

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
Single Audit
For the Year Ended June 30, 2013**

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, 2012 through June 30, 2013. 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 3, 2014

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**COSHOCTON METROPOLITAN HOUSING AUTHORITY
 COSHOCTON COUNTY
 FOR THE YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

December 18, 2013

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the **Coshocton Metropolitan Housing Authority**, Coshocton, Ohio (the Authority), as of and for the year ended June 30, 2013, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the designing, implementing, and maintaining of internal control relevant to the 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 audit opinion.

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 Coshocton Metropolitan Housing Authority, as of June 30, 2013, and the respective changes in financial position and 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 Financial Data Schedule presented on pages 24 through 26 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 Award Expenditures 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 Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Federal Awards Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 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.

Respectfully submitted,



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

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013
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, 2013, 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, and
- 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 6/30/13, 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 6/30/13; and what Net Position (or what is commonly referred to as Equity) the Authority has at 6/30/13. 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 Fund 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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013
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:

- Conventional 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, 2013
 Unaudited**

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)

	<u>2013</u>	<u>2012</u>
Current Assets	\$ 489,000	\$ 547,000
Capital Assets	<u>2,209,000</u>	<u>2,475,000</u>
Total Assets	<u>2,698,000</u>	<u>3,022,000</u>
Current Liabilities	95,000	97,000
Long Term Liabilities	<u>740,000</u>	<u>751,000</u>
Total Liabilities	<u>835,000</u>	<u>848,000</u>
Net Position:		
Net Investment in Capital Assets	1,519,000	1,781,000
Restricted	114,000	179,000
Unrestricted	<u>230,000</u>	<u>214,000</u>
Total Net Position	<u>1,863,000</u>	<u>2,174,000</u>
Total Liabilities and Net Position	\$ <u>2,698,000</u>	\$ <u>3,022,000</u>

For more detailed information see the Statement of Net Position presented on page 8.

Total Net Position decreased from the prior year-end by \$311,000, but Unrestricted Net Position increased by \$16,000. 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 Position.

Current Assets decreased modestly from the prior year. That decrease most closely corresponds to the decrease in Restricted Net Position and is a result of action by management to fully spend funds received to make rental assistance payments under the Section 8 Housing Choice Voucher program.

Capital Assets were 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 not capital additions in the period. Liabilities remained relatively stable.

Of the components of Net Position, 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. The change in Restricted Net Position was addressed above. Unrestricted Net Position increased modestly. Unrestricted Net Position is the component that measures what the Authority has in Net Position 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, 2013
 Unaudited**

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)

	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Tenant Revenues - Rents & Other	\$ 198,000	\$ 227,000
Operating Subsidies & Grants	1,501,000	1,475,000
Capital Grants	-	30,000
Other Revenues	13,000	65,000
Total Revenues	<u>1,712,000</u>	<u>1,797,000</u>
<u>Expenses</u>		
Administrative	471,000	442,000
Tenant Services	39,000	21,000
Utilities	105,000	116,000
Maintenance	267,000	240,000
General	61,000	115,000
Housing Assistance Payments	814,000	797,000
Depreciation	266,000	295,000
Total Expenses	<u>2,023,000</u>	<u>2,026,000</u>
Net Increase (Decrease)	<u>\$ (311,000)</u>	<u>\$ (229,000)</u>

For more detailed information see Statement of Revenues, Expenses and Changes in Net Position presented on page 9.

Revenues decreased only slightly from the prior period. The biggest part of that change was in Tenant Revenues, which was primarily caused by a recent increase in Utility Allowances used to calculate tenant rents. The increase in operating subsidies was offset by a drop in Capital Grants. Expenses increased slightly. The biggest changes were in Administrative, Maintenance and HAP Expense. The increase in Administrative (about 7%) was primarily due to increases in staffing costs to include increases in the cost of providing healthcare for the employee group. The increase in maintenance expense in part related to that less of the Capital Fund program dollars were spent on capital improvements as compared to the prior year (see the drop in Capital Grants offset by the increase in Operating Subsidies). And as was mentioned in the discussion regarding Table I above HAP expense increased as the agency intentionally worked to more fully spend funding to make rental assistance payments under the Housing Choice Voucher program.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
 COSHOCTON COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2013
 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>2013</u>	<u>2012</u>
Land and Land Easements	\$ 439,000	\$ 439,000
Buildings	7,922,000	7,922,000
Furniture and Equipment	307,000	307,000
Accumulated Depreciation	<u>(6,459,000)</u>	<u>(6,193,000)</u>
Total	\$ <u>2,209,000</u>	\$ <u>2,475,000</u>

The only change in capital assets in the period is to Accumulated Depreciation. The Authority had no capital additions in the period.

