

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
Single Audit  
For the Year Ended June 30, 2012**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Commissioners  
Coshocton Metropolitan Housing Authority  
823 Magnolia Street  
Coshocton, Ohio 43812

We have reviewed the *Independent Accountants' Report* of the Coshocton Metropolitan Housing Authority, Coshocton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Coshocton 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

February 14, 2013

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**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON COUNTY  
 FOR THE YEAR ENDED JUNE 30, 2012**

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**INDEPENDENT ACCOUNTANTS' REPORT**

December 10, 2012

Coshocton Metropolitan Housing Authority  
Coshocton County  
823 Magnolia Street  
Coshocton, OH 43812

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities of the **Coshocton Metropolitan Housing Authority**, Coshocton County, Ohio (the "Authority"), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2012, and the respective changes in financial position and the cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*; you should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The supplemental financial data schedules presented on pages 23 through 25 and page 32 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of federal awards expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplemental financial data schedules and the schedule of federal awards expenditures are management's responsibility, and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. These schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



**Perry & Associates**  
Certified Public Accountants, A.C.



**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
Unaudited**

**Management's Discussion and Analysis**

This Management's Discussion and Analysis (MD&A) for the Coshocton Metropolitan Housing Authority (the Authority) is intended to assist the reader in identifying what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in the Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended June 30, 2012, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

**Overview of the Financial Statements**

The Basic Financial Statements included elsewhere in this report are:

- Statement of Net Assets,
- Statement of Revenues, Expenses & Changes in Net Assets, and
- Statement of Cash Flows.

The **Statement of Net Assets** is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets the Authority holds at 6/30/12, that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment the Authority owns. In the other half of the report it shows the liabilities the Authority has, that is, what the Authority owes others at 6/30/12; and what Net Assets (or what is commonly referred to as Equity) the Authority has at 6/30/12. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet, in that the total of the assets part equals the total of the liabilities plus net assets (or equity) part.

In the statement, the Net Assets part is broken out into three broad categories:

Invested in Capital Assets, Net of Related Debt,  
Restricted Net Assets, and  
Unrestricted Net Assets.

The balance in Net Assets, Invested in Capital Assets, Net of Related Debt reflects the value of capital assets, that is assets such as land, buildings, & equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owed on those assets.

The balance in Restricted Net Assets reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Assets is what is left over of Net Assets after what is classified in the two previously mentioned components of Net Assets. It reflects the value of assets available to the Authority to use to further its purposes.

The **Statement of Revenues, Expenses & Changes in Net Assets** is very similar to and may commonly be referred to as an Income Statement. It is in essence a report showing what the Authority earned, that is what its revenues or incomes were, versus what expenses the Authority had over the same period. It then shows how the Fund Balance (or net assets or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if the Authority had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the Fund Balance (or net assets or equity). The bottom line of the report, the Ending Total Net Assets, is what is referred to in the above discussion of the Statement of Net Assets that when added to the liabilities the Authority has equals the total assets the Authority has.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
Unaudited**

The **Statement of Cash Flows** is a report that shows how the amount of cash the Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and the cash going out. It helps the reader to understand the sources and uses of cash by the Authority during the year to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

**The Authority's Business Type Funds**

The financial statements included elsewhere in this report are presented using the entity-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of the Authority. The Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

The Authority's programs include the following:

- Low Rent Public Housing program,
- Section 8 Housing programs,
- Rural Housing program, and
- State & Local program.

Under the Low Rent Public Housing program, the Authority rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with HUD, HUD provides an operating subsidy to the Authority to help support the operations of the program. In addition, HUD provides funds for physical improvements to the Authority's properties and funds for management improvements through Capital Fund Program grants.

Under the Section 8 Housing Choice Voucher program, the Authority subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

Under the Rural Housing program, the US Department of Agriculture provided a low interest loan to the Authority to finance the construction of the dwelling units and then also provides rental assistance to the low to moderate-income families that rent them from the owner, the Authority.

Under its Local program, the Authority operates coin laundry facilities in its Public Housing rental housing developments and assigns 100% of the proceeds against a debt owed to the Public Housing program of the agency.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON COUNTY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 Unaudited**

**Condensed Financial Statements**

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

Table 1 – Condensed Statement of Net Assets Compared to Prior Year  
 (Values Rounded to Nearest Thousand)

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 547,000	\$ 514,000
Capital Assets	<u>2,475,000</u>	<u>2,740,000</u>
<b>Total Assets</b>	<b><u>3,022,000</u></b>	<b><u>3,254,000</u></b>
Current Liabilities	97,000	89,000
Long Term Liabilities	<u>751,000</u>	<u>763,000</u>
<b>Total Liabilities</b>	<b><u>848,000</u></b>	<b><u>852,000</u></b>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,781,000	2,040,000
Restricted Net Assets	179,000	190,000
Unrestricted Net Assets	<u>214,000</u>	<u>172,000</u>
<b>Total Net Assets</b>	<b><u>2,174,000</u></b>	<b><u>2,402,000</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>3,022,000</u></b>	<b>\$ <u>3,254,000</u></b>

For more detailed information see the Statement of Net Assets presented elsewhere in this report.

