COSHOCTON METROPOLITAN
HOUSING AUTHORITY
COSHOCTON COUNTY
Single Audit
For the Year Ended June 30, 2014

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 Auditor's Report* of the Coshocton Metropolitan Housing Authority, Coshocton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2013 through June 30, 2014. 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.

Dave Yost
Auditor of State

February 5, 2015

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COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

December 12, 2014

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Coshocton Metropolitan Housing Authority**, Coshocton County, Ohio (the Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton Metropolitan Housing Authority, Coshocton County, as of June 30, 2014 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Statement of Modernization Cost – Completed presented on page 30 and the Financial Data Schedule presented on pages 32-35 present additional analysis as required by the United States Department of Housing and Urban Development and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as 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 financial statements.

The statement and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the statement and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statement and schedules 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, the statement and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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 identify 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, 2014, 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 Position
- Statement of Revenues, Expenses & Changes in Net Position
- Statement of Cash Flows

The **Statement of Net Position** 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 June 30, 2014, 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 June 30, 2014; and what Net Position (or what is commonly referred to as Equity) the Authority has at June 30, 2014. 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 position (or equity) part.

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

Net Investment in Capital Assets,
Restricted Net Position, and
Unrestricted Net Position.

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

The **Statement of Revenues, Expenses & Changes in Net Position** 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 Net Position (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 Net Position (or equity). The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position that when added to the liabilities the Authority has equals the total assets the Authority has.

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:

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

Under the Conventional 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.

Condensed Financial Statements

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

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

	2014	2013
Current Assets	$ 397,000	$ 489,000
Capital Assets	1,973,000	2,209,000
Total Assets	2,370,000	2,698,000
Current Liabilities	94,000	95,000
Long-Term Liabilities	736,000	740,000
Total Liabilities	830,000	835,000
Net Position:		
Net Investment in Capital Assets	1,291,000	1,519,000
Restricted Net Position	104,000	114,000
Unrestricted Net Position	145,000	230,000
Total Net Position	1,540,000	1,863,000
Total Liabilities and Net Position	$ 2,370,000	$ 2,698,000

Total Net Position decreased from the prior year-end by $328,000, but more importantly Unrestricted Net Position decreased by $85,000. The changes in incomes and expenses from the prior year causing those changes are discussed more in the next section where we discuss Table 2, the Modified Statement of Revenues, Expenses and Changes in Net Position.

Current Assets decreased from the prior year by $92,000 (or 19%). That decrease most closely corresponds to the decrease in Unrestricted Net Position. A reflection of the loss from operations the agency suffered in the period.

Capital Assets were also reduced in the period by 11%, a reflection that depreciation on assets held by the Authority outpaced additions to capital assets in the period. There were minimal capital additions in the period. Liabilities remained relatively stable.

Of the components of Net Positon, the change in Net Investment in Capital Assets closely corresponds to the change in Capital Assets because that is what that component of Net Position represents. Restricted Net Position was virtually unchanged. Unrestricted Net Position decreased modestly. Unrestricted Net Position is the component that measures what the agency has in Net Position to further its purpose. The changes from operations causing that is addressed in the following section.

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

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

		2014		2013
Revenues				
Tenant Revenues - Rents & Other	$	198,000	$	198,000
Operating Subsidies & Grants		1,381,000		1,501,000
Capital Grants		9,000		0
Investment Income		0		0
Other Revenues		16,000		13,000
Total Revenues		1,604,000		1,712,000
Expenses				
Administrative		480,000		471,000
Tenant Services		41,000		39,000
Utilities		115,000		105,000
Maintenance		229,000		267,000
Protective Services		5,000		-
General		69,000		61,000
Housing Assistance Payments		740,000		814,000
Depreciation		247,000		266,000
Total Expenses		1,926,000		2,023,000
Net Increase (Decrease)	$	(322,000)	$	(311,000)

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

Revenues decreased $108,000 from the prior period, about 6%. The change was concentrated in Subsidies and Grants. Grants for all agency programs were reduced from the prior period. Overall expenses remained stagnant except for HAP expense. HAP expense dropped by $74,000 (about 9%). HAP expense is a measure of rental assistance the agency pays to landlords to help make rents affordable for agency clients assisted by the Section 8 Housing Choice Voucher program. So this change is a clear indication of how cuts in Federal assistance directly impacts clients of the agency.