For additional information on Capital Assets see Note4.

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>2013</u>	<u>2012</u>
Current Portion of Debt	\$ 4,000	\$ 4,000
Long Term Portion of Debt	<u>686,000</u>	<u>691,000</u>
Total	\$ <u>690,000</u>	\$ <u>695,000</u>

Debt was reduced by \$5,000 during fiscal year 2013, 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.

For additional information on Debt see Note 8.

Economic Factors

Budget problems facing the Federal government are taking a toll on the Authority'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 greatly 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 are going to 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, OHIO**

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

Assets

Current Assets:

Cash and Cash Equivalents- Unrestricted	\$ 286,211
Cash and Cash Equivalents- Restricted	120,803
Total Cash and Cash Equivalents	407,014
Accounts Receivable, Net	45,937
Inventories	5,000
Prepaid Expenses and Other Assets	30,726
Total Current Assets	488,677

Noncurrent Assets:

Capital Assets:

Nondepreciable Capital Assets	438,538
Depreciable Capital Assets, Net of Accumulated Depreciation	1,770,839
Total Capital Assets	2,209,377
Total Noncurrent Assets	2,209,377

<i>Total Assets</i>	\$ 2,698,054
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Liabilities

Current Liabilities:

Accrued Wages/Payroll Taxes Payable	\$ 18,358
Accounts Payable	42,446
Tenant Security Deposits	24,627
Current Portion of Long Term Debt	4,490
Other Current Liabilities	5,241
Total Current Liabilities	95,162

Long Term Liabilities:

Compensated Absences	53,596
Long Term Debt, Net of Current Portion	685,991
Total Long Term Liabilities	739,587

<i>Total Liabilities</i>	834,749
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Net Position:

Net Investment in Capital Assets	1,518,896
Restricted	114,214
Unrestricted	230,195
Total Net Position	1,863,305

<i>Total Liabilities and Net Position</i>	\$ 2,698,054
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See accompanying notes the the basic financial statements.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON, OHIO**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

<i>Operating Revenues</i>	
Tenant Rental Revenue	\$ 197,653
Government Operating Grants	1,501,004
Other Revenue	<u>13,447</u>
Total Operating Revenues	<u>1,712,104</u>
<i>Operating Expenses</i>	
Administrative	470,980
Tenant Services	38,651
Utilities	105,294
Ordinary Maintenance & Operation	267,412
General Expense	46,270
Housing Assistance Payments	813,524
Depreciation Expense	<u>265,833</u>
Total Operating Expenses	<u>2,007,964</u>
Operating Income/(Loss)	<u>(295,860)</u>
<i>Non-Operating Revenues/(Expenses)</i>	
Investment Income - Restricted	15
Investment Income - Unrestricted	200
Interest Expense	(64,040)
Interest Subsidy	<u>49,490</u>
Total Non-Operating Revenues/(Expenses)	<u>(14,335)</u>
Change in Net Position	(310,195)
Net Position, Beginning of Year	<u>2,173,500</u>
Net Position, End of Year	<u><u>\$ 1,863,305</u></u>

See accompanying notes to the basic financial statements.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

Cash Flows From Operating Activities:	
Receipts From Tenants	\$ 201,978
Receipts From Operating Grants	1,501,004
Other Operating Receipts	4,685
Housing Assistance Payments	(813,524)
Payments for General and Administrative Expense	(958,926)
Net Cash Used in Operating Activities	<u>(64,783)</u>
Cash Flows From Capital and Related Financing Activities:	
Payments on Long-Term Debt	(4,397)
Interest Paid on Long-Term Debt	(14,549)
Net Cash Used in Capital and Related Financing Activities	<u>(18,946)</u>
Cash Flows From Investing Activities:	
Interest Received on Investments	215
Net Cash Provided by Investing Activities	<u>215</u>
Net Decrease in Cash and Cash Equivalents	(83,514)
Cash at Beginning of Year	490,528
Cash at End of Year	<u>\$ 407,014</u>
 CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating Loss	\$ (295,860)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	265,833
(Increase)Decrease In:	
Accounts Receivable	(45,581)
Prepaid Expenses and Other Assets	19,324
Inventories	500
Increase(Decrease) In:	
Accounts Payable	18,997
Intergovernmental Payable	(20,737)
Wages and Benefits Payable	(7,544)
Tenant Security Deposits	244
Other Liabilities	41
Net Cash Used in Operating Activities	<u>\$ (64,783)</u>

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, 2013**

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.

