

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS AND SUPPLEMENTAL DATA FOR THE  
YEAR ENDED JUNE 30, 1999

*J. E. Slaybaugh & Associates, Inc.*

*Certified Public Accountant*

*12 East Main Street*

*Lexington, Ohio 44904*

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COSHOCTON, OHIO**

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COSHOCTON, OHIO

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners  
Coshocton Metropolitan Housing Authority  
Coshocton, Ohio

We have reviewed the Independent Auditor's Report of the Coshocton Metropolitan Housing Authority, Coshocton County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period July 1, 1998 to June 30, 1999. 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 Coshocton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

  
JIM PETRO  
Auditor of State

December 28, 1999

*J. E. Slaybaugh & Associates, Inc.*

*12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCP*

*John E. Slaybaugh III  
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Coshocton Metropolitan Housing Authority  
Coshocton, Ohio

U.S. Dept. of Housing and  
Urban Development  
Public Housing Division  
Cincinnati, Ohio

We have audited the accompanying financial statements of the Coshocton Metropolitan Housing Authority, Coshocton, Ohio, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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.

As discussed in Note 1, Coshocton Metropolitan Housing Authority prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton Metropolitan Housing Authority as of June 30, 1999, and the results of its operations and the cash flows for the year then ended on the basis of accounting prescribed above.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 1999, on our consideration of Coshocton Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of Coshocton Metropolitan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards, as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, and the supplemental exhibits, listed in the Table of Contents, are presented for the purposes of additional analysis, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

*J. E. Slaybaugh & Associates, Inc.*

J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio

December 9, 1999

EXHIBIT A

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

BALANCE SHEET AT JUNE 30, 1999

	<u>Annual Contribution Contract</u>	
<u>ASSETS</u>	<u>C-5081</u>	<u>C-5026</u>
Cash	\$ 36,998	\$ 37,881
Accounts Receivable		
Tenants	30,394	
HUD		56,423
Other	4,877	
Investments	347,448	37,584
Deferred Charges	9,107	
Land, Structures and Equipment	<u>6,628,736</u>	<u>34,962</u>
 Total Assets	 <u>\$ 7,057,560</u>	 <u>\$ 166,850</u>
 <u>LIABILITIES AND SURPLUS</u>		
Accounts Payable		
Vendor	\$ 13,730	
Tenant Security Deposit	9,875	
HUD	68,944	\$ 35,623
Other	15,426	2,017
Accrued Liabilities	5,684	
Deferred Credits	<u>153,626</u>	<u>43,533</u>
 Total Liabilities	 267,285	 81,173
Surplus - Exhibit C	<u>6,790,275</u>	<u>85,677</u>
 Total Liabilities and Surplus	 <u>\$ 7,057,560</u>	 <u>\$ 166,850</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT B(1)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

STATEMENT OF INCOME AND EXPENSE - PHA OWNED HOUSING

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-5081

Project OH16-037-002/003/008

Operating Income

Dwelling Rental	\$ 108,403
Excess Utilities	<u>2,568</u>

Total Rental Income	110,971
---------------------	---------

Interest on General Fund Investments	15,503
Other Income	<u>32,341</u>

Total Operating Income - Exhibit D(1)	158,815
---------------------------------------	---------

Operating Expenses

Administrative	126,349
Utilities	54,129
Ordinary Maintenance & Operation	129,710
Protective Services	5,979
General Expense	71,678
Nonroutine Maintenance	<u>2,414</u>

Total Operating Expense - Exhibit D(1)	<u>390,259</u>
--	----------------

Net Operating Income/(Loss) Before Other Credits	(231,444)
--	-----------

Other Credits

Prior Year Adjustments Affecting Residual Receipts	23,656
--	--------

Other Charges

Prior Year Adjustments Not Affecting Residual Receipts	<u>(1,112)</u>
--	----------------

Net Income/(Loss)	<u>\$ (208,900)</u>
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The accompanying notes are an integral part of these financial statements.



EXHIBIT B(2)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

STATEMENT OF INCOME AND EXPENSE  
HOUSING ASSISTANCE PAYMENTS PROGRAM  
SECTION 8 - EXISTING

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-5026E

Project OH16-E037-004/008

Operating Income

Interest Earned on Operating Reserve Investments \$ 3,548

Total Operating Income - Exhibit D(2) 3,548

Operating Expenses

Administrative Expense 94,849

Housing Assistance Payments 385,331

Audit Costs 1,689

Total Operating Expense - Exhibit D(2) 481,869

Net Operating Income (Loss) \$ (478,321)

The accompanying notes are an integral part of these financial statements.