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)

	2014	2013
Land and Land Rights	$ 439,000	$ 439,000
Buildings	7,922,000	7,922,000
Furniture and Equipment	310,000	307,000
Accumulated Depreciation	(6,706,000)	(6,459,000)
Construction in Progress	8,000	-
Total	$ 1,973,000	$ 2,209,000

The only significant change in capital assets in the period is to Accumulated Depreciation.

For additional information on Capital Assets see Note 4.

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)

	2014	2013
Current Portion of Debt	$ 7,000	$ 4,000
Long Term Portion of Debt	675,000	686,000
Total	$ 682,000	$ 690,000

Debt was reduced by $8,000 during year-end 2014. 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.

For additional information on Debt see Note 8.

Economic Factors

Budget problems facing the Federal government continue to take a significant toll on the agency's ability to administer its programs. Funds to administer the Section 8 Housing Choice Voucher program have been cut drastically. Unless a change is realized, and nothing indicates one will be, the agency will have to continue to reduce the number of families provided rental assistance under that program. The agency also is not optimistic about the level of funding to be used to support the Public Housing program. Ongoing cuts impact the agency's ability to maintain its properties and level of service to the residents of the program.

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, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS	
Current Assets	
Cash and Cash Equivalents, Unrestricted	$ 218,717
Cash and Cash Equivalents, Restricted	113,663
Receivables, Net	4,723
Inventory	6,433
Prepaid Expenses	53,779
Total Current Assets	397,315
Noncurrent Assets	
Non-depreciable Capital Assets	447,063
Depreciable Capital Assets, Net of Depreciation	1,526,101
Total Noncurrent Assets	1,973,164
TOTAL ASSETS	$ 2,370,479
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 34,201
Accrued Wages/Payroll Taxes	16,688
Current Portion of Compensated Absences	5,000
Tenant Security Deposits	26,093
Current Portion Long-Term Debt	6,660
Other Current Liabilities	5,114
Total Current Liabilities	93,756
Noncurrent Liabilities	
Accrued Compensated Absences, Net of Current Portion	60,615
Long-Term Debt, Net of Current Portion	675,221
Total Noncurrent Liabilities	735,836
Total Liabilities	829,592
NET POSITION	
Net Investment in Capital Assets	1,291,283
Unrestricted Net Position	104,334
Restricted Net Position	145,270
Total Net Position	1,540,887
TOTAL LIABILITIES AND NET POSITION	$ 2,370,479

See accompanying notes to the basic financial statements.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Operating Revenues	
Government Operating Grants	$ 1,381,263
Tenant Revenue	197,867
Other Revenue	16,184
Total Operating Revenues	1,595,314
Operating Expenses	
Administrative	480,227
Tenant Services	40,799
Utilities	114,592
Maintenance	229,242
Protective Services	4,740
General	55,343
Housing Assistance Payments	740,085
Depreciation	247,213
Total Operating Expenses	1,912,241
Operating Income (Loss)	(316,927)
Non-Operating Revenues (Expenses)	
Investment Income - Unrestricted	164
Interest Expense	(62,992)
Interest Subsidy	48,812
Total Non-Operating Revenues (Expenses)	(14,016)
Income (Loss) before Capital Grants	(330,943)
Capital Grants	8,525
Change in Net Position	(322,418)
Total Net Position at Beginning of Year	1,863,305
Total Net Position at End of Year	$ 1,540,887

