Certified Public Accountants, A.C.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
Single Audit
For the Year Ended June 30, 2017

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740 373 0056

1907 Grand Central Ave.
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304 422 2203

150 W. Main St., #A
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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Members of the Board
Coshocton Metropolitan Housing Authority
823 Magnolia St
Coshocton, OH 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 January 1, 2017 through December 31, 2017. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Finding For Recovery 1:

Mr. McElroy's timesheet for pay period ending February 3, 2017, showed he worked 40.5 hours week 1 and 36.5 hours (16.5 regular hours, 4 compensatory hours and 16 vacation hours) week 2. Mr. McElroy should have been compensated for 77 hours (77 regular hours x $19.89 = $1,532). However, Mr. McElroy was incorrectly compensated for 81 hours. On his timesheet, specifically January 27, 2017, it showed he worked 8 hours; however, his 'start' time was 8:00 am and his 'out' time was 12:00 pm, which equates to 4 hours worked. Mr. McElroy was actually compensated $1,611 for an overpayment of $79 ($1,611 - $1,532).

Also, Mr. McElroy was compensated for 202.75 vacation hours or $4,032 ($19.89 hourly rate x 202.75 vacation hours) spanning 3 pay periods. A vacation payout policy did not exist. Additionally, no support could be provided that this vacation payout was authorized.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Chris McElroy in the amount of $4,111 and in favor of the Coshocton Metropolitan Housing Authority, Coshocton County's Enterprise Fund.

Finding For Recovery 2:

Upon review of Joan Neville's timesheets, it was determined that she did not report hours worked, but rather Ms. Neville identified on her timesheets the days worked each pay period and the tasks performed. At the top of each timesheet, Ms. Neville documented '30 hours per week @ $14.14/hour'. All fiscal year 2017 timesheets were reviewed to determine the number of days worked. Ms. Neville's timesheets indicated 115 days worked during fiscal year 2017 or 920 hours (115 days x 8 hours/day). As a result, Ms. Neville was overcompensated $9,049 (1,560 hours worked/year less 920 hours/timesheets x $14.14/hour = $9,049).

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Joan Neville in the amount of $9,049 and in favor of the Coshocton Metropolitan Housing Authority, Coshocton County's Enterprise Fund.

Finding For Recovery 3:

Mr. Gress's timesheet for pay period ending August 19, 2016, showed he worked 35 hours week 1 and 36 hours week 2. Mr. Gress should have been compensated for 70 regular hours and 1 overtime hour (70 regular hours x $14.42 pay rate + 1 overtime hour x $21.63 overtime rate = $1,031.03). However, Mr. Gress was compensated for 11 hours of overtime rather than just 1 hour overtime. Mr. Gress was actually compensated $1,074.29 for an overpayment of $43 ($1,074 - $1,031).

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Kenneth Gress in the amount of $43 and in favor of the Coshocton Metropolitan Housing Authority, Coshocton County's Enterprise Fund.

Finding For Recover 4:

Mr. Beam's timesheet for pay period ending August 19, 2016, showed he worked 33 hours week 1 and 36 hours week 2. Mr. Beam should have been compensated for 68 regular hours and 1 overtime hour (68 regular hours x $8.50 pay rate + 1 overtime hour x $12.75 overtime rate = $590.75). However, 5 hours of overtime were recognized as both regular time and overtime.

Also, 6 hours in week 2 were counted as overtime when 5 of those hours should have been paid as regular hours and 1 hour should have been overtime. Mr. Beam was actually compensated $675.75 for an overpayment of $85 ($675.75 - $590.75).

Additionally, Mr. Beam was compensated for 4 more compensatory time hours than were available. As of June 24, 2016, Mr. Beam's compensatory time balance was 28 hours. During fiscal year 2017, Mr. Beam earned 49 compensatory hours and used 81 which results in 4 more compensatory time hours used than actually available. This results in an overpayment of $34 ($8.50 hourly rate x 4).

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Matthew Beam in the amount of $119 and in favor of the Coshocton Metropolitan Housing Authority, Coshocton County's Enterprise Fund.

Finding For Recovery 5:

Ms. McElroy's timesheet for pay period ending June 9, 2017, showed Ms. McElroy used 1.5 of compensatory time; however, she had no available compensatory balance. As a result, Ms. McElroy was overcompensated $16 ($10.82 hourly rate + $5.41 half of hourly rate = $16.23).

