

428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Avenue
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
Single Audit
For the Year Ended June 30, 2016**

www.perrycpas.com

...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



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, 2015 through June 30, 2016. 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

March 17, 2017

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**COSHOCTON METROPOLITAN HOUSING AUTHORITY
 COSHOCTON COUNTY
 FOR THE YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

December 23, 2016

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 **Coshocton Metropolitan Housing Authority**, Coshocton County, Ohio (the Authority), as of and for the year ended June 30, 2016, 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 audit opinion.



...***"bringing more to the table"***...

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

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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, 2016, and the changes in its financial position and cash flows 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*, and schedules of net pension liabilities and pension contributions 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 37-38 presents additional analysis as required by the United States Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is also not a required part of the financial statements.

The 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 schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling 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 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 23, 2016, 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.

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

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
Unaudited

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) for the Coshocton Metropolitan Housing Authority (Coshocton MHA) 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 Coshocton MHA's financial position. It is designed to focus on the financial activity for the fiscal year ended June 30, 2016, 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:

the Statement of Net Position,
the Statement of Revenues, Expenses & Changes in Fund Net Position, and
the 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 Coshocton MHA holds at 6/30/16, that is, the cash Coshocton MHA has, the amounts that are owed Coshocton MHA from others, and the value of the equipment Coshocton MHA owns. In the other half of the report it shows the liabilities Coshocton MHA has, that is, what Coshocton MHA owes others at 6/30/16; and what Net Position (or what is commonly referred to as Equity) Coshocton MHA has at 6/30/16. 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 Coshocton MHA to use to further its purposes.

The **Statement of Revenues, Expenses & Changes in Fund Net Position** is very similar to and may commonly be referred to as an Income Statement. It is in essence a report showing what Coshocton MHA earned, that is what its revenues or incomes were, versus what expenses Coshocton MHA had over the same period. And then it 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 Coshocton MHA 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 Coshocton MHA has equals the total assets Coshocton MHA has.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
Unaudited

The **Statement of Cash Flows** is a report that shows how the amount of cash Coshocton MHA 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 Coshocton MHA 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.

Coshocton MHA's Business Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of Coshocton MHA. Coshocton MHA 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.

Coshocton MHA's programs include the following:

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

Under the Low Rent Public Housing program, Coshocton MHA 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 Coshocton MHA to help support the operations of the program. In addition, HUD provides funds for physical improvements to Coshocton MHA's properties and funds for management improvements through Capital Fund Program grants.

Under the Section 8 Housing Choice Voucher program, Coshocton MHA 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 Coshocton MHA 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.

Under its Local program, Coshocton MHA 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, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
Unaudited

Condensed Financial Statements

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

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

	<u>2016</u>	<u>2015</u>
Current Assets	\$ 364,000	\$ 316,000
Capital Assets	1,534,000	1,761,000
Deferred Outflows	<u>144,000</u>	<u>32,000</u>
Total Assets & Deferred Outflows	<u>2,042,000</u>	<u>2,109,000</u>
Current Liabilities	140,000	80,000
Long-Term Liabilities	1,149,000	1,099,000
Deferred Inflows	<u>40,000</u>	<u>6,000</u>
Total Liabilities & Deferred Inflows	<u>1,329,000</u>	<u>1,185,000</u>
Net Position:		
Net Investment in Capital Assets	866,000	1,086,000
Restricted Net Position	68,000	45,000
Unrestricted Net Position	<u>(221,000)</u>	<u>(207,000)</u>
Total Net Position	<u>713,000</u>	<u>924,000</u>
Total Liabilities, Deferred Inflows & Net Position	\$ <u>2,042,000</u>	\$ <u>2,109,000</u>

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

Total Net Position decreased from the prior year-end by \$211,000, but to better understand what that means requires a look at the changes in the components of Net Position. The Net Investment in Capital Assets component of Net Position decreased by \$220,000 and closely corresponds to the change in Capital Assets because that is what that component of Net Position represents. This change is discussed more fully in the coming section where we discuss Table 3, Condensed Statement of Changes in Capital Assets.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
Unaudited

