	\$0	\$3,120,798
97300 Housing Assistance Payments		\$1,020,391		\$1,020,391		\$1,020,391
97400 Depreciation Expense	\$1,191,830	\$4,323	\$8,115	\$1,204,268		\$1,204,268
90000 Total Expenses	\$4,844,454	\$1,182,808	\$439,342	\$6,466,604	-\$826,620	\$5,639,984
10010 Operating Transfer In	\$311,549			\$311,549		\$311,549
10020 Operating transfer Out	-\$311,549			-\$311,549		-\$311,549
10091 Inter Project Excess Cash Transfer In	\$460,000			\$460,000		\$460,000
10092 Inter Project Excess Cash Transfer Out	-\$460,000			-\$460,000		-\$460,000
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$472,313	\$36,006	\$368,820	\$896,139	\$0	\$896,139

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY
 COMBINED - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 YEAR ENDED MARCH 31, 2011**

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELJM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$16,510,286	\$126,259	\$790,000	\$17,426,545		\$17,426,545
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$250,520	\$10,807	-\$10,807	\$250,520		\$250,520
11170 Administrative Fee Equity		\$105,358		\$105,358		\$105,358
11180 Housing Assistance Payments Equity		\$66,714		\$66,714		\$66,714
11190 Unit Months Available	8545	3300		11845		11845
11210 Number of Unit Months Leased	8418	3279		11697		11697
11270 Excess Cash	\$2,617,347			\$2,617,347		\$2,617,347
11620 Building Purchases	\$1,168,997		\$0	\$1,168,997		\$1,168,997

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY
PROJECT - STATEMENT OF NET ASSETS
MARCH 31, 2011**

	OH020000001	OH020000002	OH020000003	OH020000004	Total
111 Cash - Unrestricted	\$132,021	\$68,072	\$122,344	\$22,703	\$345,140
114 Cash - Tenant Security Deposits	\$58,111	\$23,912	\$41,323	\$23,942	\$147,288
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$190,132	\$91,984	\$163,667	\$46,645	\$492,428
122 Accounts Receivable - HUD Other Projects	\$80	\$13,649	\$40	\$507	\$14,276
126 Accounts Receivable - Tenants	\$206	\$830	\$1,543	\$952	\$3,531
126.1 Allowance for Doubtful Accounts - Tenants	\$0	-\$315	-\$596	-\$373	-\$1,284
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$286	\$14,164	\$987	\$1,086	\$16,523
131 Investments - Unrestricted	\$1,028,899	\$507,002	\$682,648	\$520,050	\$2,738,599
142 Prepaid Expenses and Other Assets	\$27,384	\$19,379	\$18,427	\$27,342	\$92,532
143 Inventories	\$39,548	\$3,560	\$10,629	\$8,260	\$61,997
143.1 Allowance for Obsolete Inventories	-\$3,955	-\$356	-\$1,063	-\$826	-\$6,200
150 Total Current Assets	\$1,282,294	\$635,733	\$875,295	\$602,557	\$3,395,879
161 Land	\$396,085	\$160,777	\$495,489	\$393,665	\$1,446,016
162 Buildings	\$11,359,159	\$6,818,225	\$9,942,631	\$8,455,318	\$36,575,333
164 Furniture, Equipment & Machinery - Administration	\$123,846	\$37,560	\$49,694	\$101,866	\$312,966
166 Accumulated Depreciation	-\$8,785,524	-\$4,926,306	-\$6,985,747	-\$5,217,667	-\$25,915,244
167 Construction in Progress	\$465,110	\$115,922	\$383,086	\$612,945	\$1,577,063
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,558,676	\$2,206,178	\$3,885,153	\$4,346,127	\$13,996,134
180 Total Non-Current Assets	\$3,558,676	\$2,206,178	\$3,885,153	\$4,346,127	\$13,996,134
190 Total Assets	\$4,840,970	\$2,841,911	\$4,760,448	\$4,948,684	\$17,392,013
312 Accounts Payable <= 90 Days	\$16,404	\$14,565	\$16,294	\$1,023	\$48,286
321 Accrued Wage/Payroll Taxes Payable	\$9,268	\$7,498	\$6,308	\$7,415	\$30,489
322 Accrued Compensated Absences - Current Portion	\$17,544	\$16,601	\$6,800	\$7,866	\$48,811
333 Accounts Payable - Other Government	\$24,678		\$19,993	\$562	\$45,233
341 Tenant Security Deposits	\$58,111	\$23,912	\$41,323	\$23,942	\$147,288
342 Deferred Revenues	\$13,131	\$1,933	\$12,966	\$1,620	\$29,650
310 Total Current Liabilities	\$139,136	\$64,509	\$103,684	\$42,428	\$349,757
354 Accrued Compensated Absences - Non Current	\$21,442	\$20,289	\$8,312	\$9,614	\$59,657
350 Total Non-Current Liabilities	\$21,442	\$20,289	\$8,312	\$9,614	\$59,657
300 Total Liabilities	\$160,578	\$84,798	\$111,996	\$52,042	\$409,414
508.1 Invested In Capital Assets, Net of Related Debt	\$3,558,676	\$2,206,178	\$3,885,153	\$4,346,127	\$13,996,134
512.1 Unrestricted Net Assets	\$1,121,716	\$550,935	\$763,299	\$550,515	\$2,986,465
513 Total Equity/Net Assets	\$4,680,392	\$2,757,113	\$4,648,452	\$4,896,642	\$16,982,599
600 Total Liabilities and Equity/Net Assets	\$4,840,970	\$2,841,911	\$4,760,448	\$4,948,684	\$17,392,013