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 Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for 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, 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting and Reporting for Nonexchange Transactions

Non-exchange transactions occur when the Authority receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

1. Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
2. Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
3. Government-mandated non-exchange 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).
4. Voluntary non-exchange 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).

The Authority grants and subsidies will be defined as a government-mandated or voluntary non-exchange transactions.

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

1. 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 non-exchange transactions.
2. 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 non-exchange transaction is recognized. However, authority's that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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, 2013 totaled \$215.

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, 2013.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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, 2013.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 threshold 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.

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

	Balance <u>06/30/2012</u>	<u>Change</u>	Balance <u>6/30/2013</u>
Public Housing due from Section 8 HCV	\$ 40,000	\$ (40,000)	\$ -
Public Housing due from Other Federal Program 1	<u>28,957</u>	<u>(3,385)</u>	<u>25,572</u>
Total Due From	<u>68,957</u>	<u>(43,385)</u>	<u>25,572</u>
Section 8 HCV due to Public Housing	40,000	(40,000)	-
Other Federal Program 1 due to Public Housing	<u>28,957</u>	<u>(3,385)</u>	<u>25,572</u>
Total Due To	<u>\$ 68,957</u>	<u>\$ (43,385)</u>	<u>\$ 25,572</u>

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.

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

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

	Balance <u>06/30/2012</u>	Increases	Decreases	Balance <u>06/30/2013</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 56,426	\$ 26,700	\$ (29,530)	\$ 53,596	\$ -

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

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

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating 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.

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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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, 2013, the carrying amount of the Authority's deposits totaled \$407,014 (including \$335 in petty cash) and its bank balance was \$415,898. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2013, \$274,918 was exposed to custodial risk as discussed below, while \$140,980 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.

The Authority had no investments at June 30, 2013.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits for the Authority at June 30, 2013, consist of the following:

	Balance at 6/30/2013
Cash- Restricted	
Parkview North Tax and Insurance Escrow	\$ 1,028
Parkview North Repalement Reserve	75,717
Unspent HUD Revenues Provided for Payment of Rental Assistance in the Housing Choice Voucher Program	19,431
Security Deposits	24,627
Total Cash- Restricted	120,803
Cash- Unrestricted	286,211
Total Depsosits	\$ 407,014

4. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended June 30, 2013, follows:

	Ending Balance 06/30/12	Additions	Deletions	Ending Balance 06/30/13
Capital Assets, Not Being Depreciated				
Land and Land Easements	\$ 438,538	\$ -	\$ -	\$ 438,538
Total Capital Assets, Not Being Depreciated	438,538	-	-	438,538
Capital Assets Being Depreciated				
Buildings	7,922,197	-	-	7,922,197
Furniture and Equipment	307,421	-	-	307,421
Total Capital Assets, Being Depreciated	8,229,618	-	-	8,229,618
Less Accumulated Depreciation:				
Buildings	(5,921,400)	(258,836)	-	(6,180,236)
Furniture and Equipment	(271,546)	(6,997)	-	(278,543)
Total Accumulated Depreciation	(6,192,946)	(265,833)	-	(6,458,779)
Total Capital Assets Being Depreciated, Net	2,036,672	(265,833)	-	1,770,839
Total Capital Assets, Net	\$ 2,475,210	\$ (265,833)	\$ -	\$ 2,209,377

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 settled claims have not exceeded coverage in the last three years.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 2013 and 2012, member and employer contribution rates were consistent across all three plans. The 2013 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, 2013, 2012 and 2011 were \$49,980, \$44,969 and \$38,893, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through June 30, 2013.

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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 2013, 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 through December 31, 2012 and changes to 1.0 percent January 1, 2013 through June 30, 2013.