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Nikea McElroy in the amount of $16 and in favor of the Coshocton Metropolitan Housing Authority, Coshocton County's Enterprise Fund.

Finding For Recovery 6:

Mr. Hawthorne's timesheet for pay period ending August 19, 2016, showed he worked 35 hours week 1 and 36 hours week 2. Mr. Hawthorne should have been compensated for 70 regular hours and 1 overtime hour (70 regular hours x $10.00 pay rate + 1 overtime hour x $15.00 overtime rate = $715). However, Mr. Hawthorne was compensated for 11 hours of overtime rather than just 1 hour overtime. Mr. Hawthorne was actually compensated $765 for an overpayment of $50 ($765 - $715).

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Thomas Hawthorne in the amount of $50 and in favor of the Coshocton Metropolitan Housing Authority, Coshocton County's Enterprise Fund.

Finding For Recovery 7:

Mr. O'Connell was hired effective October 3, 2016. During his first week of employment, Mr. O'Connell received a week of 'incentive' pay; however, Mr. O'Connell did not actually work any hours in the first week. As a result, Mr. O'Connell was overcompensated $840 ($24 hourly rate x 35 hours/week) for pay period ending October 14, 2016.

Additionally, during pay period ending January 20, 2017, Mr. O'Connell was compensated for 67 regular hours and 23 overtime hours. However, his timesheet shows Mr. O'Connell worked 70 regular hours and 20 overtime hours. As a result Mr. O'Connell was overcompensated $36 ($36/hour overtime rate x 3 hours less $24/regular hour rate x 3 hours = $36).

In total, Mr. O'Connell was overcompensated $876 ($840 + $36).

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against William O'Connell in the amount of $876 and in favor of the Coshocton Metropolitan Housing Authority, Coshocton County's Enterprise Fund.

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.

Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2019

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COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

July 12, 2019

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, 2017, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton Metropolitan Housing Authority, Coshocton County, as of June 30, 2017, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis,* 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 42-43 and the actual modernization cost certificate presented on page 44 present additional analysis as required by the United States Department of Housing and Urban Development and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by 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 July 12, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

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

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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, 2017, 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 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 6/30/17, 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 6/30/17; and what Net Position (comparable to Equity) Coshocton MHA has at 6/30/17. 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 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. Then it shows how 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. 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.

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.

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)

	2017	2016
Current Assets	$ 299,000	$ 364,000
Capital Assets	1,314,000	1,534,000
Deferred Outflows	236,000	144,000
Total Assets & Deferred Outflows	1,849,000	2,042,000
Current Liabilities	103,000	140,000
Long-Term Liabilities	1,330,000	1,149,000
Deferred Inflows	21,000	40,000
Total Liabilities & Deferred Inflows	1,454,000	1,329,000
Net Position:		
Net Investment in Capital Assets	654,000	866,000
Restricted Net Position	100,000	68,000
Unrestricted Net Position	-359,000	-221,000
Total Net Position	395,000	713,000
Total Liabilities, Deferred Inflows & Net Position	$ 1,849,000	$ 2,042,000

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

Current liabilities is down from the prior year-end by $37,000, about 26 percent. The primary reason for it is accounts payable at June 30, 2017 are current than last year, a timing issue. So payments on invoices are more current at June 30, 2017 than last year. As might be expected, current assets are also down and a big part of the decrease in current assets was to cash. Cash was used to pay down invoices. Also contributing to the decrease in current assets is the operating loss in the period. The changes in incomes and expenses causing that will be addressed further in the next section. Capital assets dropped about 14 percent. The drop was equal to depreciation expense in the period because Coshocton MHA had no capital additions in the period.

Otherwise there were big increases in deferred outflow of resources and non-current liabilities, reflecting increases in balances reported in accordance with GASB 68. These changes reflect changes at the Ohio Public Employees Retirement System (OPERS) and not at Coshocton MHA. GASB 68 requires Coshocton MHA to report what is estimated to be its share of the OPERS unfunded pension liability. State law requires employees of Coshocton MHA to be members of OPERS and requires Coshocton MHA to make retirement contributions on behalf of its employees to PERS. Net pension liability is by far the biggest piece of non-current liabilities reported. It is important to note this liability is unlike others reported by Coshocton MHA in that the liability balance does not reflect a bill to be paid by Coshocton MHA. The concept behind the standard is if the retirement system is going to fully fund its pension liability without reducing future benefit payments, contributions by those who pay into the system would have to increase.