See independent auditors' report

BELMONT METROPOLITAN HOUSING AUTHORITY
PROJECT - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011

	OH020000001	OH020000002	OH020000003	OH020000004	Total
70300 Net Tenant Rental Revenue	\$732,305	\$97,665	\$525,014	\$143,857	\$1,498,841
70400 Tenant Revenue - Other	\$3,089	\$5,073	\$2,458	\$5,800	\$16,420
70500 Total Tenant Revenue	\$735,394	\$102,738	\$527,472	\$149,657	\$1,515,261
70600 HUD PHA Operating Grants	\$837,174	\$665,548	\$414,175	\$615,565	\$2,532,462
70610 Capital Grants	\$443,374	\$114,533	\$336,251	\$274,839	\$1,168,997
71100 Investment Income - Unrestricted	\$16,668	\$18,439	\$12,089	\$19,477	\$66,673
71500 Other Revenue	\$26,329		\$8,082		\$34,411
71600 Gain or Loss on Sale of Capital Assets			-\$1,037		-\$1,037
70000 Total Revenue	\$2,058,939	\$901,258	\$1,297,032	\$1,059,538	\$5,316,767
91100 Administrative Salaries	\$48,006	\$53,116	\$36,117	\$59,704	\$196,943
91200 Auditing Fees	\$1,270	\$1,405	\$921	\$1,484	\$5,080
91300 Management Fee	\$376,695	\$70,498	\$121,147	\$79,963	\$648,303
91310 Book-keeping Fee	\$23,318	\$10,335	\$17,760	\$11,723	\$63,136
91500 Employee Benefit contributions - Administrative	\$29,877	\$33,053	\$13,772	\$22,130	\$98,832
91600 Office Expenses	\$4,440	\$4,915	\$10,849	\$5,187	\$25,391
91900 Other	\$4,679	\$4,467	\$3,674	\$5,844	\$18,664
91000 Total Operating - Administrative	\$488,285	\$177,789	\$204,240	\$186,035	\$1,056,349
92000 Asset Management Fee	\$31,800	\$14,160	\$23,760	\$15,950	\$85,670
92400 Tenant Services - Other	\$4,605	\$4,398	\$3,340	\$4,643	\$16,986
92500 Total Tenant Services	\$4,605	\$4,398	\$3,340	\$4,643	\$16,986
93100 Water	\$136,476	\$66,420	\$66,319	\$76,801	\$346,016
93200 Electricity	\$194,373	\$5,629	\$158,215	\$4,109	\$362,326
93300 Gas	\$45,560	\$2,575	\$20,612	\$371	\$69,118
93500 Labor	\$10,192		\$10,317		\$20,509
93600 Sewer	\$64,986	\$29,212	\$45,532	\$32,079	\$171,809
93800 Other Utilities Expense	\$6,368	\$24,465	\$21,034	\$26,976	\$78,863
93000 Total Utilities	\$457,975	\$128,301	\$322,029	\$140,336	\$1,048,641
94100 Ordinary Maintenance and Operations - Labor	\$146,634	\$126,389	\$75,332	\$82,887	\$431,242
94200 Ordinary Maintenance and Operations - Materials and Other	\$106,644	\$34,516	\$39,068	\$26,348	\$206,576
94300 Ordinary Maintenance and Operations Contracts	\$120,159	\$10,499	\$34,304	\$111,638	\$276,600
94500 Employee Benefit Contributions - Ordinary Maintenance	\$65,086	\$42,653	\$33,087	\$34,561	\$175,387
94000 Total Maintenance	\$438,523	\$214,057	\$181,791	\$255,434	\$1,089,805