See accompanying notes to the basic financial statements.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities	
Receipts from Residents	$ 196,142
Receipts from Operating Grants	1,422,175
Other Receipts	19,227
Paid for Housing Assistance Payments	(740,085)
Payments for General and Administrative Expense	(947,002)
Net Cash (Used) by Operating Activities	(49,543)
Cash Flows from Capital and Related Financing Activities	
Payments on Long-Term Debt	(8,600)
Interest Paid on Long-Term Debt	(14,180)
Capital Grants Received	8,525
Acquisition of Capital Assets	(11,000)
Net Cash (Used) by Capital and Other Related Financing Activities	(25,255)
Cash Flows from Investing Activities	
Investment Income	164
Net Cash Provided by Investing Activities	164
Net Increase (Decrease) in Cash and Cash Equivalents	(74,634)
Cash and Cash Equivalents at Beginning of Year	407,014
Cash and Cash Equivalents at End of Year	$ 332,380
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ (316,927)
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation	247,213
(Increase) Decrease in:	
Accounts Receivable	41,214
Prepaid Expenses	(23,053)
Inventory	(1,433)
Increase (Decrease) in:	
Accounts Payable	(8,245)
Compensated Absences	12,019
Wages and Benefits Payable	(1,670)
Tenant Security Deposits	1,466
Other Liabilities	(127)
Net Cash Provided by Operating Activities	$ (49,543)

See accompanying notes to the basic financial statements.

NOTE 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.

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.

NOTE 1: **DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY**
(Continued)

Reporting Entity (Continued)

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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation
The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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

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

Measurement Focus
The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position 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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Enterprise Fund

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

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

The following are the various programs which are included in the single enterprise fund:

Projects - Conventional Public Housing and Capital Fund Programs

Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority’s properties. Funds are provided by formula allocation and based on size and age of the units.

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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

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

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

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

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

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, 2014 totaled $164.

Receivables - Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts at June 30, 2014 was $2,000.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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, 2014.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 and Improvements	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.

A summary of changes in inter-company Accounts Receivable and Accounts Payable:

	Balance 06/30/2013	Change	Balance 06/30/2014
Public Housing due from Section 8 HCV	$ -	$ 10,126	$ 10,126
Public Housing due from Other Federal Program 1	25,572	10,471	36,043
Total Due From	25,572	20,597	46,169
Section 8 HCV due to Public Housing	-	10,126	10,126
Other Federal Program 1 due to Public Housing	25,572	10,471	36,043
Total Due To	$ 25,572	$ 20,597	$ 46,169

Due From/To Other Programs

In fiscal year-end 2012, the Authority adopted a plan to repay the inter-company accounts payable between the Other Federal Program 1 (the Parkview North Property) and the Public Housing program. In fiscal year-end 2014 the Board adopted a resolution acknowledging the 2012 repayment plan and authorizing the Executive Director of the Authority to make payments from the Parkview North property to the Public Housing program to achieve the goal of the 2012 plan. The 2012 plan called for the repayment to be completed at some point in calendar year 2016.

Accrued Liabilities

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

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 06/30/2013	Increases	Decreases	Balance 06/30/2014	Due Within One Year
Compensated Absences	$ 53,596	$ 26,700	$ (14,681)	$ 65,615	$ 5,000

Unearned Revenue

Unearned revenue have been satisfied.

Net Position

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

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.

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NOTE 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.

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, 2014, the carrying amount of the Authority's deposits totaled $332,380 (including $335 in petty cash) and its bank balance was $340,013. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2014, $82,519 was exposed to custodial risk as discussed below, while $257,494 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.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Investments

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

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

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority had no investments at June 30, 2014.