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)

	2017	2016
Revenues		
Tenant Revenues - Rents & Other	$ 193,000	$ 202,000
Operating Subsidies & Grants	1,640,000	1,551,000
Capital Grants	0	10,000
Other Revenues	19,000	18,000
Total Revenues	1,852,000	1,781,000
Expenses		
Administrative	514,000	447,000
Tenant Services	33,000	44,000
Utilities	152,000	122,000
Maintenance	306,000	263,000
General	77,000	76,000
Housing Assistance Payments	868,000	803,000
Depreciation	220,000	237,000
Total Expenses	2,170,000	1,992,000
Net Increase (Decrease) in Net Position	-318,000	-211,000
Beginning Net Position	713,000	924,000
Ending Net Position	$ 395,000	$ 713,000

Revenues were up from the prior year by $71,000. The biggest part of that increase was in subsidy for the Section 8 Housing Choice Voucher program, and in particular in the part of subsidy for that program that is provided by HUD for the Agency to use to make rental assistance payments (HAP payments) on behalf of clients of that program.

Since HUD provides funding for HAP's under the Housing Choice Voucher program based on the level of payments being made by Housing Authorities, as would be expected HAP expense also increased, a big part of why expenses increased about $178,000. Spending for HAP's was a result of steps taken by management to increase lease up under the program meaning the agency helped more families with rental assistance over the prior year, to more fully use funding available from HUD for this purpose.

Other more significant increases in expenses were to administrative expenses, utilities expenses and maintenance expenses. The increase in utilities was in the cost of water and sewer due to increasing rates and in consumption. The increases in administrative and maintenance expenses were primarily due to increases in benefits costs and related to the increases in GASB 68 balances addressed in the section following the changes in the condensed statement of net position. Again, the increase in expenses from the increase in the GASB 68 net pension liability truly does not reflect operations at Coshocton MHA.

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)

	2017	2016
Land and Land Rights	$ 439,000	$ 439,000
Buildings & Improvements	7,970,000	7,970,000
Equipment	310,000	310,000
Accumulated Depreciation	(7,405,000)	(7,185,000)
Total	$ 1,314,000	$ 1,534,000

Capital Assets dropped by about $220,000. The change was equal to depreciation expense since the agency had no additions to capital assets in the period.

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)

	2017	2016
Current Portion of Debt	$ 9,000	$ 8,000
Long Term Portion of Debt	651,000	660,000
Total	$ 660,000	$ 668,000

Debt was reduced by about $8,000 during year-end 2017. 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 reportor requests for additional information should be directed to Lisa Mowery, Interim 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, 2017

ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 143,058
Cash and Cash Equivalents - Restricted	129,773
Receivable, Net	6,158
Inventory	7,024
Prepaid Expenses	12,860
Total Current Assets	298,873
Noncurrent Assets	
Non-Depreciable Capital Assets	438,538
Depreciable Capital Assets, Net of Depreciation	875,639
Total Noncurrent Assets	1,314,177
Deferred Outflows of Resources	236,265
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 1,849,315
LIABILITIES	
Current Liabilities	
Bank Over Draft	$ 435
Accounts Payable	16,661
Accrued Wages/Payroll Taxes	18,032
Accrued Pilot	10,427
Tenant Security Deposits	29,570
Current Portion Long-Term Debt	8,716
Other Current Liabilities	19,093
Total Current Liabilities	102,934
Noncurrent Liabilities	
Accrued Compensated Absences, Net of Current Portion	57,838
Long-Term Debt, Net of Current Portion	651,252
Net Pension Liability	613,578
Other Non-Current Liabilities	8,000
Total Noncurrent Liabilities	1,330,668
TOTAL LIABILITIES	1,433,602
Deferred Inflows of Resources	21,009
NET POSITION	
Net Investment in Captial Assets	654,209
Restricted Net Position	101,586
Unrestricted Net Position	(361,091)
TOTAL NET POSITION	394,704
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	$ 1,849,315