Restricted Net Position increased by \$23,000, primarily to the increase in Restricted Net Position in the agency's Rural Housing Program. In 2015 the USDA permitted the agency to use restricted program resources in the period to reduce an intercompany debt the program had with the Public Housing Program, but when it did Coshocton MHA had to commit to rebuilding the restricted resources in these subsequent years. The increase in the Restricted Net Position in 2016 reflects what restoring of the restricted resources was accomplished in 2016. And Unrestricted Net Position decreased by \$14,000. All programs reported gains from operations (removing the effect of depreciation expense) but those gains were offset by the amount of resources returned to the Restricted Net Position in the Rural Housing Program contributing to the reduction in Unrestricted Net Position.

Current Assets increased from the prior year by \$48,000 (or 15%) and that closely corresponds to the increase in Current Liabilities. Invoices unpaid because of timing issues meant more cash was on hand.

Non-current Liabilities, Deferred Outflow of Resources and Deferred Inflow of Resources all increased sharply, all reflecting increases in balances reported pursuant to GASB 68. GASB 68 is the relatively new accounting standard implemented at 6/30/2015 that requires all governmental entities in Ohio to report what is considered their share of the unfunded pension liability of the state retirement system, in this case the Ohio Public Employees Retirement System (OPERS). By state law all employees of Coshocton MHA are members of OPERS and Coshocton MHA is required to make retirement contributions on behalf of all employees to the OPERS.

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

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

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Tenant Revenues - Rents & Other	\$ 202,000	\$ 193,000
Operating Subsidies & Grants	1,551,000	1,480,000
Capital Grants	10,000	26,000
Investment Income	0	0
Other Revenues	18,000	10,000
Total Revenues	<u>1,781,000</u>	<u>1,709,000</u>
<u>Expenses</u>		
Administrative	447,000	450,000
Tenant Services	44,000	39,000
Utilities	122,000	119,000
Maintenance	263,000	233,000
General	76,000	114,000
Housing Assistance Payments	803,000	810,000
Depreciation	237,000	242,000
Total Expenses	<u>1,992,000</u>	<u>2,007,000</u>
Net Increase (Decrease) in Net Position	<u>\$ (211,000)</u>	<u>\$ (298,000)</u>

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
Unaudited

Revenues overall increased \$72,000 from the prior period, about 4%. The change was concentrated in Subsidies. Notable increases were in the Public Housing and Section 8 Housing Choice Voucher programs. In the past several years HUD had funded those programs at prorations well below 100% and in this period the trend of the programs being funded at slightly higher prorations continued.

Overall expenses decreased by \$15,000, a very modest 1% change, but there were notable changes Maintenance Expenses (a 13% increase of \$30,000) and General Expenses (a 33% decrease of \$38,000). In 2015 General Expenses were unusually high because the agency had to record a significant expense related to its participation in an Ohio PHA healthcare pool and actions taken by the pool to change third party administrators. So the 2016 expense is more in line with what is typical. Maintenance Expenses increased. An increase in unit turnarounds at the Parkview North complex and costs preparing the public housing properties for inspections contributed to it.

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>2016</u>	<u>2015</u>
Land and Land Rights	\$ 439,000	\$ 439,000
Buildings & Improvements	7,970,000	7,960,000
Equipment	310,000	310,000
Accumulated Depreciation	(7,185,000)	(6,948,000)
Construction in Progress	0	0
Total	1,534,000	1,761,000

Capital Assets dropped by about \$227,000 meaning depreciation on assets outpaced additions to capital assets in the period. The agency had minimal capital additions in the period and those were primarily made using the Capital Fund Program grant.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
 COSHOCTON COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2016
 Unaudited**

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>2016</u>	<u>2015</u>
Current Portion of Debt	\$ 8,000	\$ 7,000
Long Term Portion of Debt	660,000	667,000
Total	668,000	674,000

Debt was reduced by about \$6000 during year-end 2016. That is the result of regular payments on the loan from the US Department of Agriculture made several years ago to enable the agency to develop rental property owned by Coshocton MHA.