EXHIBIT B(3)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

STATEMENT OF INCOME AND EXPENSE  
HOUSING ASSISTANCE PAYMENTS PROGRAM  
SECTION 8 - VOUCHERS

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-5026V

Project OH16-037-002/003

Operating Income

Interest Earned on General Fund Investments	\$	443
		<hr/>
Total Operating Income - Exhibit D(3)		443

Operating Expenses

Administrative Expense		22,635
Housing Assistance Payments		90,394
Audit Costs		403
		<hr/>
Total Operating Expense - Exhibit D(3)		113,432
		<hr/>
Net Operating Income (Loss)	\$	(112,989)

The accompanying notes are an integral part of these financial statements.

EXHIBIT B(4)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

STATEMENT OF INCOME AND EXPENSE  
HOUSING ASSISTANCE PAYMENTS PROGRAM  
SECTION 8 - NEW CONSTRUCTION

Twelve Months Ended June 30, 1999

Annual Contributions Contract C-5026

Project OH16-023-014

Operating Income

Interest Earned on General Fund Investments	<u>443</u>
Total Operating Income - Exhibit D(4)	443

Operating Expenses

Administrative Expense	5,283
Housing Assistance Payments	455,093
Audit Costs	<u>48</u>
Total Operating Expense - Exhibit D(4)	<u>460,424</u>
Net Operating Income (Loss)	<u>\$ (459,981)</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT B(5)  
 COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

HOUSING DEVELOPMENT FUND  
 BALANCE SHEET  
 At June 30, 1999

	<u>FMHA Fund</u>
<u>Assets:</u>	
Cash	\$ 27,407
Investments	6,293
-Escrow	5,424
- Security Deposits	68,072
- Reserve	32,789
- Other	<u>747,519</u>
Land, Structures, and Equipment	
TOTAL ASSETS	<u>\$ 887,504</u>
 <u>Liabilities and Surplus:</u>	
Interprogram	\$ 13,330
Security Deposits	4,600
Accrued Interest	1,490
Notes Payable	<u>729,580</u>
Total Liabilities	749,000
Surplus (Deficit)	<u>138,504</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$ 887,504</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT B(5) Continued  
 COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

HOUSING DEVELOPMENT FUND  
 INCOME STATEMENT AND CHANGES IN SURPLUS  
 At June 30, 1999

	<u>FMHA Fund</u>
<u>Operating Income:</u>	
Dwelling Rentals	\$ 35,859
Interest Income	6,374
Other Income	<u>627</u>
Total Operating Income	42,860
 <u>Operating Expenses:</u>	
Administrative	8,551
Management Fees	6,000
Maintenance	3,453
Utilities	5,651
Insurance	4,286
Professional Services	2,150
Taxes	3,144
F & F Replacement	14,730
General	<u>1,532</u>
Total Operating Expenses	<u>49,497</u>
Operating Income	(6,637)
Add Beginning Surplus Balance	<u>145,141</u>
Ending Surplus Balance	<u>\$ 138,504</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT B(6)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

STATEMENT OF CASH FLOWS

Twelve Months Ended June 30, 1999

	<u>Annual Contribution Contract</u>	
	<u>C-5081</u>	<u>C-5026</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (208,900)	\$ (1,051,291)
Adjustments to reconcile net loss to net cash provided by operating activities:		
(Increase) Decrease In:		
Accounts Receivable	5,741	(26,006)
Deferred Charges	2,373	
Investments	(130,235)	(1,678)
Increase (Decrease) In:		
Accounts Payable	11,282	(22,082)
Accrued Expenses	(17,852)	
Deferred Credits	134,999	43,533
	<hr/>	<hr/>
Net Cash Used By Operating Activities	(202,592)	(1,057,524)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Project Costs	(204,994)	
Equipment Purchased	-	-
	<hr/>	<hr/>
Net Cash Used By Investing Activities	(204,994)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
HUD Grants	199,476	
Operating Subsidy	159,972	1,053,893
Prior Year Adjustment	(176)	-
	<hr/>	<hr/>
Net Cash Provided By Financing Activities	359,272	1,053,893
Net Increase (Decrease) In Cash	(48,314)	(3,631)
Cash At The Beginning Of Year	85,312	41,512
	<hr/>	<hr/>
Cash At End Of Year	\$ 36,998	\$ 37,881