Total Net Assets decreased from the prior year-end by \$228,000, but Unrestricted Net Assets increased by \$42,000. The changes in incomes and expenses from the prior year causing those changes are discussed more in the next section in Table 2, the Modified Statement of Revenues, Expenses and Changes in Net Assets.

Current Assets increased modestly from the prior year. That increase corresponds to the increase in Unrestricted Net Assets and is a result of the favorable year-end finish from operations in the period. Again, that will be discussed further in the following section where changes in incomes and expenses are addressed.

Capital Assets were reduced in the period by 10%, a reflection that depreciation on assets held by the Authority outpaced additions to capital assets in the period. Liabilities remained relatively stable.

Of the components of Net Assets, the change in Invested in Capital Assets, Net of Related Debt closely corresponds to the change in Capital Assets because that is what that component of Net Assets represents. The change in Restricted Net Assets is primarily a result of the intentional increased spending of HAP funding provided the Authority's Housing Choice Voucher program. This will also be addressed in the following section. As was noted previously, Unrestricted Net Assets increased by \$42,000. Unrestricted Net Assets is the component that measures what the Authority has in Net Assets to further its purpose. That increase is a reflection of the favorable operating period the Authority experienced, which is to be discussed in the following section.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON COUNTY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 Unaudited**

The following is a modified **Statement of Revenues, Expenses & Changes in Net Assets**. The Authority is engaged only in business type activities.

Table 2 – Modified Statement of Revenues, Expenses & Changes in Net Assets  
 (Values Rounded to Nearest Thousand)

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Tenant Revenues - Rents & Other	\$ 227,000	\$ 214,000
Operating Subsidies & Grants	1,475,000	1,432,000
Capital Grants	30,000	82,000
Other Revenues	65,000	16,000
<b>Total Revenues</b>	<u>1,797,000</u>	<u>1,744,000</u>
<b><u>Expenses</u></b>		
Administrative	442,000	416,000
Tenant Services	21,000	9,000
Utilities	116,000	99,000
Maintenance	240,000	187,000
General	115,000	65,000
Housing Assistance Payments	797,000	764,000
Depreciation	295,000	309,000
<b>Total Expenses</b>	<u>2,026,000</u>	<u>1,849,000</u>
<b>Net Increase (Decrease)</b>	\$ <u>(229,000)</u>	\$ <u>(105,000)</u>

For more detailed information see Combined Statement of Revenues, Expenses and Changes in Net Assets presented elsewhere in this report.

The Authority enjoyed a favorable year-end finish from operations, when you exclude consideration of Capital Grants Revenue and Depreciation Expense which are non-operating balances. Revenues increased only slightly from the prior period but that is because of the drop in Capital Grants. Excluding Capital Grant revenue, operating revenues increased by \$105,000. The majority of that increase was in Operating Subsidies benefitting the Public Housing program and that reflects the favorable level of funding in that program in the period by HUD. Expenses increased as well and to a greater extent than revenues and that is why the year-end finish from operations was not as favorable as it was in the prior year. A modest rate increase was offered to the employee group in the period, and an additional staff person was added to serve the Authority's successful computer learning center program, which is reflected in the increase in Administrative Expenses. Water rates increased fueling the increase in Utilities Expense. The increase in Maintenance Expense was across all components. Staff received a modest rate increase and spending on materials and contracts increased over the prior period to address maintenance issues deferred in past periods due to uncertainty about funding. HAP Expense increased as the authority intentionally increased utilization within the Housing Choice Voucher program so as to provide rental assistance to more families. It should be noted HAP expense affects the Restricted Net Assets component of Net Assets as the funding provided the Authority by HUD for this purpose is restricted for the payments of rental assistance under this program.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON COUNTY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 Unaudited**

The following is a condensed **Statement of Changes in Capital Assets** comparing the balance in capital assets at the year-end versus at the end of the prior year.

Table 3 – Condensed Statement of Changes in Capital Assets  
 (Values Rounded to Nearest Thousand)

	<u>2012</u>	<u>2011</u>
Land and Land Easements	\$ 439,000	\$ 439,000
Buildings	7,922,000	7,891,000
Furniture and Equipment	307,000	342,000
Accumulated Depreciation	<u>(6,193,000)</u>	<u>(5,933,000)</u>
<b>Total</b>	<b>\$ <u>2,475,000</u></b>	<b>\$ <u>2,739,000</u></b>

The change in capital assets in the period is a reflection of the reduction in the amount of Capital Grants revenue discussed above offset by the amount of depreciation expense in the period. Overall, capital additions were outpaced by the increase in depreciation on assets owned by the Authority.

The following is a **Comparison of Debt Outstanding** at the year-end versus at the end of the prior year.

Table 4 - Condensed Statement of Changes in Debt Outstanding  
 (Values Rounded to Nearest Thousand)

	<u>2012</u>	<u>2011</u>
Current Portion of Debt	\$ 4,000	\$ 4,000
Long Term Portion of Debt	<u>691,000</u>	<u>695,000</u>
<b>Total</b>	<b>\$ <u>695,000</u></b>	<b>\$ <u>699,000</u></b>

Debt was reduced by \$4000 during year-end 2012, a reduction of about .6%. That is the result of regular payments on the loan from the US Department of Agriculture made several years ago to enable the Authority to develop rental property owned by the Authority.