Deposits of the Authority as of June 30, 2014 consist of the following:

	Balance 06/30/2014
Cash Restricted:	
Parkview North Security Deposits	$ 938
Parkview North Replacement Reserve	74,551
Unspent HUD Revenues provided for payment of Rental Assistance in the Housing Choice Voucher Program	17,710
Security Deposits - Public Housing	20,464
Total Cash Restricted	113,663
Cash Unrestricted	218,717
Total	$ 332,380

NOTE 4: CAPITAL ASSETS

The following is a summary of changes to capital assets:

	Balance 06/30/2013	Additions	Transfers/ Disposals	Balance 06/30/2014
Capital Assets Not Being Depreciated				
Land and Land Easements	$ 438,538	$ 0	$ 0	$ 438,538
Construction in Progress	0	8,525	0	8,525
Total Capital Assets Not Being Depreciated	438,538	8,525	0	447,063
Capital Assets Being Depreciated				
Buildings and Improvements	7,922,197	0	0	7,922,197
Furniture and Equipment	307,421	2,475	0	309,896
Total Capital Assets Being Depreciated	8,229,618	2,475	0	8,232,093
Accumulated Depreciation				
Buildings	(6,180,236)	(239,991)	0	(6,420,227)
Furniture and Equipment	(278,543)	(7,222)	0	(285,765)
Total Accumulated Depreciation	(6,458,779)	(247,213)	0	(6,705,992)
Depreciable Assets, Net	1,770,839	(244,738)	0	1,526,101
Total Capital Assets, Net	$ 2,209,377	$ (236,213)	$ 0	$ 1,973,164

NOTE 5: RISK MANAGEMENT

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

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NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

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

- The Traditional Pension Plan (TP) - a cost sharing, multiple-employer defined benefit pension plan;

- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;

- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member Directed Plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 and 2013, member and employer contribution rates were consistent across all three plans. The 2014 and 2013 member contribution rates were 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority’s contribution for the years ended June 30, 2014, 2013 and 2012 were $48,337, $49,980 and $44,969, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through June 30, 2014.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

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

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

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

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

B. **Funding Policy**

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

NOTE 7: **POST-EMPLOYMENT BENEFITS**

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2014, 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 Board of Trustees 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 1.0 percent for Coshocton Metropolitan Housing Authority for calendar year 2013. Effective January 1, 2014, the portion of the employer contributions allocated to health care was raised to 2.0 percent for both plans as recommended by the OPERS Actuary.

The OPERS Board of Trustees 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, 2014, 2013 and 2012 which were used to fund post-employment benefits were $5,179, $8,925, and $12,848, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 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 discounted monthly payments of $4,068 of which is subsidized by the U.S. Department of Agriculture - Rural Development.

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

Description	Balance 06/30/2013	Issued	Retired	Balance 06/30/2014	Due Within One Year
Loan Payable	$ 690,481	$ 0	$ (8,600)	$ 681,881	$ 6,660

Discounted debt maturities for the period after June 30, 2014 are estimated as follows:

Year - June 30,	Principal	Interest	Total
2015	$ 6,660	$ 61,099	$ 67,759
2016	7,285	60,474	67,759
2017	7,969	59,790	67,759
2018	8,716	59,043	67,759
2019	9,533	58,226	67,759
2020-2024	62,884	275,913	338,797
2025-2029	98,456	240,341	338,797
2030-2034	154,151	184,646	338,797
2035-2039	241,350	97,447	338,797
2040-2041	84,877	5,515	90,392
Total	$ 681,881	$ 1,102,494	$ 1,784,375

NOTE 9: RESTRICTED NET POSITION

The Agency had the following restricted net position at June 30, 2014:

Parkview North Replacement Reserve	$ 74,551
Unspent HUD Revenues provided for payment of Rental Assistance in the Housing Choice Voucher Program	29,783
Total Restricted Net Position	$ 104,334

NOTE 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, 2014.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2014, the Authority was not aware of any such matters.

NOTE 11: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying Schedule of Federal Awards Expenditures is a summary of the activity of the Authority's federal award programs. The Schedule has been prepared on the accrual basis of accounting.

NOTE 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 $457,007 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.

The Authority 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 $779.

Balance 06/30/2013	Payment Made in Period	06/30/2014
$ 457,786	$ (779)	$ 457,007

NOTE 13: **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2014, the Authority has implemented GASB No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62*.