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

STATEMENT OF CHANGES IN SURPLUS

Twelve Months Ended June 30, 1999

	<u>Annual Contribution Contract</u>	
	<u>C-5506</u>	<u>C-10004</u>
SURPLUS at July 1, 1998	\$ (1,266,527)	\$ 74,996
Increase (Decrease) In:		
Unreserved Surplus	(161,084)	978,381
Operating Reserve	(47,814)	2,602
Project Account - Unfunded		(2,020,150)
Cumulative HUD Contributions	8,066,223	1,049,848
Cumulative HUD Grants	<u>199,477</u>	<u>                    </u>
SURPLUS at June 30, 1999	<u>\$ 6,790,275</u>	<u>\$ 85,677</u>

Exhibit A

The accompanying notes are an integral part of these financial statements.

COSHOCKTON METROPOLITAN HOUSING AUTHORITY  
COSHOCKTON, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

**NOTE 1 - Summary of Significant Accounting Policies**

**A. Organization**

The Coshockton Metropolitan Housing Authority is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. 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. Based on the criteria established by GASB codification 2300, there are no component units to be included with the reporting entity.

**B. Basis of Accounting**

The Authority's policy is to maintain its accounting records on the modified cash basis in accordance with accounting practices prescribed by the Department of Housing and Urban Development. The Authority does not depreciate its structures and equipment. Accordingly, the accompanying financial statements are not intended to present financial position and the results of operations in conformity with generally accepted accounting principles.

**C. Land, Structures and Equipment**

Land, Structures and Equipment are recorded at cost. No depreciation is provided according to HUD accounting practices.

**D. Cash and Investments**

At year-end, the Book Value of the PHA's cash and investments, consisting of Demand Deposits, and Certificates of Deposits, was \$ 599,896 and the Bank Balance was \$ 616,977.

- 1) \$ 200,000 was covered by Federal Depository Insurance.
- 2) \$ 416,977 was covered by collateral held by a third party in the name of the PHA.

HUD Handbook 7475.1, Chapter 4, Section 1, authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies;
- Demand and Savings Deposits and Certificates of Deposit.

The PHA's cash, which are demand deposits, at June 30, 1999, are as follows:

<u>Annual Contribution Contract</u>	<u>Book Amount</u>	<u>Bank Amount</u>
C-5081	\$ 384,446	\$ 400,170
C-5026	75,465	76,975
FMHA	<u>139,985</u>	<u>139,832</u>
TOTAL	<u>\$ 599,896</u>	<u>\$ 616,977</u>



**E. Financial Statements Format and Content**

The format and content of the financial statements included in this report conform to the format and content of annual report forms submitted to HUD.

**NOTE 2 - DEFINED BENEFIT PENSION PLAN:**

**A. Public Employees Retirement System Pension Plan**

All Coshocton Metropolitan Housing Authority's full-time employees participate in the Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employees retirement system operated by the State.

All public employees in Ohio, except for certain specific exclusions and exemptions, are required to become contributing member of PERS. Employees may retire at or after age 60 with 5 years of credited service. They are entitled to a retirement benefit, payable monthly for life, equal to 2.1% of their final average salary for the first 30 years of credited service and 2.5% for years of service in excess of 30 years. Final average salary is the employee's average salary over the highest 3 years of earnings. Benefits fully vest upon reaching 5 years of service. Employees may retire at any age with 30 years of service, at age 60 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or less than age 65, receive reduced retirement benefits. Benefits are established by the state statute.

Covered employees are required by state statute to contribute 8.5% of their salary to the plan. The total 1999 employer contribution rate for local government employees units is 13.55%, of which 8.44% is used to fund pension obligations. The difference between the total employer rate and the portion used to fund pension obligations is the amount used to fund the health care program for retirants. For the year ended June 30, 1999, the employer portion of the retirement contribution amounted to \$ 29,638 on covered payroll of \$ 218,728, which met the contribution rate stated above. For the preceding two years the contribution rates were as follows:

	<u>Contribution</u>	<u>Contribution %</u>
June 30, 1998	\$ 29,764	13.55 %
June 30, 1997	\$ 21,934	13.55 %

**NOTE 3 - NOTES PAYABLE**

As a result of the "Forgiveness" legislation, Public Law 99-272, HUD no longer applies annual contributions on held notes, and provides that HUD will forgive all HUD notes which were held to be repaid using fixed annual contributions. HUD will also forgive the accrued interest on these notes. The forgiven debt will be treated as HUD contributions on the Authority's books. The Authority will reduce this contribution by the amount that it has booked as contributions due from HUD but not received. The Authority has elected not to record the accruals based on HUD's directive.