**Economic Factors**

As was the case in the prior year, the Authority benefitted from the favorable funding level by HUD of operating subsidies for the Public Housing program. Despite the budget problems facing the Federal government, HUD managed to fund Public Housing operating subsidies at favorable levels in the period. And the Authority took advantage of the opportunity to improve its financial position. But because of ongoing Federal budget difficulties facing the nation, the Authority is not so optimistic about HUD being able to continue to provide Federal subsidies used to administer Authority programs and maintain Authority properties at such favorable levels. Also, unfavorable economic times, as reflected in the numbers of families earning less in addition to those leaving the community because they cannot find adequate employment opportunities, also mean revenues from tenants are likely to be reduced because generally rents are based on the tenant families' ability to pay as dictated by the Federal government. Then expected increases in the costs of utilities, costs of providing employee benefits, and general inflationary increases in other operating areas represent challenges anticipated by the Authority in the coming period.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
Unaudited**

**Financial Contact**

Questions concerning this report or requests for additional information should be directed to Gregory J. Darr, Executive Director of the Coshocton Metropolitan Housing Authority, 823 Magnolia Street, Coshocton, Ohio, 43812.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND TYPE- ENTERPRISE FUND  
AS OF JUNE 30, 2012**

	<u>ENTERPRISE</u>
<i>Assets:</i>	
Current Assets:	
Cash and Cash Equivalents- Unrestricted	\$ 314,611
Cash and Cash Equivalents- Restricted	175,917
Total Cash and Cash Equivalents	490,528
Accounts Receivable:	
Tenants - Dwelling Rents, Net of Allowance for Doubtful Accounts	356
Inventories	5,500
Prepaid Expenses and Other Assets	50,050
Total Current Assets	546,434
Noncurrent Assets:	
Capital Assets	
Nondepreciable Capital Assets	438,538
Depreciable Capital Assets, Net of Accumulated Depreciation	2,036,672
Total Capital Assets	2,475,210
Total Noncurrent Assets	2,475,210
<i>Total Assets</i>	<u>\$ 3,021,644</u>
<i>Liabilities:</i>	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$ 23,072
Accounts Payable	23,449
Intergovernmental Payable	20,737
Tenant Security Deposits	24,383
Current Portion of Long Term Debt	4,397
Other Current Liabilities	1,502
Total Current Liabilities	97,540
Long Term Liabilities:	
Long Term Debt, Net of Current Portion	690,481
Compensated Absences	56,426
Payment in Lieu of Taxes	3,697
Total Long Term Liabilities	750,604
<i>Total Liabilities</i>	848,144
<i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	1,780,332
Restricted	179,331
Unrestricted	213,837
<i>Total Net Assets</i>	2,173,500
<i>Total Liabilities and Net Assets</i>	<u>\$ 3,021,644</u>

See accompanying notes the basic financial statements.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY**  
**COSHOCTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND TYPE- ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>ENTERPRISE</u>
<i>Operating Revenues</i>	
Tenant Rental Revenue	\$ 216,164
Tenant Revenue - Other	10,739
Government Operating Grants	1,475,268
Other Revenue	18,652
Total Operating Revenues	1,720,823
<i>Operating Expenses</i>	
Administrative	440,955
Tenant Services	21,312
Utilities	116,204
Maintenance & Operation	240,409
General Expense	54,295
Housing Assistance Payments	796,846
Depreciation Expense	295,336
Total Operating Expenses	1,965,357
Operating Loss	(244,534)
<i>Non-Operating Revenues/(Expenses)</i>	
Interest Expense	(60,504)
Interest Subsidy	45,862
Investment Income	275
Total Non-Operating Revenues/(Expenses)	(14,367)
Change in Net Assets before Capital Grants	(258,901)
<i>Capital Grants</i>	30,063
Change in Net Assets	(228,838)
Net Assets, Beginning of Year	2,402,338
Net Assets, End of Year	\$ 2,173,500

See accompanying notes the the basic financial statemetns.



**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE- ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>ENTERPRISE</u>
Cash Flows From Operating Activities:	
Receipts from Tenants	\$ 223,053
Receipts from Operating Grants	1,482,252
Other Operating Receipts	18,652
Housing Assistance Payments	(796,846)
Payments for General and Administrative Expense	(880,720)
Net Cash Provided by Operating Activities	46,391
Cash Flows From Capital and Related Financing Activities:	
Construction and Acquisition of Capital Assets	(30,988)
Payments on Long-Term Debt	(4,306)
Interest Paid on Long-Term Debt	(14,642)
Capital Grants	30,063
Net Cash Flow Used in Capital and Related Financing Activities	(19,873)
Cash Flows From Investing Activities:	
Interest Received on Investments	275
Net Cash Provided by Investing Activities	275
Net Increase in Cash and Cash Equivalents	26,793
Cash at Beginning of Year	463,735
Cash at End of Year	\$ 490,528
 <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Operating Income/(Loss)	\$ (244,534)
Adjustments to Reconcile Net Gain/(Loss) to Net Cash Provided by Operating Activities	
Depreciation Expense	295,336
(Increase)Decrease In:	
Accounts Receivable	9,473
Prepaid Expenses and Other Assets	(14,365)
Inventories	(500)
Increase(Decrease) In:	
Accounts Payable	8,938
Accrued Wages/Payroll Taxes Payable/Compensated Absences	4,984
Tenant Security Deposits	2,252
Other Liabilities	(15,193)
Net Cash Used in Operating Activities	\$ 46,391

See accompanying notes to the basic financial statements.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY**

**Summary of Significant Accounting Policies**

The financial statements of the Coshocton 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.