Economic Factors

While there was some relief in this period, budget problems of the Federal government continue to take a significant toll on the agency's ability to administer its programs because the Authority relies on funding from HUD to operate its programs. Funds to administer the Section 8 Housing Choice Voucher program and the Public Housing program have been cut drastically for several years despite that inflationary pressures on expenses remain a constant. That means the agency continues to be forced to make cuts whenever possible. Ultimately this impacts the agency's ability to maintain its properties and level of service to clients of agency programs.

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, 2016

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 205,383
Cash and Cash Equivalents - Restricted	89,825
Receivable, Net	51,585
Inventory	4,724
Prepaid Expenses	12,257
Total Current Assets	<u>363,774</u>

Noncurrent Assets

Non-Depreciable Capital Assets	438,538
Depreciable Capital Assets, Net of Depreciation	1,095,195
Total Noncurrent Assets	<u>1,533,733</u>

Deferred Outflows of Resources	<u>144,521</u>
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TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,042,028</u></u>
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LIABILITIES

Current Liabilities

Accounts Payable	\$ 68,646
Accrued Wages/Payroll Taxes	13,482
Accrued Pilot	11,867
Tenant Security Deposits	29,049
Current Portion Long-Term Debt	7,969
Other Current Liabilities	9,032
Total Current Liabilities	<u>140,045</u>

Noncurrent Liabilities

Accrued Compensated Absences, Net of Current Portion	50,890
Long-Term Debt, Net of Current Portion	659,967
Net Pension Liability	421,946
Other Non-Current Liabilities	16,000
Total Noncurrent Liabilities	<u>1,148,803</u>

TOTAL LIABILITIES	<u>1,288,848</u>
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Deferred Inflows of Resources	<u>40,382</u>
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NET POSITION

Net Investment in Capital Assets	865,797
Restricted Net Position	67,702
Unrestricted Net Position	(220,701)
TOTAL NET POSITION	<u>712,798</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	<u><u>\$ 2,042,028</u></u>
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The accompanying notes are an integral part of the financial statements.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

<u>Operating Revenue</u>	
Government Operating Grants	\$ 1,550,758
Tenant Revenue	202,323
Other Income	18,264
Total Operating Revenue	<u>1,771,345</u>
<u>Operating Expenses</u>	
Administration	447,348
Tenant Services	44,104
Utilities	121,623
Maintenance	263,420
Protective Services	2,800
General	61,442
Housing Assistance Payments	802,634
Depreciation	236,760
Total Operating Expenses	<u>1,980,131</u>
Net Operating Income (Loss)	<u>(208,786)</u>
<u>Nonoperating Revenues/(Expenses)</u>	
Investment Income - Unrestricted	149
Interest Expense	(57,940)
Interest Subsidy	46,278
Total Nonoperating Revenues/(Expenses)	<u>(11,513)</u>
Income/(Loss) before Capital Grants	<u>(220,299)</u>
Capital Grants	9,476
Change in Net Position	<u>(210,823)</u>
Total Net Position - Beginning of Year	923,621
Total Net Position - Ending	<u><u>\$ 712,798</u></u>

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Cash Flows from Operating Activities</u>	
Receipts from Residents	\$ 192,277
Receipts from Operating Grants	1,526,356
Other Receipts	18,264
Payments for Housing Assistance	(802,634)
Payments for General and Administration Expense	(864,097)
Net Cash (Used) by Operating Activities	<u>70,166</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Payments on Long-Term Debt	(7,285)
Interest Paid on Long-Term Debt	(11,662)
Capital Grants Received	9,476
Acquisition of Capital Assets	(9,476)
Net Cash (Used) by Capital and Other Related Financing Activities	<u>(18,947)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	149
Net Cash Provided from Investing Activities	<u>149</u>
Net Increase (Decrease) in Cash	51,368
Cash and Cash Equivalents at Beginning of Year	243,840
Cash and Cash Equivalents at End of Year	<u>\$ 295,208</u>
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (208,786)
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation	236,760
(Increase) Decrease in:	
Accounts Receivable	(35,769)
Prepaid Expenses	38,313
Inventory	1,268
Increase (Decrease) in:	
Accounts Payable	65,555
Compensated Absences	(14,131)
Wages and Benefits Payable	9,423
Tenant Security Deposits	1,321
Other Liabilities	(23,788)
Net Cash Provided from Operating Activities	<u>\$ 70,166</u>

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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.