At June 30, 1999, the Authority had received final approval to reclassify the forgiven debt. The forgiven balances written off the Authority's books at June 30, 1999, were \$5,175,328 notes payable and \$ 2,730,922 accrued interest.

**NOTE 4 - YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

Coshocton Metropolitan Housing Authority has completed an inventory of computer systems and other equipment necessary to conducting the Authority's mission-critical operations. The results are as follows:

**Systems and Equipment- Software:** The update provided by Management Computer Systems(MCS) PHA Software will make the Financial Accounting, Payroll, Tenant Accounting, Tenant Certification, and related problems totally Year 2000 ready. The Authority has completed the remediation stage of the process, but must complete testing and validation procedures to be Year 2000 compliant.

**Systems and Equipment - External Entity - HUD:** The Department of Housing and Urban Development issued a letter that states that HUD is well on its way to ensuring that all of its automated systems will be Year 2000 compliant following a plan designed to be implemented by March 31, 1999. The Authority is monitoring the status of the planned system conversion and as of December 9, 1999, have not received notification from HUD that they are in compliance.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Authority is or will be Year 2000 ready, that the Authority's remediation efforts will be successful in whole or in part, or that parties with whom the Authority does business will be 2000 ready.

EXHIBIT D(1)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS  
PHA OWNED HOUSING

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5081

Project OH 16-037-002/003/008

Computation of Residual Receipts  
Operating Receipts

Operating Income - Exhibit B(1)	\$ 158,815
HUD Operating Subsidy	<u>159,972</u>
Total Operating Receipts	318,787

Operating Expenditures

Operating Expenditures - Exhibit B(1)	390,259
Prior Year Adjustments Affecting Residual Receipts	<u>(23,656)</u>
Total Operating Expenditures	<u>366,603</u>
Residual Receipts (Deficit)	(47,816)
Provision for (Reduction of) Operating Reserve	<u>(47,816)</u>
Residual Receipts	<u>\$ - 0 -</u>

EXHIBIT D(2)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT  
OPERATING RESERVE CHANGES  
HOUSING ASSISTANCE PAYMENTS PROGRAM  
SECTION 8 - EXISTING

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5026E

Project OHI6-E037-004/003

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 471,242
Pro Rata Maximum Annual Contribution Applicable to a period less than twelve months	-
Contingency Reserve, ACC Program Reserve	<u>279,474</u>
Total Annual Contribution Available	750,716

Annual Contribution Required

Administrative Fee	80,355
Housing Assistance Payments	385,331
Audit Costs	1,689
Hard - to - House Fee	<u>585</u>

Total Funds Required	467,960
----------------------	---------

Project Receipts Other Than Annual Contribution

-

Total Annual Contributions Required

467,960

Balance of Annual Contributions Available

ACC Program Reserve Balance	<u>\$ 3,282</u>
-----------------------------	-----------------

Provision for ACC Program Reserve

\$ 282,756

EXHIBIT D(2) Continued

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT  
OPERATING RESERVE CHANGES  
HOUSING ASSISTANCE PAYMENTS PROGRAM  
SECTION 8 - EXISTING

Twelve Months Ended June 30, 1999

Annual Contributions Contract - C-5026E

Operating Reserve Changes

Operating Receipts

Operating Income - Exhibit B(2)	3,548
Annual Contribution Earned	<u>467,960</u>
Total Operating Receipts	471,508

Operating Expenditures

Operating Expenses - Exhibit B(2)	<u>481,869</u>
Total Operating Expenditures	<u>481,869</u>

Net Income before Provision for Operating Reserve (10,361)

Operating Reserve Balance at Beginning of Fiscal Year 68,144

Operating Reserve Balance at End of Fiscal Year \$ 57,783

EXHIBIT D(3)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT  
 OPERATING RESERVE CHANGES  
 HOUSING ASSISTANCE PAYMENTS PROGRAM  
 SECTION 8 - VOUCHERS

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5026V

Project OH16-V037-002/003

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 43,120
Pro Rata Maximum Annual Contribution Applicable to a period less than twelve months	5,684
Contingency Reserve, ACC Program Reserve	<u>549,833</u>
 Total Annual Contribution Available	 598,637