**Reporting Entity**

The Authority was created pursuant to the Ohio Revised Code Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. The financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Authority's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

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

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

**Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The Statement of Revenues, Expenses, and 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 its 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 Authority to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

***Housing Choice Voucher Program***

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

***Rural Housing Program***

The United States Department of Agriculture provided a low interest loan to the Coshocton Metropolitan Housing Authority to finance the construction of the dwelling units and then also provides rental assistance to the low to moderate-income families that rent them from the owner, Coshocton MHA.

**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, and all non-negotiable certificates of deposits regardless of maturity.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments are restricted by the provisions of the HUD regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2012 totaled \$275.

**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. There was no allowance for doubtful accounts at June 30, 2012.

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

**Inventory**

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

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. There was no allowance for obsolete inventory at June 30, 2012.

**Capital Assets**

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life are expensed as incurred. The Authority's capitalization policy is \$1,000. The following are the useful lives used for depreciation purposes:

Buildings	15-40 years
Furniture and Equipment	3-7 years

**Due From/To Other Programs**

On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

**Accrued Liabilities**

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

**Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences (Continued)**

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 06/30/2011	Increases	Decreases	Balance 06/30/2012	Due Within One Year
Compensated Absences	\$ 53,962	\$ 25,112	\$ 22,648	\$ 56,426	\$ -

**Deferred Revenue**

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

**Net Assets**

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

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grant from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, tenant services, utilities, maintenance, operations, general, depreciation, and housing assistance payments.

**Capital Grant**

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

**Budgetary Accounting**

The Authority annually prepares its program budgets as prescribed by the Department of Housing and Urban Development and Department of Agriculture. These budgets are adopted by the Board of the Housing Authority and submitted to the Federal agencies, as applicable.

**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.

**3. DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

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**3. DEPOSITS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end June 30, 2012, the carrying amount of the Authority's deposits totaled \$490,528 (including \$335 in petty cash) and its bank balance was \$500,692. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2012, \$230,459 was exposed to custodial risk as discussed below, while \$270,233 was covered by the Federal Depository Insurance Corporation.

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

**Investments**

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

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

***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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**3. DEPOSITS AND INVESTMENTS (Continued)**

The Agency had no investments at June 30, 2012

Deposits for the Authority at June 30, 2012, consist of the following:

	Balance at 6/30/2012
Cash- Restricted	
Parkview North Tax and Insurance Escrow	\$ 1,027
Parkview North Repalement Reserve	75,679
Unspent HUD Revenues Provided for Payment of Rental Assistance in the Housing Choice Voucher Program	74,828
Security Deposits	24,383
Total Cash- Restricted	175,917
Cash- Unrestricted	314,611
Total Deposits	\$ 490,528

**4. CAPITAL ASSETS**

A summary of changes in the Authority's capital assets for the year ended June 30, 2012, follows:

	Ending Balance 06/30/11	Additions	Deletions	Ending Balance 06/30/12
<b>Capital Assets, Not Being Depreciated</b>				
Land and Land Easements	\$ 438,538	\$ -	\$ -	\$ 438,538
<b>Total Capital Assets, Not Being Depreciated</b>	438,538	-	-	438,538
<b>Capital Assets Being Depreciated</b>				
Buildings	7,891,209	30,988	-	7,922,197
Furniture and Equipment	342,383	-	(34,962)	307,421
<b>Total Capital Assets, Being Depreciated</b>	8,233,592	30,988	(34,962)	8,229,618
<b>Less Accumulated Depreciation:</b>				
Buildings	(5,632,464)	(288,936)	-	(5,921,400)
Furniture and Equipment	(300,108)	(6,400)	34,962	(271,546)
<b>Total Accumulated Depreciation</b>	(5,932,572)	(295,336)	34,962	(6,192,946)
<b>Total Capital Assets Being Depreciated, Net</b>	2,301,020	(264,348)	-	2,036,672
<b>Total Capital Assets, Net</b>	\$ 2,739,558	\$ (264,348)	\$ -	\$ 2,475,210

**5. RISK MANAGEMENT**

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

Workers' compensation benefits are provided. Settled claims have not exceeded coverage in the last two years.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
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**6. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

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

- The Traditional Pension Plan (TP) - a cost sharing, multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member Directed Plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2012, member and employer contribution rates were consistent across all three plans. The 2011 and 2012 member contribution rates were 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the years ended June 30, 2012, 2011 and 2010 were \$44,969, \$38,893 and \$44,896, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through June 30, 2012.