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, 2013, 2012 and 2011 which were used to fund post-employment benefits were \$8,925, \$12,848, and \$15,279, 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, 2013:

Description	Balance 06/30/2012	Issued	Retired	Balance 06/30/2013	Due Within One Year
Loan Payable	\$ 694,878	\$ -	\$ (4,397)	\$ 690,481	\$ 4,490
Total	\$ 694,878	\$ -	\$ (4,397)	\$ 690,481	\$ 4,490

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

8. LONG-TERM DEBT (Continued)

Debt maturities for the period after June 30, 2013 are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,490	\$ 63,269	\$ 67,759
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
2019-2023	57,491	281,306	338,797
2024-2028	90,012	248,785	338,797
2029-2033	140,930	197,867	338,797
2034-2038	220,652	118,145	338,797
2039-2041	<u>146,276</u>	<u>11,875</u>	<u>158,151</u>
Total	<u>\$ 690,481</u>	<u>\$ 1,161,653</u>	<u>\$ 1,852,134</u>

9. RESTRICTED NET POSITION

The Authority had the following restricted net position at June 30, 2013:

Parkview North Tax and Insurance Escrow	\$ 1,028
Parkview North Replacement Reserve	75,717
Unspent HUD Revenues provided for payment of Rental Assistance in the Housing Choice Voucher Program	<u>37,469</u>
Total Restricted Net Position	<u>\$ 114,214</u>

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, 2013.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2013, the Authority was not aware of any such matters.

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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 \$457,786 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 Authority 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 \$1,584.

Balance	Payment Made in	Balance
6/30/2012	Period	6/30/2013
\$ 459,370	\$ (1,584)	\$ 457,786

13. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During the fiscal year, the Authority adopted the following GASB statements.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-private partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this Statement did not result in any change in the Authority’s financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this Statement did not result in any change in the Authority’s financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011, and have been implemented for the Authority. The Implementation of this Statement had no effect on the beginning net position of the Authority.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. This Statement enhances the comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The requirements of this Statement are effective for financial statements for periods beginning after June 5, 2011. The implementation of this Statement did not have an effect on the Authority’s financial statements.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

13. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS (Continued)

GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. This implementation of this Statement had no effect on the financial statements of the Authority.

Supplemental Information

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FINANCIAL DATA SCHEDULE
AS OF JUNE 30,2013