See independent auditors' report

BELMONT METROPOLITAN HOUSING AUTHORITY
PROJECT - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011

	OH020000001	OH020000002	OH020000003	OH020000004	Total
95200 Protective Services - Other Contract Costs		\$129,648			\$129,648
95000 Total Protective Services	\$0	\$129,648	\$0	\$0	\$129,648
96110 Property Insurance	\$14,953	\$10,109	\$10,172	\$13,255	\$48,489
96120 Liability Insurance	\$14,952	\$10,109	\$10,172	\$13,255	\$48,488
96130 Workmen's Compensation	\$3,451	\$2,332	\$2,347	\$3,059	\$11,189
96140 All Other Insurance	\$4,984	\$3,370	\$3,391	\$4,418	\$16,163
96100 Total insurance Premiums	\$38,340	\$25,920	\$26,082	\$33,987	\$124,329
96210 Compensated Absences	\$12,552	\$10,990	\$8,502	\$8,730	\$40,774
96300 Payments in Lieu of Taxes	\$24,678		\$19,993	\$562	\$45,233
96400 Bad debt - Tenant Rents	\$4,338	\$2,726	\$4,176	\$3,949	\$15,189
96000 Total Other General Expenses	\$41,568	\$13,716	\$32,671	\$13,241	\$101,196
96900 Total Operating Expenses	\$1,501,096	\$707,989	\$793,913	\$649,626	\$3,652,624
97000 Excess of Operating Revenue over Operating Expenses	\$557,843	\$193,269	\$503,119	\$409,912	\$1,664,143
97400 Depreciation Expense	\$363,226	\$198,635	\$336,339	\$293,630	\$1,191,830
90000 Total Expenses	\$1,864,322	\$906,624	\$1,130,252	\$943,256	\$4,844,454
10010 Operating Transfer In	\$80,278	\$129,648		\$101,623	\$311,549
10020 Operating transfer Out	-\$80,278	-\$129,648		-\$101,623	-\$311,549
10091 Inter Project Excess Cash Transfer In	\$315,000		\$135,000		\$450,000
10092 Inter Project Excess Cash Transfer Out		-\$175,000		-\$275,000	-\$450,000
10100 Total Other financing Sources (Uses)	\$315,000	-\$175,000	\$135,000	-\$275,000	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$509,617	-\$180,366	\$301,780	-\$158,718	\$472,313
11030 Beginning Equity	\$4,170,775	\$2,937,479	\$4,346,672	\$5,055,360	\$16,510,286
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$250,520			\$0	\$250,520
11190 Unit Months Available	3180	1412	2376	1577	8545
11210 Number of Unit Months Leased	3109	1378	2368	1563	8418
11270 Excess Cash	\$979,028	\$489,642	\$677,459	\$471,218	\$2,617,347
11620 Building Purchases	\$443,374	\$114,533	\$336,251	\$274,839	\$1,168,997