**7. POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

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

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

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



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**7. POST-EMPLOYMENT BENEFITS (Continued)**

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

**B. Funding Policy**

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

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

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for Coshocton Metropolitan Housing Authority's year ended June 30, 2012.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2012, 2011, and 2010 which were used to fund post-employment benefits were \$12,848, \$15,279, and \$17,638, respectively.

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

**8. LONG-TERM DEBT**

The Authority is obligated on a mortgage payable to the United States Department of Agriculture-Rural Development, which matures in November 2040. The date of the loan was October 30, 1990 for the amount of \$744,314 with an interest rate of 9 percent. Rural Development requires monthly installments of \$1,579. This monthly installment represents a discounted monthly payment of \$4,068 subsidized by the United States Department of Agriculture-Rural Development. The note is secured by the property.

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

Description	Balance 06/30/2011	Issued	Retired	Balance 06/30/2012	Due Within One Year
Loan Payable	\$ 699,184	\$ -	\$ 4,306	\$ 694,878	\$ 4,397
Total	\$ 699,184	\$ -	\$ 4,306	\$ 694,878	\$ 4,397

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
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FOR THE YEAR ENDED JUNE 30, 2012**

**8. LONG-TERM DEBT (Continued)**

Debt maturities for the period after June 30, 2012 are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,397	\$ 63,362	\$ 67,759
2014	6,089	61,670	67,759
2015	6,660	61,099	67,759
2016	7,285	60,474	67,759
2017	7,969	59,790	67,759
2018-2022	52,560	286,237	338,797
2023-2027	82,293	256,504	338,797
2028-2032	128,844	209,953	338,797
2033-2036	201,728	137,069	338,797
2037-2040	<u>197,053</u>	<u>28,857</u>	<u>225,910</u>
Total	<u>\$ 694,878</u>	<u>\$ 1,225,015</u>	<u>\$ 1,919,893</u>

**9. RESTRICTED NET ASSETS**

The Authority had the following restricted cash at June 30, 2012:

Parkview North Tax and Insurance Escrow	\$ 1,027
Parkview North Replacement Reserve	75,679
Unspent HUD Revenues provided for payment of Rental Assistance in the Housing Choice Voucher Program	74,828
Unspent HUD Revenues provided for payment of Rental Assistance in the Housing Choice Voucher Program (Unfunded)	<u>27,797</u>
Total Restricted Net Assets	<u>\$ 179,331</u>

As discussed in Note 2, "Due From/To Other Programs," inter-program receivables and payables are eliminated in the basic financial statements. The Authority has an inter-program receivable/payable in the amount of \$27,797 for unspent HUD revenues provided for payment of rental assistance in the Housing Choice Voucher Program from a program that HUD is no longer funding. Therefore, at this point in time there are no restricted assets to cover the inter-program payable, and as such the amount described above is a restricted net asset with no offsetting restricted asset.

**10. CONTINGENCIES**

**Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2012.

**Litigations**

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2012, the Authority was not aware of any such matters.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012**

**11. NOTE TO THE 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.

**12. 2003 INSPECTOR GENERAL REPORT**

**Inspector General Audit**

The financial data schedule submitted to REAC included a non-current receivable in the Low Rent Program and an offsetting liability in the State and Local program in the amount of \$459,370 related to an audit finding identified in a 2003 report by the Inspector General's Office. In accordance with generally accepted accounting principles, these amounts are not reflected in the agency wide financial statements because they are inter-agency receivables and payables. In addition management believes it is not likely that the receivable will ever be fully collected and the payable will ever be fully repaid. This information was reflected on the financial data schedule submitted to REAC as instructed by HUD.

Coshocton MHA signed a repayment agreement with HUD related to this amount due to the Public Housing program. The agreement specifies that laundry income the PHA collects will be applied against the amount to be paid back to the Public Housing program. Based on this arrangement, it will take well over 100+ years for the liability to be satisfied.

The amount applied to the balance during the audit period was \$1,974.

Balance 6/30/2011	HUD Adjustment	Adjusted Balance 6/30/2011	Payment Made in Period	Balance 6/30/2012
\$ 567,687	\$ (106,343)	\$ 461,344	\$ (1,974)	\$ 459,370