The objective of GASB No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

The objective of GASB Statement No. 66, *Technical Correction - 2012 - An Amendment of GASB Statements No. 10 and No. 62,* is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority.

Supplemental Information

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

OH16P037501-12

Funds Approved	$ 145,165
Funds Expended	145,165
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 145,165
Funds Expended	145,165
Excess (Deficiency) of Funds Advanced	$ 0

OH16P037501-13

Funds Approved	$ 151,450
Funds Expended	151,450
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 151,450
Funds Expended	151,450
Excess (Deficiency) of Funds Advanced	$ 0

2. All modernization work in connection with the Capital Fund Program has been completed.

3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.

4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Low Rent Public Housing Program	14.850	$ 382,812
Section 8 Housing Choice Vouchers	14.871	829,172
Public Housing Capital Fund	14.872	151,450
Total Public Housing Program		1,363,434
Total U. S. Department of Housing and Urban Development		1,363,434
U.S. Department of Agriculture - Rural Housing Service		
Direct Program:		
Rural Rental Housing Loan	10.415	26,354
Total U.S. Department of Agriculture - Rural Housing Service		26,354
Total Expenditures of Federal Awards		$1,389,788

This schedule is prepared on the accrual basis of accounting.

Coshocton Metropolitan Housing Authority
Financial Data Schedule
June 30, 2014

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	$218,717					$218,717		$218,717
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted		$17,710		$74,551		$92,261		$92,261
114 Cash - Tenant Security Deposits	$20,464			$938		$21,402		$21,402
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	$239,181	$17,710	$0	$75,489	$0	$332,380	$0	$332,380
125 Accounts Receivable - Miscellaneous	$45					$45		$45
126 Accounts Receivable - Tenants	$6,040			$638		$6,678		$6,678
126.1 Allowance for Doubtful Accounts -Tenants	-$2,000			$0		-$2,000		-$2,000
126.2 Allowance for Doubtful Accounts - Other	$0					$0		$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery		$15,000				$15,000		$15,000
128.1 Allowance for Doubtful Accounts - Fraud		-$15,000				-$15,000		-$15,000
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	$4,085	$0	$0	$638	$0	$4,723	$0	$4,723
142 Prepaid Expenses and Other Assets	$53,779					$53,779		$53,779
143 Inventories	$6,433					$6,433		$6,433
143.1 Allowance for Obsolete Inventories	$0					$0		$0
144 Inter Program Due From	$46,169					$46,169	-$46,169	$0
145 Assets Held for Sale								
150 Total Current Assets	$349,647	$17,710	$0	$76,127	$0	$443,484	-$46,169	$397,315
161 Land	$438,538					$438,538		$438,538
162 Buildings	$7,151,406			$770,791		$7,922,197		$7,922,197
163 Furniture, Equipment & Machinery - Dwellings	$55,182					$55,182		$55,182
164 Furniture, Equipment & Machinery - Administration	$249,475			$5,239		$254,714		$254,714
165 Leasehold Improvements								
166 Accumulated Depreciation	-$6,273,507			-$432,485		-$6,705,992		-$6,705,992
167 Construction in Progress	$8,525					$8,525		$8,525
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	$1,629,619	$0	$0	$343,545	$0	$1,973,164	$0	$1,973,164
171 Notes, Loans and Mortgages Receivable - Non-Current	$513,000	$70,977				$583,977	-$583,977	$0
180 Total Non-Current Assets	$2,142,619	$70,977	$0	$343,545	$0	$2,557,141	-$583,977	$1,973,164
190 Total Assets	$2,492,266	$88,687	$0	$419,672	$0	$3,000,625	-$630,146	$2,370,479