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, 2017

Operating Revenue	
Government Operating Grants	$ 1,640,301
Tenant Revenue	192,938
Other Income	18,534
Total Operating Revenue	1,851,773
Operating Expenses	
Administration	514,025
Tenant Services	33,036
Utilities	152,285
Maintenance	305,695
Protective Services	1,650
General	64,554
Housing Assistance Payments	868,343
Depreciation	219,556
Total Operating Expenses	2,159,144
Net Operating Income (Loss)	(307,371)
Nonoperating Revenues/(Expenses)	
Investment Income - Unrestricted	255
Interest Expense	(56,767)
Interest Subsidy	45,789
Total Nonoperating Revenues/(Expenses)	(10,723)
Change in Net Position	(318,094)
Total Net Position - Beginning of Year	712,798
Total Net Position - Ending	$ 394,704

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, 2017

Cash Flows from Operating Activities	
Receipts from Residents	$ 206,267
Receipts from Operating Grants	1,673,073
Other Receipts	18,534
Payments for Housing Assistance	(868,343)
Payments for General and Administration Expense	(1,033,592)
Net Cash (Used) by Operating Activities	(4,061)
Cash Flows from Capital and Related Financing Activities	
Payments on Long-Term Debt	(7,968)
Interest Paid on Long-Term Debt	(11,038)
Net Cash (Used) by Capital and Other Related Finaning Activities	(19,006)
Cash Flows from Investing Activities	
Investment Income	255
Net Cash Provided from Investing Activities	255
Net Increase (Decrease) in Cash	(22,812)
Cash and Cash Equivalents at Beginning of Year	295,208
Cash and Cash Equivalents at End of Year	$ 272,396
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ (307,371)
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation	219,556
(Increase) Decrease in:	
Accounts Receivable	45,427
Prepaid Expenses	(603)
Inventory	(2,300)
Increase (Decrease) in:	
Accounts Payable	(51,985)
Compensated Absences	8,807
Wages and Benefits Payable	4,550
Tenant Security Deposits	521
Other Liabilities	79,337
Net Cash Provided from Operating Activities	$ (4,061)

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

NOTE 1: DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

Summary of Significant Accounting Policies

The financial statements of the Coshocton Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

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

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

The definition of a reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

Reporting Entity (Continued)

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

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

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

Basis of Presentation

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

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

Enterprise fund reporting focuses on the determination of the change in net 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.

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

Enterprise Fund

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

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

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

Projects - Conventional Public Housing and Capital Fund Programs

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

Housing Choice Voucher Program

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

Rural Housing Program

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

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

Accounting and Reporting for Nonexchange Transactions

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

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

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

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

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

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less, and all non-negotiable certificates of deposits regardless of maturity.

Investments

Investments are restricted by the provisions of the HUD regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2017 totaled $255.

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, 2017 was $500.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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, 2017.

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

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

Due From/To Other Programs

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

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

	Balance 6/30/2016	Change	Balance 6/30/2017
Public Housing Due From Section 8 HCV	$ 93,665	$ (12,323)	$ 81,342
Public Housing Due From Other Federal Program 1	45,700	17,562	63,262
Total Due From	$ 139,365	$ 5,239	$ 144,604

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. The goal of the 2012 has still not been achieved as of June 30, 2017.

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.

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

Compensated Absences (Continued)
In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability.

Net Position
Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. 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.

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

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

Pensions (Continued)

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

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

Deposits (Continued)

evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end June 30, 2017, the carrying amount of the Authority's deposits totaled $272,396 and its bank balance was $282,353. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2017, $251,614 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.

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

Investments (Continued)

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 Athority had no investments at June 30, 2017.

	6/30/2017
Cash Restricted:	
Unspent HAP Funding - Section 8 HCV Program	$ 22,408
Parkview North Security Deposits	5,601
Parkview North Replacement Reserve	77,795
Public Housing Security Deposits	23,969
Total Cash Restricted	129,773
Cash Unrestricted:	
Cash Unrestricted	143,058
Bank Overdraft	(435)
Net Cash Unrestricted	142,623
Carrying Amount	$ 272,396

NOTE 4: CAPITAL ASSETS

The Following is a summary of changes to capital assets:

	Balance 6/30/2016	Additions	Adustment/Transfers Disposals	Balance 6/30/2017
Capital Assets Not Being Depreciated				
Land and Land Easements	$ 438,538	$ 0	$ 0	$ 438,538
Construction in Progress	0	0	0	0
Total Capital Assets Not Being Depreciated	438,538	0	0	438,538
Capital Assets Being Depreciated				
Buildings and Improvements	7,970,331	0	0	7,970,331
Furniture, Equipment, and Machinery	309,896	0	0	309,896
Total Capital Assets Being Depreciated	8,280,227	0	0	8,280,227
Accumulated Depreciation				
Buildings	(6,884,470)	(212,157)	0	(7,096,627)
Furniture and Equipment	(300,562)	(7,399)	0	(307,961)
Total Accumulated Depreciation	(7,185,032)	(219,556)	0	(7,404,588)
Depreciable Assets, Net	1,095,195	(219,556)	0	875,639
Total Capital Assets, Net	$ 1,533,733	$ (219,556)	$ 0	$ 1,314,177

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.

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.

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

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.

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 plans. 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.

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

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 Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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.

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
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 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 contributions for the Traditional plan was $45,572 for the fiscal year ending June 30, 2017.

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

The net pension liability for OPERS was measured as of December 31, 2016, 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:

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)

		OPERS TRADIONAL PENSION PLAN
Proportionate Share of the Net Pension Liability/Asset Prior Measurement Date		0.002436%
Proportion of the Net Pension Liability/Asset Current Measurement Date		0.270200%
Change in Proportionate Share		0.267764%
Proportionate Share of the Net Pension Liability/(Asset)	$	613,578
Pension Expense	$	130,264

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS TRADTIONAL PENSION PLAN
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$91,376
Changes of assumptions	97,321
Differences between expected and actual experience	831
Changes in proportion and differences between Authority contributions and proportionate share of contributions	22,590
Authority contributions subsequent to the measurement date	24,147
Total Deferred Outflows of Resources	$236,265
Deferred Inflows of Resources	
Differences between expected and actual experience	$3,650
Changes in proportion and differences between Authority contributions and proportionate share of contributions	17,359
Total Deferred Inflows of Resources	$21,009

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

$24,147 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, 2018. 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 June 30:	
2018	$72,633
2019	87,747
2020	33,409
2021	(2,680)
2022	0
Thereafter	0
Total	$191,109

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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

Actuarial Assumptions - OPERS

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur 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 annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

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

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 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. 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 contractually required rates, as actuarially determined. 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 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Authority's proportionate share if the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditonal Pension Plan	$937,378	$613,578	$343,748

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

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

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 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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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

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

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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability	$937,378	$613,578	$343,748

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

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

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 2016 and 2017, 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.

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 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% 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

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

B. Funding Policy (Continued)

Member-Directed Plan for 2016 was 4.0%. The portion of actual Authority contributions for the year ended June 30, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were $5,428, $6,654, and $6,941 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 liabilities for the year ended June 30, 2017:

Description	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017	Due Within One Year
Loan Payable	$ 667,936	$ -	$ (7,968)	$ 659,968	$ 8,716
Net Pension Liability	421,946	191,632	-	613,578	-
Compensated Absences	60,890	24,402	(15,595)	59,697	1,859
Other Non-Current Liabilities	24,000	-	(8,000)	16,000	8,000
Total	$ 1,164,772	$ 216,034	$ (31,563)	$ 1,349,243	$ 18,575

Discounted debt maturities for the period after June 30, 2017 are estimated as follows:

Maturity Date	Principal Amount	Interest Amount	Total
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	12,476	55,283	67,759
2023-2027	82,292	256,505	338,797
2028-2032	128,844	209,953	338,797
2033-2037	201,728	137,069	338,797
2038-2041	194,545	30,949	225,494
Total	$ 659,968	$ 920,712	$ 1,580,680

NOTE 9: RESTRICTED NET POSITION

The Agency had the following restricted net position at June 30, 2017:

Unspent HAP Funding Section 8 HCV Program	$ 22,408
Parkview North Replacement Reserve	77,795
Total Restricted Net Position	$ 100,203

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, 2017.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2017, the Authority was not aware of any such matters.

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 $452,778 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 $1,152.

Balance 06/30/2016	Payment Made in Period	Balance 06/30/2017
$ 453,930	$ (1,152)	$ 452,778

NOTE 12: **SUBSEQUENT EVENT**

HUD Investigation

On August 28, 2017, the Authority was served a search warrant at its principal place of business issued by the United States District Court for the Southern District of Ohio permitting law enforcement agencies to seize certain financial records and information on certain transactions related to the Executive Director and his financial management of the Agency. The Office of the Inspector General of the United States Housing and Urban Development made subsequent demands for additional documents related to Coshocton Metropolitan Housing Authority Resident Council, Inc., an Ohio charitable corporation.