## Supplemental Information

**COSHOCTON METROPOLITAN HOUSING AUTHORITY**  
**COSHOCTON COUNTY**  
**FINANCIAL DATA SCHEDULE**  
**AS OF JUNE 30, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	Other Federal Program 1	State/Local	Subtotal	ELIM	TOTAL
111 Cash - Unrestricted	\$308,469	\$0	\$0	\$6,142	\$0	\$314,611	\$0	\$314,611
113 Cash - Other Restricted	\$0	\$74,828	\$0	\$76,706	\$0	\$151,534	\$0	\$151,534
114 Cash - Tenant Security Deposits	\$20,239	\$0	\$0	\$4,144	\$0	\$24,383	\$0	\$24,383
100 Total Cash	\$328,708	\$74,828	\$0	\$86,992	\$0	\$490,528	\$0	\$490,528
126 Accounts Receivable - Tenants	\$356	\$0	\$0	\$0	\$0	\$356	\$0	\$356
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$356	\$0	\$0	\$0	\$0	\$356	\$0	\$356
142 Prepaid Expenses and Other Assets	\$50,050	\$0	\$0	\$0	\$0	\$50,050	\$0	\$50,050
143 Inventories	\$5,500	\$0	\$0	\$0	\$0	\$5,500	\$0	\$5,500
144 Inter Program Due From	\$68,957	\$0	\$0	\$0	\$0	\$68,957	-\$68,957	\$0
150 Total Current Assets	\$453,571	\$74,828	\$0	\$86,992	\$0	\$615,391	-\$68,957	\$546,434
161 Land	\$438,538	\$0	\$0	\$0	\$0	\$438,538	\$0	\$438,538
162 Buildings	\$7,151,406	\$0	\$0	\$770,791	\$0	\$7,922,197	\$0	\$7,922,197
163 Furniture, Equipment & Machinery - Dwellings	\$55,182	\$0	\$0	\$0	\$0	\$55,182	\$0	\$55,182
164 Furniture, Equipment & Machinery - Administration	\$247,000	\$0	\$0	\$5,239	\$0	\$252,239	\$0	\$252,239
166 Accumulated Depreciation	-\$5,800,879	\$0	\$0	-\$392,067	\$0	-\$6,192,946	\$0	-\$6,192,946
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,091,247	\$0	\$0	\$383,963	\$0	\$2,475,210	\$0	\$2,475,210
174 Other Assets	\$576,962	\$115,721	\$0	\$0	\$0	\$692,683	-\$692,683	\$0
180 Total Non-Current Assets	\$2,668,209	\$115,721	\$0	\$383,963	\$0	\$3,167,893	-\$692,683	\$2,475,210
190 Total Assets	\$3,121,780	\$190,549	\$0	\$470,955	\$0	\$3,783,284	-\$761,640	\$3,021,644
312 Accounts Payable <= 90 Days	\$22,079	\$373	\$0	\$997	\$0	\$23,449	\$0	\$23,449
321 Accrued Wage/Payroll Taxes Payable	\$19,754	\$2,383	\$0	\$935	\$0	\$23,072	\$0	\$23,072
325 Accrued Interest Payable	\$0	\$0	\$0	\$1,281	\$0	\$1,281	\$0	\$1,281
333 Accounts Payable - Other Government	\$9,382	\$0	\$0	\$11,355	\$0	\$20,737	\$0	\$20,737
341 Tenant Security Deposits	\$20,239	\$0	\$0	\$4,144	\$0	\$24,383	\$0	\$24,383
342 Deferred Revenues	\$0	\$0	\$0	\$221	\$0	\$221	\$0	\$221
343 Current portion of Long-term Debt - Capital Projects/mortgage	\$0	\$0	\$0	\$4,397	\$0	\$4,397	\$0	\$4,397
347 Inter Program - Due To	\$0	\$40,000	\$0	\$28,957	\$0	\$68,957	-\$68,957	\$0
310 Total Current Liabilities	\$71,454	\$42,756	\$0	\$52,287	\$0	\$166,497	-\$68,957	\$97,540
351 Long-term Debt, net of current - Capital Projects/mortgage	\$0	\$0	\$0	\$690,481	\$0	\$690,481	\$0	\$690,481
353 Non-current Liabilities - Other	\$0	\$0	\$126,970	\$3,697	\$565,713	\$696,380	-\$692,683	\$3,697
354 Accrued Compensated Absences - Non Current	\$40,947	\$10,819	\$0	\$4,660	\$0	\$56,426	\$0	\$56,426
350 Total Non-Current Liabilities	\$40,947	\$10,819	\$126,970	\$698,838	\$565,713	\$1,443,287	-\$692,683	\$750,604
300 Total Liabilities	\$112,401	\$53,575	\$126,970	\$751,125	\$565,713	\$1,609,784	-\$761,640	\$848,144
508.1 Invested In Capital Assets, Net of Related Debt	\$2,091,247	\$0	\$0	-\$310,915	\$0	\$1,780,332	\$0	\$1,780,332
511.1 Restricted Net Assets	\$0	\$102,625	\$0	\$76,706	\$0	\$179,331	\$0	\$179,331
512.1 Unrestricted Net Assets	\$918,132	\$34,349	-\$126,970	-\$45,961	-\$565,713	\$213,837	\$0	\$213,837
513 Total Equity/Net Assets	\$3,009,379	\$136,974	-\$126,970	-\$280,170	-\$565,713	\$2,173,500	\$0	\$2,173,500
600 Total Liabilities and Equity/Net Assets	\$3,121,780	\$190,549	\$0	\$470,955	\$0	\$3,783,284	-\$761,640	\$3,021,644