	Project Total	14.871	14.182	Other Federal Program 1	State/Local	Subtotal	ELIM	TOTAL
		Housing Choice Vouchers	N/C S/R Section 8 Programs					
111 Cash - Unrestricted	\$285,131	\$0	\$0	\$1,080	\$0	\$286,211	\$0	\$286,211
113 Cash - Other Restricted	\$0	\$19,431	\$0	\$76,745	\$0	\$96,176	\$0	\$96,176
114 Cash - Tenant Security Deposits	\$19,872	\$0	\$0	\$4,755	\$0	\$24,627	\$0	\$24,627
100 Total Cash	\$305,003	\$19,431	\$0	\$82,580	\$0	\$407,014	\$0	\$407,014
122 Accounts Receivable - HUD Other Projects	\$40,900	\$0	\$0			\$40,900		\$40,900
125 Accounts Receivable - Miscellaneous	\$2,488	\$0	\$0	\$0	\$0	\$2,488		\$2,488
126 Accounts Receivable - Tenants	\$1,949	\$0	\$0	\$0	\$0	\$1,949	\$0	\$1,949
128 Fraud Recovery	\$600	\$17,919	\$0	\$0	\$0	\$18,519	\$0	\$18,519
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$17,919	\$0	\$0	\$0	-\$17,919	\$0	-\$17,919
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$45,937	\$0	\$0	\$0	\$0	\$45,937	\$0	\$45,937
142 Prepaid Expenses and Other Assets	\$30,726	\$0	\$0	\$0	\$0	\$30,726	\$0	\$30,726
143 Inventories	\$5,000	\$0	\$0	\$0	\$0	\$5,000	\$0	\$5,000
144 Inter Program Due From	\$25,572	\$0	\$0	\$0	\$0	\$25,572	-\$25,572	\$0
150 Total Current Assets	\$412,238	\$19,431	\$0	\$82,580	\$0	\$514,249	-\$25,572	\$488,677
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	-\$6,046,503	\$0	\$0	-\$412,276	\$0	-\$6,458,779	\$0	-\$6,458,779
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,845,623	\$0	\$0	\$363,754	\$0	\$2,209,377	\$0	\$2,209,377
174 Other Assets	\$513,779	\$70,977	\$0	\$0	\$0	\$584,756	-\$584,756	\$0
180 Total Non-Current Assets	\$2,359,402	\$70,977	\$0	\$363,754	\$0	\$2,794,133	-\$584,756	\$2,209,377
190 Total Assets	\$2,771,640	\$90,408	\$0	\$446,334	\$0	\$3,308,382	-\$610,328	\$2,698,054
312 Accounts Payable <= 90 Days	\$25,682	\$2,482	\$0	\$2,401	\$0	\$30,565	\$0	\$30,565
321 Accrued Wage/Payroll Taxes Payable	\$14,750	\$2,074	\$0	\$1,534	\$0	\$18,358	\$0	\$18,358
325 Accrued Interest Payable	\$0	\$0	\$0	\$1,282	\$0	\$1,282	\$0	\$1,282
333 Accounts Payable - Other Government	\$3,040	\$0	\$0	\$8,841	\$0	\$11,881	\$0	\$11,881
341 Tenant Security Deposits	\$19,872	\$0	\$0	\$4,755	\$0	\$24,627	\$0	\$24,627
342 Deferred Revenues	\$0	\$0	\$0	\$462	\$0	\$462	\$0	\$462
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$4,490	\$0	\$4,490	\$0	\$4,490
345 Other Current Liabilities	\$3,497	\$0	\$0	\$0	\$0	\$3,497	\$0	\$3,497
347 Inter Program - Due To	\$0	\$0	\$0	\$25,572	\$0	\$25,572	-\$25,572	\$0
310 Total Current Liabilities	\$66,841	\$4,556	\$0	\$49,337	\$0	\$120,734	-\$25,572	\$95,162
351 Total Current Liabilities, Net of Current Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$685,991	\$0	\$685,991	\$0	\$685,991
353 Non-current Liabilities - Other	\$0	\$0	\$126,970	\$0	\$457,786	\$584,756	-\$584,756	\$0
354 Accrued Compensated Absences - Non Current	\$37,896	\$11,355	\$0	\$4,345	\$0	\$53,596	\$0	\$53,596
350 Total Non-Current Liabilities	\$37,896	\$11,355	\$126,970	\$690,336	\$457,786	\$1,324,343	-\$584,756	\$739,587
300 Total Liabilities	\$104,737	\$15,911	\$126,970	\$739,673	\$457,786	\$1,445,077	-\$610,328	\$834,749
508.1 Invested in Capital Assets, Net of Related Debt	\$1,845,623	\$0	\$0	-\$326,727	\$0	\$1,518,896	\$0	\$1,518,896
511.1 Restricted Net Assets	\$0	\$37,469	\$0	\$76,745	\$0	\$114,214	\$0	\$114,214
512.1 Unrestricted Net Assets	\$821,280	\$37,028	-\$126,970	-\$43,357	-\$457,786	\$230,195	\$0	\$230,195
513 Total Equity/Net Assets	\$2,666,903	\$74,497	-\$126,970	-\$293,339	-\$457,786	\$1,863,305	\$0	\$1,863,305
600 Total Liabilities and Equity/Net Assets	\$2,771,640	\$90,408	\$0	\$446,334	\$0	\$3,308,382	-\$610,328	\$2,698,054