In 2018, the former Executive Director pled guilty to misuse of federal funds and was sentenced in 2019 to an imprisonment term of 30 months and ordered to pay restituion of $149,070.55 to the U.S. Department of Housing and Urban Development (HUD) for Coshocton Metropolitan Housing Authority and $282,597.90 for Medallion Acquired Properties in Georgia.

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

	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.002702%	0.002436%	0.002841%	0.002841%
Authority's Proportionate Share of the Net Pension	$613,578	$421,946	$342,656	$ 334,917
Liability Authority's Covered Payroll	$364,576	$332,692	$347,275	$ 345,264
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.65%	126.83%	98.73%	97.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2013 is not available.
Amounts presented as of the Authority's measurement date, which 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 FOUR FISCAL YEARS (1)

	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 45,572	$ 39,923	$ 41,646	$ 43,158	$ 41,055
Contributions in Relation to the Contractually Required Contribution	(45,572)	(39,923)	(41,646)	(43,158)	(41,055)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 364,576	$ 332,692	$ 347,050	$ 359,650	$ 357,000
Contributions as a Percentage of Covered Payroll	12.50% *	12.00%	12.00%	12.00%	13.00%

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

*Contribution rate increaded from 12.00% to 13.00% as of January 1, 2017

Changes in Assumptions – OPERS

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2016	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	8.00%
Wage Inflation	3.25%	3.75%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	4.25% to 10.05% (Includes wage inflation of 3.75%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00%Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00%Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Supplemental Information

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Public and Indian Housing	14.850	$ 421,551
Section 8 Housing Choice Vouchers	14.871	1,042,065
Public Housing Capital Fund	14.872	143,195
Total Public Housing Program		1,606,811
Total U. S. Department of Housing and Urban Development		1,606,811
U.S. Department of Agriculture - Rural Housing Service		
Direct Program:		
Rural Rental Housing Loan	10.415	33,490
Total U.S. Department of Agriculture - Rural Housing Service		33,490
Total Expenditures of Federal Awards		$1,640,301

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, 2017

NOTE 1: BASIS OF 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 SIGINIFICANT 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.

NOTE 3: SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended June 30, 2017.