Coshocton Metropolitan Housing Authority
Financial Data Schedule
June 30, 2014

200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	$2,492,266	$88,687	$0	$419,672	$0	$3,000,625	-$630,146	$2,370,479
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	$19,242					$19,242		$19,242
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	$12,826	$2,534		$1,328		$16,688		$16,688
322 Accrued Compensated Absences - Current Portion	$5,000					$5,000		$5,000
324 Accrued Contingency Liability								
325 Accrued Interest Payable				$5,114		$5,114		$5,114
331 Accounts Payable - HUD PHA Programs		$12				$12		$12
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	$2,962			$4,299		$7,261		$7,261
341 Tenant Security Deposits	$20,464			$5,629		$26,093		$26,093
342 Unearned Revenue								
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$6,660		$6,660		$6,660
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other	$7,686					$7,686		$7,686
347 Inter Program - Due To		$10,126		$36,043		$46,169	-$46,169	$0
348 Loan Liability - Current								
310 Total Current Liabilities	$68,180	$12,672	$0	$59,073	$0	$139,925	-$46,169	$93,756
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$675,221		$675,221		$675,221
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other			$126,970		$457,007	$583,977	-$583,977	$0
354 Accrued Compensated Absences - Non Current	$43,418	$11,460		$5,737		$60,615		$60,615
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	$43,418	$11,460	$126,970	$680,958	$457,007	$1,319,813	-$583,977	$735,836
300 Total Liabilities	$111,598	$24,132	$126,970	$740,031	$457,007	$1,459,738	-$630,146	$829,592
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	$1,629,619	$0		-$338,336		$1,291,283		$1,291,283
511.4 Restricted Net Position	$0	$29,783		$74,551		$104,334		$104,334
512.4 Unrestricted Net Position	$751,049	$34,772	-$126,970	-$56,574	-$457,007	$145,270		$145,270
513 Total Equity - Net Assets / Position	$2,380,668	$64,555	-$126,970	-$320,359	-$457,007	$1,540,887	$0	$1,540,887
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	$2,492,266	$88,687	$0	$419,672	$0	$3,000,625	-$630,146	$2,370,479

70300 Net Tenant Rental Revenue	$132,283			$65,584		$197,867		$197,867
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue	$132,283	$0	$0	$65,584	$0	$197,867	$0	$197,867
70600 HUD PHA Operating Grants	$525,737	$829,172				$1,354,909		$1,354,909
70610 Capital Grants	$8,525					$8,525		$8,525
70800 Other Government Grants				$26,354		$26,354		$26,354
71100 Investment Income - Unrestricted	$128			$36		$164		$164
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		$5,542				$5,542		$5,542
71500 Other Revenue	$5,634	$469		$3,760	$779	$10,642		$10,642
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
70000 Total Revenue	$672,307	$835,183	$0	$95,734	$779	$1,604,003	$0	$1,604,003
91100 Administrative Salaries	$183,325	$59,040		$21,940		$264,305		$264,305
91200 Auditing Fees	$4,406	$3,000				$7,406		$7,406
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing	$1,285			$99		$1,384		$1,384
91500 Employee Benefit contributions - Administrative	$62,271	$17,909		$6,304		$86,484		$86,484
91600 Office Expenses	$49,959	$4,407		$4,574		$58,940		$58,940
91700 Legal Expense	$10,884	$671				$11,555		$11,555
91800 Travel								
91810 Allocated Overhead								
91900 Other	$27,452	$14,001		$8,700		$50,153		$50,153
91000 Total Operating - Administrative	$339,582	$99,028	$0	$41,617	$0	$480,227	$0	$480,227
92000 Asset Management Fee								
92100 Tenant Services - Salaries	$2,676					$2,676		$2,676
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	$413					$413		$413
92400 Tenant Services - Other	$37,710					$37,710		$37,710
92500 Total Tenant Services	$40,799	$0	$0	$0	$0	$40,799	$0	$40,799
93100 Water	$78,010			$5,377		$83,387		$83,387
93200 Electricity	$19,000			$5,664		$24,664		$24,664
93300 Gas	$5,655			$886		$6,541		$6,541
93000 Total Utilities	$102,665	$0	$0	$11,927	$0	$114,592	$0	$114,592
94100 Ordinary Maintenance and Operations - Labor	$71,489			$10,421		$81,910		$81,910
94200 Ordinary Maintenance and Operations - Materials and Other	$42,175			$5,262		$47,437		$47,437
94300 Ordinary Maintenance and Operations Contracts	$30,147			$6,995		$37,142		$37,142
94500 Employee Benefit Contributions - Ordinary Maintenance	$24,283			$2,994		$27,277		$27,277
94000 Total Maintenance	$168,094	$0	$0	$25,672	$0	$193,766	$0	$193,766
95100 Protective Services - Labor								