Note: This Statement of Net Assets by Program includes interprogram due to/from of \$761,640, which are removed from the entity wide Statement of Net Assets on page 9.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	Other Federal Program 1	State/Local	Subtotal	ELIM	TOTAL
70300 Net Tenant Rental Revenue	\$155,626	\$0	\$0	\$60,538	\$0	\$216,164	\$0	\$216,164
70400 Tenant Revenue - Other	\$10,739	\$0	\$0	\$0	\$0	\$10,739	\$0	\$10,739
70600 HUD PHA Operating Grants	\$546,910	\$893,856	\$0	\$0	\$0	\$1,440,766	\$0	\$1,440,766
70610 Capital Grants	\$30,063	\$0	\$0	\$0	\$0	\$30,063	\$0	\$30,063
70800 Other Government Grants	\$0	\$0	\$0	\$34,502	\$0	\$34,502	\$0	\$34,502
71100 Investment Income - Unrestricted	\$182	\$0	\$0	\$12	\$0	\$194	\$0	\$194
71400 Fraud Recovery	\$0	\$12,564	\$0	\$0	\$0	\$12,564	\$0	\$12,564
71500 Other Revenue	\$767	\$1,566	\$0	\$1,781	\$1,974	\$6,088	\$0	\$6,088
72000 Investment Income - Restricted	\$0	\$34	\$0	\$47	\$0	\$81	\$0	\$81
70000 Total Revenue	\$744,287	\$908,020	\$0	\$96,880	\$1,974	\$1,751,161	\$0	\$1,751,161
91100 Administrative Salaries	\$149,078	\$60,280	\$0	\$17,569	\$0	\$226,927	\$0	\$226,927
91200 Auditing Fees	\$4,920	\$3,000	\$0	\$250	\$0	\$8,170	\$0	\$8,170
91500 Employee Benefit contributions - Administrative	\$54,766	\$18,653	\$0	\$6,544	\$0	\$79,963	\$0	\$79,963
91700 Legal Expense	\$10,824	\$0	\$0	\$0	\$0	\$10,824	\$0	\$10,824
91800 Travel	\$1,122	\$600	\$0	\$0	\$0	\$1,722	\$0	\$1,722
91900 Other	\$85,578	\$22,056	\$0	\$5,715	\$0	\$113,349	\$0	\$113,349
91000 Total Operating - Administrative	\$306,288	\$104,589	\$0	\$30,078	\$0	\$440,955	\$0	\$440,955
92100 Tenant Services - Salaries	\$2,728	\$0	\$0	\$0	\$0	\$2,728	\$0	\$2,728
92300 Employee Benefit Contributions - Tenant Services	\$421	\$0	\$0	\$0	\$0	\$421	\$0	\$421
92400 Tenant Services - Other	\$18,163	\$0	\$0	\$0	\$0	\$18,163	\$0	\$18,163
92500 Total Tenant Services	\$21,312	\$0	\$0	\$0	\$0	\$21,312	\$0	\$21,312
93100 Water	\$77,853	\$0	\$0	\$6,105	\$0	\$83,958	\$0	\$83,958
93200 Electricity	\$21,993	\$0	\$0	\$4,730	\$0	\$26,723	\$0	\$26,723
93300 Gas	\$5,182	\$0	\$0	\$341	\$0	\$5,523	\$0	\$5,523
93000 Total Utilities	\$105,028	\$0	\$0	\$11,176	\$0	\$116,204	\$0	\$116,204
94100 Ordinary Maintenance and Operations - Labor	\$77,694	\$0	\$0	\$8,747	\$0	\$86,441	\$0	\$86,441
94200 Ordinary Maintenance and Operations - Materials and Other	\$51,085	\$0	\$0	\$2,854	\$0	\$53,939	\$0	\$53,939
94300 Ordinary Maintenance and Operations Contracts	\$57,369	\$0	\$0	\$1,599	\$0	\$58,968	\$0	\$58,968
94500 Employee Benefit Contributions - Ordinary Maintenance	\$28,560	\$0	\$0	\$3,258	\$0	\$31,818	\$0	\$31,818
94000 Total Maintenance	\$214,708	\$0	\$0	\$16,458	\$0	\$231,166	\$0	\$231,166
96110 Property Insurance	\$23,833	\$0	\$0	\$3,733	\$0	\$27,566	\$0	\$27,566
96120 Liability Insurance	\$0	\$6,622	\$0	\$0	\$0	\$6,622	\$0	\$6,622
96100 Total insurance Premiums	\$23,833	\$6,622	\$0	\$3,733	\$0	\$34,188	\$0	\$34,188