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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 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 assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

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

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

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

Projects - Conventional Public Housing and Capital Fund Programs

Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

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.

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 assets, equity, or fund balance as restricted.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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, 2016 totaled \$149.

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, 2016 was \$12,320.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2016, 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, 2016.

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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

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

	Balance <u>6/30/2015</u>	Change	Balance <u>6/30/2016</u>
Public Housing Due From Section 8 HCV	\$ 95,555	\$ (1,890)	\$ 93,665
Public Housing Due From Other Federal Program 1	21,215	24,485	45,700
Total Due From	<u>\$ 116,770</u>	<u>\$ 22,595</u>	<u>\$ 139,365</u>

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.

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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
 COSHOCTON COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

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

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

	Balance 06/30/21015	Increases	Decreases	Balance 6/30/2016	Due Within One Year
Compensated Absences	\$ 65,021	\$ 24,761	\$ (38,892)	\$ 50,890	\$ 0

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

Pensions

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position on the pension plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then.

For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 6)

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.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

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

At fiscal year end June 30, 2016, the carrying amount of the Authority's deposits totaled \$295,208 and its bank balance was \$298,409. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2016, \$289,409 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.

The Authority had no investments at June 30, 2016.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

	6/30/2016
Cash Restricted:	
Parkview North Security Deposits	\$ 96
Parkview North Replacement Reserve	67,702
Security Deposits - Public Housing	22,027
Total Cash Restricted	89,825
Cash Unrestricted	205,383
Total	\$ 295,208

NOTE 4: **CAPITAL ASSETS**

The following is a summary of changes to capital assets:

	Balance 6/30/2015	Additions	Adustment/Transfers Disposals	Balance 6/30/2016
<u>Capital Assets Not Being Depreciated</u>				
Land and Land Easements	\$ 438,538	\$ 0	\$ 0	\$ 438,538
Construction in Progress	0	0	0	-
Total Capital Assets Not Being Depreciated	438,538	0	0	438,538
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	7,960,855	9,476	0	7,970,331
Furniture, Equipment, and Machinery	309,896	0	0	309,896
Total Capital Assets Being Depreciated	8,270,751	9,476	0	8,280,227
<u>Accumulated Depreciation</u>				
Buildings	(6,655,109)	(229,361)	0	(6,884,470)
Furniture and Equipment	(293,164)	(7,399)	1	(300,562)
Total Accumulated Depreciation	(6,948,273)	(236,760)	1	(7,185,032)
Depreciable Assets, Net	1,322,478	(227,284)	1	1,095,195
Total Capital Assets, Net	\$ 1,761,016	\$ (227,284)	\$ 1	\$ 1,533,733

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.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plan. The traditional pension plan is a cost-sharing, multiple-employer defined pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contributions features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosures focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$39,923 for the fiscal year ending June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of the Net Pension Liability	\$421,946
Proportion of the Net Pension Liability	0.002436%
Pension Expense	\$59,287
Change in Proportionate Percentage from Prior Year	.000405%

At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$124,026
Authority contributions subsequent to the measurement date	<u>20,494</u>
Total Deferred Outflows of Resources	<u>\$144,520</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$8,153
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>32,229</u>
Total Deferred Inflows of Resources	<u>\$40,382</u>

\$20,494 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:

2017	\$12,255
2018	14,238
2019	29,084
2020	<u>28,067</u>
Total	<u>\$83,644</u>

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
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 NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Authority's proportionate share of the net pension liability	\$672,263	\$421,946	\$210,811

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. Plan Description

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 two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015 and 2016, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

B. Funding Policy (Continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%. The portion of actual Authority contributions for the year ended June 30, 2016, 2015, and 2014, which were used by OPERS to fund post-employment benefits were \$6,654, \$6,941, and \$5,179, respectively.