Annual Contribution Required

Administrative Fee	19,176
Housing Assistance Payments	90,394
Hard-to-House Fees	135
Audit Costs	<u>403</u>
 Total Funds Required	 110,108
 Project Receipts Other Than Annual Contribution	 <u>(443)</u>
 Total Annual Contributions Required	 <u>109,665</u>

Balance of Annual Contributions Available

ACC Program Reserve Balance	\$ <u>(66,545)</u>
 Provision for ACC Program Reserve	 <u>\$ 488,972</u>

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT  
 OPERATING RESERVE CHANGES  
 HOUSING ASSISTANCE PAYMENTS PROGRAM  
 SECTION 8 - VOUCHERS

Twelve Months Ended June 30, 1999

Annual Contributions Contract - C-5026V

Operating Reserve Changes

Operating Receipts

Operating Income - Exhibit B(3)	443
Annual Contribution Earned	<u>109,665</u>
Total Operating Receipts	110,108

Operating Expenditures

Operating Expenses - Exhibit B(3)	<u>113,432</u>
Total Operating Expenditures	<u>113,432</u>

Net Income before Provision for Operating Reserve	(3,324)
Operating Reserve Balance at Beginning of Fiscal Year	<u>(1,616)</u>
Operating Reserve Balance at End of Fiscal Year	<u>\$ (4,940)</u>

EXHIBIT D(4)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT  
 OPERATING RESERVE CHANGES  
 HOUSING ASSISTANCE PAYMENTS PROGRAM  
 SECTION 8 - NEW CONSTRUCTION

Twelve Months Ended June 30, 1999

Annual Contribution Contract C-5026

Project OH16-023-014

Maximum Contribution Available

Maximum Annual Contribution Authorized	\$ 520,008
Pro Rata Maximum Annual Contribution Applicable to a period less than twelve months	
Contingency Reserve, ACC Program Reserve	<u>449,739</u>
 Total Annual Contribution Available	 969,747

Annual Contribution Required

Administrative Fee	21,570
Housing Assistance Payments	455,093
Audit Costs	<u>48</u>
 Total Funds Required	 476,711
 Project Receipts Other Than Annual Contribution	 <u>(443)</u>
 Total Annual Contributions Required	 <u>476,268</u>

Balance of Annual Contributions Available

ACC Program Reserve Balance	\$ <u>43,740</u>
 Provision for ACC Program Reserve	 \$ <u>493,479</u>

EXHIBIT D(4) Continued

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND PROJECT ACCOUNT  
OPERATING RESERVE CHANGES  
HOUSING ASSISTANCE PAYMENTS PROGRAM  
SECTION 8 - NEW CONSTRUCTION

Twelve Months Ended June 30, 1999

Annual Contributions Contract - C-5026

Operating Reserve Changes

Operating Receipts

Operating Income - Exhibit B(4)	443
Annual Contribution Earned	<u>476,268</u>
Total Operating Receipts	476,711

Operating Expenditures

Operating Expenses - Exhibit B(4)	<u>460,424</u>
Total Operating Expenditures	<u>460,424</u>

Net Income before Provision for Operating Reserve 16,287

Operating Reserve Balance at Beginning of Fiscal Year (5,056)

Operating Reserve Balance at End of Fiscal Year \$ 11,231



EXHIBIT E

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

STATEMENT OF MODERNIZATION COST UNCOMPLETED

At June 30, 1999

	CIAP Project <u>904</u>	CIAP Project <u>905</u>
Funds Approved	\$ 301,238	\$ 260,000
Funds Expended	<u>136,528</u>	<u>69,578</u>
Excess (Deficiency) of Funds Approved	<u>\$ 164,710</u>	<u>\$ 190,422</u>
Funds Advanced	\$ 136,508	\$ 62,969
Funds Expended	<u>136,528</u>	<u>69,578</u>
Excess (Deficiency) of Funds Advanced	<u>\$ (20)</u>	<u>\$ (6,609)</u>

EXHIBIT E(1)

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON, OHIO

MODERNIZATION COST CERTIFICATION

At June 30, 1999

Annual Contribution Contract C-5081

1. The Actual Comprehensive Grant Costs are as follows:

	Project <u>OH16-902</u>	Project <u>OH16-903</u>
<u>Project OH 37-2,3,8</u>		
Funds Approved	\$ 245,950	\$ 242,990
Funds Expended	<u>245,950</u>	<u>242,990</u>
Excess (Deficiency) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 245,950	\$ 242,990
Funds Expended	<u>245,950</u>	<u>242,990</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>
Date Submitted	4/24/98	7/29/98

2. The Distribution of Costs as shown on the Schedule/Report of Modernization Expenditures submitted to HUD for approval are in agreement with the Authority's records.