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

	Project Total	14,871 Housing Choice Vouchers	14,182 N/C S/R Section 8 Programs	Other Federal Program 1	State/Local	Subtotal	ELIM	TOTAL
96200 Other General Expenses	\$948	\$0	\$0	\$0	\$0	\$948	\$0	\$948
96210 Compensated Absences	\$5,910	\$0	\$0	\$344	\$0	\$6,254	\$0	\$6,254
96300 Payments in Lieu of Taxes	\$5,329	\$0	\$0	\$4,936	\$0	\$10,265	\$0	\$10,265
96400 Bad debt - Tenant Rents	\$2,640	\$0	\$0	\$0	\$0	\$2,640	\$0	\$2,640
96000 Total Other General Expenses	\$14,827	\$0	\$0	\$5,280	\$0	\$20,107	\$0	\$20,107
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$14,642	\$0	\$14,642	\$0	\$14,642
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$14,642	\$0	\$14,642	\$0	\$14,642
96900 Total Operating Expenses	\$685,996	\$111,211	\$0	\$81,367	\$0	\$878,574	\$0	\$878,574
97000 Excess of Operating Revenue over Operating Expenses	\$58,291	\$796,809	\$0	\$15,513	\$1,974	\$872,587	\$0	\$872,587
97100 Extraordinary Maintenance	\$9,243	\$0	\$0	\$0	\$0	\$9,243	\$0	\$9,243
97300 Housing Assistance Payments	\$0	\$796,846	\$0	\$0	\$0	\$796,846	\$0	\$796,846
97400 Depreciation Expense	\$275,158	\$0	\$0	\$20,178	\$0	\$295,336	\$0	\$295,336
90000 Total Expenses	\$970,397	\$908,057	\$0	\$101,545	\$0	\$1,979,999	\$0	\$1,979,999
10010 Operating Transfer In	\$67,546	\$0	\$0	\$0	\$0	\$67,546	\$0	\$67,546
10020 Operating transfer Out	-\$67,546	\$0	\$0	\$0	\$0	-\$67,546	\$0	-\$67,546
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue over (Under) Total Expenses	-\$226,110	-\$37	\$0	-\$4,665	\$1,974	-\$228,838	\$0	-\$228,838
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$4,305	\$0	\$4,305	\$0	\$4,305
11030 Beginning Equity	\$3,235,489	\$137,011	-\$126,970	-\$275,505	-\$567,687	\$2,402,338	\$0	\$2,402,338
11170 Administrative Fee Equity	\$0	\$34,349	\$0	\$0	\$0	\$34,349	\$0	\$34,349
11180 Housing Assistance Payments Equity	\$0	\$102,625	\$0	\$0	\$0	\$102,625	\$0	\$102,625
11190 Unit Months Available	1,572	3,012	0	276	0	4,860	0	4,860
11210 Number of Unit Months Leased	1,571	2,634	0	275	0	4,480	0	4,480
11270 Excess Cash	\$271,219	\$0	\$0	\$0	\$0	\$271,219	\$0	\$271,219
11620 Building Purchases	\$30,063	\$0	\$0	\$0	\$0	\$30,063	\$0	\$30,063

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON COUNTY  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2012 FEDERAL EXPENDITURES
<i><u>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></i>		
Low Rent Public Housing	14.850	\$ 448,002
Section 8 Housing Choice Vouchers	14.871	893,856
Public Housing Capital Fund	14.872	<u>128,971</u>
<b>Total Department of housing and Urban Development</b>		<u>1,470,829</u>
<i><u>DIRECT FROM U.S. DEPARTMENT OF AGRICULTURE - RURAL HOUSING SERVICE:</u></i>		
Rural Rental Housing Loan	10.415	<u>34,502</u>
<b>Total of Department of Agriculture</b>		<u>34,502</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>		<u><u>\$ 1,505,331</u></u>

See accompanying note to the Schedule of Federal Awards Expenditures at Note 11 in the Notes to the Basic Financial Statements.



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

December 10, 2012

Coshocton Metropolitan Housing Authority  
Coshocton County  
823 Magnolia Street  
Coshocton, OH 43812

To the Board of Commissioners:

We have audited the financial statements of the business-type activities of the **Coshocton Metropolitan Housing Authority**, Coshocton County, Ohio (the Authority), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority'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 material weaknesses, as defined above.

Coshocton Metropolitan Housing Authority  
Coshocton County  
Independent Accountants' Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards*  
Page 2

### **Compliance and Other Matters**

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, members of the Board of Commissioners, federal awarding agencies, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.

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**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**

December 10, 2012

Coshocton Metropolitan Housing Authority  
Coshocton County  
823 Magnolia Street  
Coshocton, OH 43812

To the Board of Commissioners:

**Compliance**

We have audited the compliance of the **Coshocton Metropolitan Housing Authority**, Coshocton County, Ohio (the 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 the Authority's major federal program for the year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of audit 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 opine on the Authority's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included 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*. These 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 these 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 these requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect the Authority's major federal program for the year ended June 30, 2012.

### **Internal Control Over Compliance**

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the 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 in order to determine our auditing procedures for the purpose of opining on compliance, 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.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 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 management, members of the Board of Commissioners, federal awarding agencies, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully submitted,



**Perry & Associates**  
Certified Public Accountants, A.C.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
 COSHOCTON COUNTY  
 FOR THE YEAR ENDED JUNE 30, 2012**

**SCHEDULE OF AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .505**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Low Rent Public Housing CFDA # 14.850
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY  
COSHOCTON COUNTY  
FOR THE YEAR ENDED JUNE 30, 2012  
ACTUAL MODERNIZATION COST CERTIFICATES**

Modernization Project Number : OH16P037501-10

Original Funds Approved:	\$ 189,940
Funds Disbursed:	\$ 189,940
Funds Expended (Actual Modernization Cost):	\$ 189,940
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable



# Dave Yost • Auditor of State

**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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 26, 2013**