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, 2016:

<u>Description</u>	<u>Balance</u> <u>06/30/21015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>	<u>Due Within</u> <u>One Year</u>
Loan Payable	\$ 675,221	\$ -	\$ (7,285)	\$ 667,936	\$ 7,969
Net Pension Liability	342,656	79,290	-	421,946	-
Compensated Absences	65,021	24,761	(38,892)	50,890	-
Total	<u>\$ 1,082,898</u>	<u>\$ 104,051</u>	<u>\$ (46,177)</u>	<u>\$ 1,140,772</u>	<u>\$ 7,969</u>

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 8: **LONG-TERM DEBT** (Continued)

Discounted debt maturities for the period after June 30, 2016 are estimated as follows:

Maturity Date	Principal Amount	Interest Amount	Total
2017	\$ 7,969	\$ 59,790	\$ 67,759
2018	8,716	59,043	67,759
2019	9,533	58,226	67,759
2020	10,428	57,331	67,759
2021	11,406	56,353	67,759
2022-2026	75,235	263,562	338,797
2027-2031	117,794	221,003	338,797
2032-2036	184,428	154,369	338,797
2037-2040	242,427	51,243	293,670
Total	\$ 667,936	\$ 980,920	\$ 1,648,856

NOTE 9: **RESTRICTED NET POSITION**

The Authority had the following restricted net position at June 30, 2016:

Parkview North Replacement Reserve	<u>\$ 67,702</u>
Total Restricted Net Position	<u>\$ 67,702</u>

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, 2016.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2016, the Authority was not aware of any such matters.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
 COSHOCTON COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

NOTE 11: 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 \$453,930 related to an audit finding identified in a 2003 report by the Inspector General's Office. In accordance with generally accepted accounting principles, these amounts are not reflected in the agency wide financial statements because they are inter-agency receivables and payables. In addition management believes it is not likely that the receivable will ever be fully collected and the payable will ever be fully repaid. This information was reflected on the financial data schedule submitted to REAC as instructed by HUD.

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

The amount applied to the balance during the audit period was \$1,469.

Balance		Payment	
<u>06/30/2015</u>		Made in	
\$ 455,399		Period	<u>06/30/2016</u>
	\$	(1,469)	\$ 453,930

Required Supplementary Information

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.002436%	0.002841%	0.002841%
Authority's Proportionate Share of the Net Pension Liability	\$421,946	\$342,656	\$334,917
Authority's Covered-Employee Payroll	\$332,692	\$347,050	\$345,264
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	126.83%	98.73%	97.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) - Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.
The plan measurement date is the prior calendar year end.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 39,923	\$ 41,646	\$ 43,158	\$ 41,055
Contributions in Relation to the Contractually Required Contribution	<u>(39,923)</u>	<u>(41,646)</u>	<u>(43,158)</u>	<u>(41,055)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's Covered-Employee Payroll	\$ 332,692	\$ 347,050	\$ 345,264	\$ 357,000
Contributions as a Percentage of Covered- Employee Payroll	12.00%	12.00%	12.00%	13.00%

(1) – Information prior to 2013 is not available.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Low Rent Public Housing Program	14.850	\$ 476,232
Section 8 Housing Choice Vouchers	14.871	894,518
Public Housing Capital Fund	14.872	<u>150,837</u>
Total Public Housing Program		<u>1,521,587</u>
Total U. S. Department of Housing and Urban Development		<u>1,521,587</u>
<u>U.S. Department of Agriculture - Rural Housing Service</u>		
<i>Direct Program:</i>		
Rural Rental Housing Loan	10.415	<u>38,647</u>
Total U.S. Department of Agriculture - Rural Housing Service		<u>38,647</u>
Total Expenditures of Federal Awards		<u>\$1,560,234</u>

The accompanying notes are an integral part of the schedule.