95200 Protective Services - Other Contract Costs	$4,740					$4,740		$4,740
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	$4,740	$0	$0	$0	$0	$4,740	$0	$4,740
96110 Property Insurance	$18,398			$3,458		$21,856		$21,856
96120 Liability Insurance		$5,906				$5,906		$5,906
96130 Workmen's Compensation								
96140 All Other Insurance								
96100 Total insurance Premiums	$18,398	$5,906	$0	$3,458	$0	$27,762	$0	$27,762
96200 Other General Expenses	$948					$948		$948
96210 Compensated Absences	$10,522	$106		$1,392		$12,020		$12,020
96300 Payments in Lieu of Taxes	$2,962			$4,299		$7,261		$7,261
96400 Bad debt - Tenant Rents	$7,352					$7,352		$7,352
96000 Total Other General Expenses	$21,784	$106	$0	$5,691	$0	$27,581	$0	$27,581
96710 Interest of Mortgage (or Bonds) Payable				$14,180		$14,180		$14,180
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$14,180	$0	$14,180	$0	$14,180
96900 Total Operating Expenses	$696,062	$105,040	$0	$102,545	$0	$903,647	$0	$903,647
97000 Excess of Operating Revenue over Operating Expenses	-$23,755	$730,143	$0	-$6,811	$779	$700,356	$0	$700,356
97100 Extraordinary Maintenance	$35,476					$35,476		$35,476
97300 Housing Assistance Payments		$740,085				$740,085		$740,085
97350 HAP Portability-In								
97400 Depreciation Expense	$227,004			$20,209		$247,213		$247,213
90000 Total Expenses	$958,542	$845,125	$0	$122,754	$0	$1,926,421	$0	$1,926,421
10010 Operating Transfer In	$107,449					$107,449		$107,449
10020 Operating transfer Out	-$107,449					-$107,449		-$107,449
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$286,235	-$9,942	$0	-$27,020	$779	-$322,418	$0	-$322,418
11020 Required Annual Debt Principal Payments	$0	$0	$0	$8,600	$0	$8,600		$8,600
11030 Beginning Equity	$2,666,903	$74,497	-$126,970	-$293,339	-$457,786	$1,863,305		$1,863,305
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0					$0		$0
11170 Administrative Fee Equity		$34,772				$34,772		$34,772
11180 Housing Assistance Payments Equity		$29,783				$29,783		$29,783
11190 Unit Months Available	1572	3024		276		4872		4872
11210 Number of Unit Months Leased	1560	2383		276		4219		4219
11270 Excess Cash	$163,250					$163,250		$163,250
11610 Land Purchases	$0					$0		$0
11620 Building Purchases	$8,525					$8,525		$8,525
11630 Furniture & Equipment - Dwelling Purchases	$0					$0		$0

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

December 12, 2014

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Coshocton Metropolitan Housing Authority**, Coshocton County, (the Authority) as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

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Marietta, Ohio

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

December 12, 2014

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

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Coshocton Metropolitan Housing Authority's** (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Coshocton Metropolitan Housing Authority's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Coshocton Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2014

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Section 8 Housing Choice Vouchers, CFDA # 14.871
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

Dave Yost • Auditor of State

COSHOCTON METROPOLIITAN HOUING 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 17, 2015

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