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 Year Ended March 31, 2011**

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
PHA Owned Housing:		
Public and Indian Housing	14.850a	\$ 2,003,274
Public Housing Capital Fund	14.872	1,698,185
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	1,213,077
Total - All Programs		\$ 4,914,536

See independent auditors' report

**BELMONT METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
Year Ended March 31, 2011**

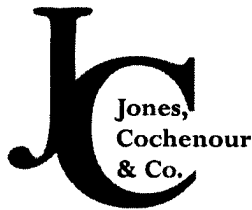
OH16P02050108

TOTAL EXPENDITURES \$ 1,093,083

TOTAL RECEIVED \$ 1,093,083

1. The grant cost certificate was approved by HUD.
2. The Authority records agree to the above total expenditures.
3. There are no outstanding liabilities.

See independent auditors' report



Certified Public Accountants

125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel

614.837.2921 tel

740.653.0983 fax

Dean A. Cochenour, MBA, CPA
Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**Board of Directors
Belmont Metropolitan Housing Authority
Martins Ferry, Ohio**

**Regional Inspector General of Audit
Department of Housing and Urban
Development**

We have audited the basic financial statements of Belmont Metropolitan Housing Authority as of and for the year ended March 31, 2011, and have issued our report thereon dated July 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and timely correct misstatements. 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 timely corrected.

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

much more than an accounting firm

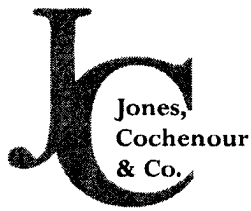
Compliance and Other Matters

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

We intend this report solely for the information and use of the board of directors, management, Auditor of State and federal awarding agencies and others within the Authority. We intend it for no one other than these specified parties.



Jones, Cochenour & Co.
July 20, 2011



Certified Public Accountants

125 West Mulberry Street
Lancaster, Ohio 43130

www.JCCcpa.com

740.653.9581 tel
614.837.2921 tel
740.653.0983 fax

Dean A. Cochenour, MBA, CPA
Jeanette R. Addington, MBA, CPA, CGFM
Brian D. Long, CPA
Keith A. Lewis, CPA

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**Board of Directors
Belmont Metropolitan Housing Authority
Martins Ferry, Ohio 43935**

**Regional Inspector General of Audit
Department of Housing and Urban
Development**

Compliance

We have audited the compliance of Belmont Metropolitan Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect on Belmont Metropolitan Housing Authority's major federal program for the year ended March 31, 2011. The summary of auditors' results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, Belmont Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended March 31, 2011.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

much more than an accounting firm

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the board of directors, management, Auditor of State and federal awarding agencies and others within the Authority. We intend it for no one other than these specified parties.



**Jones, Cochenour & Co.
July 20, 2011**

Belmont Metropolitan Housing Authority

**Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505
March 31, 2011**

1. SUMMARY OF AUDITORS' RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weaknesses 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 internal control weaknesses reported for major programs?	No
Were there any significant deficiencies in internal control reported for major programs?	No
Type of Major Program Compliance Opinion	Unqualified
Are there any reportable findings under § .510(a)?	No
Major Program:	CFDA # 14.850 Low Rent Public Housing
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

Belmont Metropolitan Housing Authority

**Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505 - Continued
March 31, 2011**

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended March 31, 2011.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended March 31, 2011.



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 17, 2011**