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1: PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is a summary of the federal grant activity of the Authority. This Schedule has been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Supplementary Information

Coshocton Metropolitan Housing Authority (OH037)
 COSHOCTON, OH
 6/30/2016

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	2 State/Local	ELIM	Total
111 Cash - Unrestricted	\$203,593	0	0	0	0	0	\$203,593
113 Cash - Other Restricted	0	\$1,790	0	\$67,702	0	0	\$69,492
114 Cash - Tenant Security Deposits	\$22,027	0	0	\$96	0	0	\$22,123
100 Total Cash	\$225,620	\$1,790	0	\$67,798	0	0	\$295,208
122 Accounts Receivable - HUD Other Projects	\$32,772	0	0	0	0	0	\$32,772
125 Accounts Receivable - Miscellaneous	\$7,156	0	0	\$753	0	0	\$7,909
126 Accounts Receivable - Tenants	\$1,286	0	0	\$5,581	0	0	\$6,867
126.1 Allowance for Doubtful Accounts - Tenants	-\$500	0	0	0	0	0	-\$500
126.2 Allowance for Doubtful Accounts - Other	-\$1,250	0	0	0	0	0	-\$1,250
128 Fraud Recovery	\$7,037	\$9,321	0	0	0	0	\$16,358
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,250	-\$9,321	0	0	0	0	-\$10,571
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$45,251	\$0	\$0	\$6,334	\$0	\$0	\$51,585
142 Prepaid Expenses and Other Assets	\$12,257	0	0	0	0	0	\$12,257
143 Inventories	\$4,724	0	0	0	0	0	\$4,724
143.1 Allowance for Obsolete Inventories	0	0	0	0	0	0	\$0
144 Inter Program Due From	\$139,365	0	0	0	0	-\$139,365	\$0
150 Total Current Assets	\$427,217	\$1,790	\$0	\$74,132	\$0	-\$139,365	\$363,774
161 Land	\$438,538	0	0	0	0	0	\$438,538
162 Buildings	\$7,195,537	0	0	\$774,794	0	0	\$7,970,331
163 Furniture, Equipment & Machinery - Dwellings	\$55,182	0	0	0	0	0	\$55,182
164 Furniture, Equipment & Machinery - Administration	\$249,475	0	0	\$5,239	0	0	\$254,714
166 Accumulated Depreciation	-\$6,711,802	0	0	-\$473,230	0	0	-\$7,185,032
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,226,930	0	0	\$306,803	0	0	\$1,533,733
174 Other Assets	\$453,930	\$126,970	0	0	0	-\$580,900	0
176 Investments in Joint Ventures	0	0	0	0	0	0	0
180 Total Non-Current Assets	\$1,680,860	\$126,970	0	\$306,803	0	-\$580,900	\$1,533,733
200 Deferred Outflow of Resources	\$109,365	\$21,154	0	\$14,002	0	0	\$144,521
290 Total Assets and Deferred Outflow of Resources	\$2,217,442	\$149,914	0	\$394,937	0	-\$720,265	\$2,042,028
312 Accounts Payable <= 90 Days	\$67,735	0	0	\$911	0	0	\$68,646
321 Accrued Wage/Payroll Taxes Payable	\$12,113	\$901	0	\$468	0	0	\$13,482
325 Accrued Interest Payable	0	0	0	\$942	0	0	\$942
333 Accounts Payable - Other Government	\$3,651	0	0	\$8,216	0	0	\$11,867
341 Tenant Security Deposits	\$22,027	0	0	\$7,022	0	0	\$29,049
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	0	0	0	\$7,969	0	0	\$7,969
345 Other Current Liabilities	\$8,090	0	0	0	0	0	\$8,090
347 Inter Program - Due To	0	\$93,665	0	\$45,700	0	-\$139,365	\$0
310 Total Current Liabilities	\$113,616	\$94,566	0	\$71,228	\$0	-\$139,365	\$140,045
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	0	0	0	\$659,967	0	0	\$659,967
353 Non-current Liabilities - Other	\$16,000	0	\$126,970	0	\$453,930	-\$580,900	\$16,000
354 Accrued Compensated Absences - Non Current	\$37,994	\$8,416	0	\$4,480	0	0	\$50,890
357 Accrued Pension and OPEB Liabilities	\$319,304	\$61,761	0	\$40,881	0	0	\$421,946
350 Total Non-Current Liabilities	\$373,298	\$70,177	\$126,970	\$705,328	\$453,930	-\$580,900	\$1,148,803
300 Total Liabilities	\$486,914	\$164,743	\$126,970	\$776,556	\$453,930	-\$720,265	\$1,288,848
400 Deferred Inflow of Resources	\$30,559	\$5,910	0	\$3,913	0	0	\$40,382
508.4 Net Investment in Capital Assets	\$1,226,930	0	0	-\$361,133	0	0	\$865,797
511.4 Restricted Net Position	0	0	0	\$67,702	0	0	\$67,702
512.4 Unrestricted Net Position	\$473,039	-\$20,739	-\$126,970	-\$32,101	-\$453,930	0	-\$220,701
513 Total Equity - Net Assets / Position	\$1,699,969	-\$20,739	-\$126,970	-\$385,532	-\$453,930	0	\$712,798
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,217,442	\$149,914	0	\$394,937	0	-\$720,265	\$2,042,028