3. All Modernization Costs have been paid and all related liabilities have been discharged through payment

EXHIBIT H

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Twelve Months Ended June 30, 1999

<u>FROM U.S. DEPARTMENT OF HUD</u> <u>DIRECT PROGRAMS</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>FUNDS</u> <u>RECEIVED</u>	<u>FUNDS</u> <u>DISBURSED</u>
Annual Contribution Contract C-5081:			
PHA Owned Housing: Operating Subsidy -	14.850	\$ 159,972	\$ 159,972
PHA Owned Housing: Modernization - 904/905	14.852	<u>199,477</u>	<u>204,994</u>
Safe Neighborhood Grant	14.192	<u>156,149</u>	<u>156,149</u>
Annual Contribution Contract C-5026:			
Section 8 Cluster			
Housing Assistance Payments:			
Annual Contribution			
Existing	14.857	467,960	467,960
Vouchers	14.855	488,972	488,972
New Construction	14.182	<u>476,268</u>	<u>476,268</u>
Sub-Total Section 8 Cluster		<u>1,433,200</u>	<u>1,433,200</u>
TOTAL - ALL PROGRAMS		<u>\$ 1,948,798</u>	<u>\$ 1,954,315</u>

Basis of Accounting:

As discussed in Note 1, Coshocton Metropolitan Housing Authority prepares its Schedule of Expenditures of Federal Awards on a prescribed basis of accounting that demonstrates compliance with the modified cash basis accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

*J. E. Slaybaugh & Associates, Inc.*

*12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCPA*

*John E. Slaybaugh III  
Certified Public Accountant*

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

Board of Commissioners  
Coshocton Metropolitan Housing Authority  
Coshocton, Ohio

U.S. Dept. of Housing and  
Urban Development  
Public Housing Division  
Cincinnati, Ohio

We have audited the financial statements of Coshocton Metropolitan Housing Authority, Coshocton, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coshocton Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Coshocton Metropolitan Housing Authority in a separate letter dated December 9, 1999.

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

*J. E. Slaybaugh & Associates, Inc.*  
J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
December 9, 1999

*J. E. Slaybaugh & Associates, Inc.*

*12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCPA*

*John E. Slaybaugh III  
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Coshocton Metropolitan Housing Authority  
Coshocton, Ohio

U.S. Department of Housing and  
Urban Development  
Public Housing Division  
Cincinnati, Ohio

Compliance

We have audited the compliance of Coshocton 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 are applicable to each of its major federal programs for the year ended June 30, 1999. Coshocton Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Coshocton Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the *Public and Indian Housing Compliance Supplement*, PIH Notice 97-30. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coshocton Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coshocton Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Coshocton Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

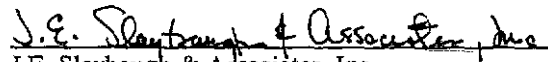
The management of Coshocton Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Report on Compliance and Internal Control

Page 2

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

This report is intended for the information and use of management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

  
\_\_\_\_\_  
J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
December 9, 1999

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

SUMMARY OF ACTIVITIES

June 30, 1999

At the close of fiscal year ended June 30, 1999, the Coshocton Metropolitan Housing Authority had the following operations management:

<u>Management</u>	<u>Units</u>
Owned Housing OH16-037-02/03/08	131
Housing Assistance Payments Program      Section 8	
OH16-E037-004/008    Existing	204
OH16-V037-002/003    Vouchers	48
OH16-023-014          New Construction	<u>100</u>
TOTAL	<u>483</u>

Prior Audit Findings

There were no audit findings for the period ending June 30, 1998

COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON, OHIO

SCHEDULE OF FINDINGS

JUNE 30, 1999

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Coshocton Metropolitan Housing Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Coshocton Metropolitan Housing Authority.
6. The audit disclosed no audit findings.
7. The major programs are:  
    Section 8 Programs   (Cluster)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Coshocton Metropolitan Housing Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED  
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COSHOCTON METROPOLITAN HOUSING AUTHORITY

COSHOCTON 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.

By: Susan Babbitt

Date: JANUARY 11, 2000