Note: This Statement of Net Assets by Program includes interprogram due to/from of \$610,328, which are removed from the entity wide Statement of Net Position on page 8.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$124,139	\$0	\$0	\$62,977	\$0	\$187,116	\$0	\$187,116
70400 Tenant Revenue - Other	\$10,537	\$0	\$0	\$0	\$0	\$10,537	\$0	\$10,537
70600 HUD PHA Operating Grants	\$616,062	\$853,885	\$0	\$0	\$0	\$1,469,947	\$0	\$1,469,947
70610 Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$31,057	\$0	\$31,057	\$0	\$31,057
71100 Investment Income - Unrestricted	\$157	\$0	\$0	\$43	\$0	\$200	\$0	\$200
71400 Fraud Recovery	\$0	\$8,762	\$0	\$0	\$0	\$8,762	\$0	\$8,762
71500 Other Revenue	\$260	\$0	\$0	\$2,841	\$1,584	\$4,685	\$0	\$4,685
72000 Investment Income - Restricted	\$0	\$15	\$0	\$0	\$0	\$15	\$0	\$15
70000 Total Revenue	\$751,155	\$862,662	\$0	\$96,918	\$1,584	\$1,712,319	\$0	\$1,712,319
91100 Administrative Salaries	\$174,071	\$65,611	\$0	\$17,604	\$0	\$257,286	\$0	\$257,286
91200 Auditing Fees	\$4,123	\$3,000	\$0	\$250	\$0	\$7,373	\$0	\$7,373
91400 Advertising and Marketing	\$2,543	\$0	\$0	\$0	\$0	\$2,543	\$0	\$2,543
91500 Employee Benefit contributions - Administrative	\$63,724	\$22,854	\$0	\$7,045	\$0	\$93,623	\$0	\$93,623
91600 Office Expenses	\$28,176	\$5,320	\$0	\$3,997	\$0	\$37,493	\$0	\$37,493
91700 Legal Expense	\$11,582	\$0	\$0	\$0	\$0	\$11,582	\$0	\$11,582
91800 Travel	\$1,480	\$0	\$0	\$0	\$0	\$1,480	\$0	\$1,480
91900 Other	\$49,209	\$8,242	\$0	\$2,149	\$0	\$59,600	\$0	\$59,600
91000 Total Operating - Administrative	\$334,908	\$105,027	\$0	\$31,045	\$0	\$470,980	\$0	\$470,980
92100 Tenant Services - Salaries	\$2,676	\$0	\$0	\$0	\$0	\$2,676	\$0	\$2,676
92300 Employee Benefit Contributions - Tenant Services	\$413	\$0	\$0	\$0	\$0	\$413	\$0	\$413
92400 Tenant Services - Other	\$35,562	\$0	\$0	\$0	\$0	\$35,562	\$0	\$35,562
92500 Total Tenant Services	\$38,651	\$0	\$0	\$0	\$0	\$38,651	\$0	\$38,651
93100 Water	\$72,480	\$0	\$0	\$5,707	\$0	\$78,187	\$0	\$78,187
93200 Electricity	\$15,444	\$0	\$0	\$5,448	\$0	\$20,892	\$0	\$20,892
93300 Gas	\$5,833	\$0	\$0	\$382	\$0	\$6,215	\$0	\$6,215
93000 Total Utilities	\$93,757	\$0	\$0	\$11,537	\$0	\$105,294	\$0	\$105,294
94100 Ordinary Maintenance and Operations - Labor	\$86,152	\$0	\$0	\$11,085	\$0	\$97,237	\$0	\$97,237
94200 Ordinary Maintenance and Operations - Materials and Other	\$48,090	\$0	\$0	\$5,324	\$0	\$53,414	\$0	\$53,414
94300 Ordinary Maintenance and Operations Contracts	\$32,158	\$0	\$0	\$3,089	\$0	\$35,247	\$0	\$35,247
94500 Employee Benefit Contributions - Ordinary Maintenance	\$31,743	\$0	\$0	\$4,634	\$0	\$36,377	\$0	\$36,377
94000 Total Maintenance	\$198,143	\$0	\$0	\$24,132	\$0	\$222,275	\$0	\$222,275
96110 Property Insurance	\$18,975	\$0	\$0	\$3,470	\$0	\$22,445	\$0	\$22,445
96120 Liability Insurance	\$0	\$6,052	\$0	\$0	\$0	\$6,052	\$0	\$6,052
96100 Total Insurance Premiums	\$18,975	\$6,052	\$0	\$3,470	\$0	\$28,497	\$0	\$28,497