Coshocton Metropolitan Housing Authority (OH037)
 COSHOCTON, OH
 6/30/2016

	Project Total	14,871 Housing Choice Vouchers	14,182 N/C S/R Section 8 Programs	8 Other Federal Program 1	2 State/Local	Total
70300 Net Tenant Rental Revenue	\$131,966	0	0	\$68,289	0	\$200,235
70400 Tenant Revenue - Other	\$2,076	0	0	\$12	0	\$2,088
70500 Total Tenant Revenue	\$134,042	0	0	\$68,281	0	\$202,323
70600 HUD PHA Operating Grants	\$617,593	\$894,518	0	0	0	\$1,512,111
70610 Capital Grants	\$9,476	0	0	0	0	\$9,476
70800 Other Government Grants	0	0	0	\$38,647	0	\$38,647
71100 Investment Income - Unrestricted	\$109	\$9	0	\$31	0	\$149
71400 Fraud Recovery	0	\$2,962	0	0	0	\$2,962
71500 Other Revenue	\$11,321	0	0	\$2,512	\$1,469	\$15,302
70000 Total Revenue	\$772,541	\$897,489	0	\$109,471	\$1,469	\$1,780,970
91100 Administrative Salaries	\$169,529	\$67,523	0	\$19,262	0	\$256,314
91200 Auditing Fees	\$4,205	\$3,000	0	\$250	0	\$7,455
91400 Advertising and Marketing	\$1,948	0	0	0	0	\$1,948
91500 Employee Benefit Contributions - Administrative	\$49,916	\$19,865	0	\$6,950	0	\$74,916
91600 Office Expenses	\$57,269	\$4,828	0	\$9,556	0	\$71,653
91700 Legal Expense	\$10,034	0	0	0	0	\$10,034
91800 Travel	\$2,148	0	0	0	0	\$2,148
91810 Allocated Overhead						
91900 Other	\$15,571	\$5,000	0	\$2,309	0	\$22,880
91000 Total Operating - Administrative	\$308,605	\$100,316	0	\$37,427	0	\$447,348
92100 Tenant Services - Salaries	\$2,676	0	0	0	0	\$2,676
92200 Employee Benefit Contributions - Tenant Services	\$4413	0	0	0	0	\$4,413
92400 Tenant Services - Other	\$41,015	0	0	0	0	\$41,015
92500 Total Tenant Services	\$44,104	0	0	0	0	\$44,104
93100 Water	\$82,537	0	0	\$7,226	0	\$89,763
93200 Electricity	\$19,582	0	0	\$4,148	0	\$23,730
93300 Gas	\$6,222	0	0	\$1,908	0	\$8,130
93000 Total Utilities	\$108,341	0	0	\$13,282	0	\$121,623
94100 Ordinary Maintenance and Operations - Labor	\$73,024	0	0	\$13,762	0	\$86,786
94200 Ordinary Maintenance and Operations - Materials and Other	\$57,543	0	0	\$4,127	0	\$61,670
94300 Ordinary Maintenance and Operations Contracts	\$52,045	0	0	\$2,797	0	\$54,842
94500 Employee Benefit Contributions - Ordinary Maintenance	\$25,868	0	0	\$4,323	0	\$30,191
94000 Total Maintenance	\$215,115	0	0	\$25,009	0	\$240,124
95200 Protective Services - Other Contract Costs	\$2,800	0	0	0	0	\$2,800
95000 Total Protective Services	\$2,800	0	0	0	0	\$2,800
96110 Property Insurance	\$30,644	0	0	\$5,129	0	\$35,773
96120 Liability Insurance	0	\$8,761	0	0	0	\$8,761
96100 Total Insurance Premiums	\$30,644	\$8,761	0	\$5,129	0	\$44,534
96200 Other General Expenses	\$474	0	0	0	0	\$474
96210 Compensated Absences						
96300 Payments in Lieu of Taxes	\$2,570	0	0	\$4,008	0	\$6,578
96400 Bad debt - Tenant Rents	\$9,856	0	0	0	0	\$9,856
96000 Total Other General Expenses	\$12,900	0	0	\$4,008	0	\$16,908
96710 Interest of Mortgage (or Bonds) Payable	0	0	0	\$11,662	0	\$11,662
96700 Total Interest Expense and Amortization Cost	0	0	0	\$11,662	0	\$11,662
96900 Total Operating Expenses	\$723,509	\$109,077	0	\$96,517	0	\$929,103