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$1,073	\$0	\$0	\$0	\$0	\$1,073	\$0	\$1,073
96210 Compensated Absences	\$0	\$536	\$0	\$0	\$0	\$536	\$0	\$536
96300 Payments in Lieu of Taxes	\$3,040	\$0	\$0	\$5,144	\$0	\$8,184	\$0	\$8,184
96400 Bad debt - Tenant Rents	\$7,980	\$0	\$0	\$0	\$0	\$7,980	\$0	\$7,980
96000 Total Other General Expenses	\$12,093	\$536	\$0	\$5,144	\$0	\$17,773	\$0	\$17,773
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$14,550	\$0	\$14,550	\$0	\$14,550
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$14,550	\$0	\$14,550	\$0	\$14,550
96900 Total Operating Expenses	\$693,984	\$111,615	\$0	\$89,878	\$0	\$895,477	\$0	\$895,477
97000 Excess of Operating Revenue over Operating Expenses	\$57,171	\$751,047	\$0	\$7,040	\$1,584	\$816,842	\$0	\$816,842
97100 Extraordinary Maintenance	\$36,134	\$0	\$0	\$0	\$0	\$36,134	\$0	\$36,134
97200 Casually Losses - Non-capitalized	\$9,003	\$0	\$0	\$0	\$0	\$9,003	\$0	\$9,003
97300 Housing Assistance Payments	\$0	\$813,524	\$0	\$0	\$0	\$813,524	\$0	\$813,524
97400 Depreciation Expense	\$245,624	\$0	\$0	\$20,209	\$0	\$265,833	\$0	\$265,833
90000 Total Expenses	\$984,745	\$925,139	\$0	\$110,087	\$0	\$2,019,971	\$0	\$2,019,971
10010 Operating Transfer In	\$153,902	\$0	\$0	\$0	\$0	\$153,902	\$0	\$153,902
10020 Operating transfer Out	-\$153,902	\$0	\$0	\$0	\$0	-\$153,902	\$0	-\$153,902
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$233,590	-\$62,477	\$0	-\$13,169	\$1,584	-\$307,652	\$0	-\$307,652
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$4,397	\$0	\$4,397	\$0	\$4,397
11030 Beginning Equity	\$3,009,379	\$136,974	-\$126,970	-\$280,170	-\$567,687	\$2,171,526	\$0	\$2,171,526
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$106,343	\$0	\$0	\$0	\$106,343	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$37,028	\$0	\$0	\$0	\$37,028	\$0	\$37,028
11180 Housing Assistance Payments Equity	\$0	\$37,469	\$0	\$0	\$0	\$37,469	\$0	\$37,469
11190 Unit Months Available	1,572	3,024	0	276	0	4,872	0	4,872
11210 Number of Unit Months Leased	1,566	2,680	0	271	0	4,517	0	4,517
11270 Excess Cash	\$253,520	\$0	\$0	\$0	\$0	\$253,520	\$0	\$253,520

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2013 FEDERAL EXPENDITURES
<i><u>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></i>		
Low Rent Public Housing	14.850	\$ 403,316
Section 8 Housing Choice Vouchers	14.871	853,885
Public Housing Capital Fund	14.872	<u>212,746</u>
Total U.S. Department of Housing and Urban Development		<u>1,469,947</u>
<i><u>DIRECT FROM U.S. DEPARTMENT OF AGRICULTURE - RURAL HOUSING SERVICE:</u></i>		
Rural Rental Housing Loan	10.415	<u>31,057</u>
Total of U.S. Department of Agriculture		<u>31,057</u>
TOTAL FEDERAL AWARDS EXPENDITURES		<u><u>\$ 1,501,004</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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

December 18, 2013

Coshocton Metropolitan Housing Authority
Coshocton County
823 Magnolia Street
Coshocton, OH 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 business-type activities of the **Coshocton Metropolitan Housing Authority**, Coshocton County, Ohio (the Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated December 18, 2013.

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*.

Coshocton Metropolitan Housing Authority
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Matters
Required by Government Auditing Standards
Page 2

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.

Respectfully Submitted,

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

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

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

December 18, 2013

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

To the Board of Commissioners:

Report on Compliance for Each 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 Authority's major federal program for the year ended June 30, 2013. 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 each of the Authority's major federal programs 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 program for the year ended June 30, 2013.

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 each 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.

Respectfully Submitted,



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

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2013**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2013
ACTUAL MODERNIZATION COST CERTIFICATES**

Modernization Project Number : OH16P037501-11

Original Funds Approved:	\$ 156,821
Funds Disbursed:	\$ 156,821
Funds Expended (Actual Modernization Cost):	\$ 156,821
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

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

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

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.



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 13, 2014**