97000 Excess of Operating Revenue over Operating Expenses	\$49,032	\$788,412	0	\$12,954	\$1,469	\$851,867
97100 Extraordinary Maintenance	\$23,296	0	0	0	0	\$23,296
97300 Housing Assistance Payments	0	\$802,634	0	0	0	\$802,634
97400 Depreciation Expense	\$216,387	0	0	\$20,373	0	\$236,760
90000 Total Expenses	\$963,192	\$911,711	0	\$116,890	0	\$1,991,793
10010 Operating Transfer In	\$118,065	0	0	0	0	\$118,065
10020 Operating Transfer Out	\$118,065	0	0	0	0	\$118,065
10100 Total Other financing Sources (Uses)	0	0	0	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$190,651	-\$14,222	0	-\$7,419	\$1,469	-\$210,823
11030 Beginning Equity	\$1,860,620	\$6,517	\$126,970	\$378,113	-\$455,399	\$236,621
11170 Administrative Fee Equity	0	\$3,871	0	0	0	\$3,871
11180 Housing Assistance Payments Equity	0	-\$24,610	0	0	0	-\$24,610
11190 Unit Months Available	1525	3024	0	265	0	4814
11210 Number of Unit Months Leased	1525	2673	0	265	0	4463
11270 Excess Cash	\$236,328	0	0	0	0	\$236,328
11620 Building Purchases	\$9,476	0	0	0	0	\$9,476



428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

December 23, 2016

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, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2016.

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.



... "bringing more to the table"

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

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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
Certified Public Accountants, A.C.
Marietta, Ohio



428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

December 23, 2016

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) *Compliance Supplement* that could directly and materially affect the Coshocton Metropolitan Housing Authority's major federal program for the year ended June 30, 2016. The *Summary of Audit 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 programs.

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and Uniform Guidance 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.

... "bringing more to the table"

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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, 2016.

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 the Uniform Guidance, 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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

**COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2016**

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 weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any 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 weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any 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 2 CFR § 200.516(a)?	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: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	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 COUNTY 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
MARCH 30, 2017**