Coshocton Metropolitan Housing Authority (OH037)
COSHOCTON, OH
Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	$134,336	$8,722	$0	$0	$0	$143,058	$0	$143,058
113 Cash - Other Restricted	$0	$22,408	$0	$77,795	$0	$100,203	$0	$100,203
114 Cash - Tenant Security Deposits	$23,969	$0	$0	$5,601	$0	$29,570	$0	$29,570
100 Total Cash	$158,305	$31,130	$0	$83,396	$0	$272,831	$0	$272,831
125 Accounts Receivable - Miscellaneous	$0	$0	$0	$153	$0	$153	$0	$153
126 Accounts Receivable - Tenants	$1,507	$0	$0	$3,134	$0	$4,641	$0	$4,641
126.1 Allowance for Doubtful Accounts -Tenants	-$500	$0	$0	$0	$0	-$500	$0	-$500
128 Fraud Recovery	$2,364	$10,970	$0	$0	$0	$13,334	$0	$13,334
128.1 Allowance for Doubtful Accounts - Fraud	-$500	-$10,970	$0	$0	$0	-$11,470	$0	-$11,470
120 Total Receivables, Net of Allowances for Doubtful Accounts	$2,871	$0	$0	$3,287	$0	$6,158	$0	$6,158
142 Prepaid Expenses and Other Assets	$12,860	$0	$0	$0	$0	$12,860	$0	$12,860
143 Inventories	$7,024	$0	$0	$0	$0	$7,024	$0	$7,024
143.1 Allowance for Obsolete Inventories	$0	$0	$0	$0	$0	$0	$0	$0
144 Inter Program Due From	$144,604	$0	$0	$0	$0	$144,604	-$144,604	$0
150 Total Current Assets	$325,664	$31,130	$0	$86,683	$0	$443,477	-$144,604	$298,873
161 Land	$438,538	$0	$0	$0	$0	$438,538	$0	$438,538
162 Buildings	$7,195,537	$0	$0	$774,794	$0	$7,970,331	$0	$7,970,331
163 Furniture, Equipment & Machinery - Dwellings	$55,182	$0	$0	$0	$0	$55,182	$0	$55,182
164 Furniture, Equipment & Machinery - Administration	$249,475	$0	$0	$5,239	$0	$254,714	$0	$254,714
166 Accumulated Depreciation	-$6,910,851	$0	$0	-$493,737	$0	-$7,404,588	$0	-$7,404,588
160 Total Capital Assets, Net of Accumulated Depreciation	$1,027,881	$0	$0	$286,296	$0	$1,314,177	$0	$1,314,177
171 Notes, Loans and Mortgages Receivable - Non-Current	$452,778	$126,970	$0	$0	$0	$579,748	-$579,748	$0
180 Total Non-Current Assets	$1,480,659	$126,970	$0	$286,296	$0	$1,893,925	-$579,748	$1,314,177
200 Deferred Outflow of Resources	$178,791	$34,583	$0	$22,891	$0	$236,265	$0	$236,265
290 Total Assets and Deferred Outflow of Resources	$1,985,114	$192,683	$0	$395,870	$0	$2,573,667	-$724,352	$1,849,315
311 Bank Overdraft	$435	$0	$0	$0	$0	$435	$0	$435
312 Accounts Payable <= 90 Days	$15,611	$0	$0	$1,050	$0	$16,661	$0	$16,661
321 Accrued Wage/Payroll Taxes Payable	$15,475	$1,837	$0	$720	$0	$18,032	$0	$18,032
322 Accrued Compensated Absences - Current Portion	$1,580	$0	$0	$279	$0	$1,859	$0	$1,859
325 Accrued Interest Payable	$0	$0	$0	$882	$0	$882	$0	$882
333 Accounts Payable - Other Government	$2,570	$0	$0	$7,857	$0	$10,427	$0	$10,427
341 Tenant Security Deposits	$23,969	$0	$0	$5,601	$0	$29,570	$0	$29,570
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$0	$8,716	$0	$8,716	$0	$8,716
346 Accrued Liabilities - Other	$16,352	$0	$0	$0	$0	$16,352	$0	$16,352
347 Inter Program - Due To	$0	$81,342	$0	$63,262	$0	$144,604	-$144,604	$0
310 Total Current Liabilities	$75,992	$83,179	$0	$88,367	$0	$247,538	-$144,604	$102,934
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$0	$651,252	$0	$651,252	$0	$651,252
353 Non-current Liabilities - Other	$8,000	$0	$126,970	$0	$452,778	$587,748	-$579,748	$8,000
354 Accrued Compensated Absences - Non Current	$39,169	$13,611	$0	$5,058	$0	$57,838	$0	$57,838
357 Accrued Pension and OPEB Liabilities	$464,320	$89,811	$0	$59,447	$0	$613,578	$0	$613,578
350 Total Non-Current Liabilities	$511,489	$103,422	$126,970	$715,757	$452,778	$1,910,416	-$579,748	$1,330,668
300 Total Liabilities	$587,481	$186,601	$126,970	$804,124	$452,778	$2,157,954	-$724,352	$1,433,602
400 Deferred Inflow of Resources	$15,900	$3,074	$0	$2,035	$0	$21,009	$0	$21,009
508.4 Net Investment in Capital Assets	$1,027,881	$0	$0	-$373,672	$0	$654,209	$0	$654,209
511.4 Restricted Net Position	$0	$22,408	$0	$77,795	$0	$100,203	$0	$100,203
512.4 Unrestricted Net Position	$353,852	-$19,400	-$126,970	-$114,412	-$452,778	-$359,708	$0	-$359,708
513 Total Equity - Net Assets / Position	$1,381,733	$3,008	-$126,970	-$410,289	-$452,778	$394,704	$0	$394,704
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,985,114	$192,683	$0	$395,870	$0	$2,573,667	-$724,352	$1,849,315

Coshocton Metropolitan Housing Authority (OH037)
COSHOCTON, OH
Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$120,558	$0	$0	$72,213	$0	$192,771	$0	$192,771
70400 Tenant Revenue - Other	$57	$0	$0	$110	$0	$167	$0	$167
70500 Total Tenant Revenue	$120,615	$0	$0	$72,323	$0	$192,938	$0	$192,938
70600 HUD PHA Operating Grants	$564,746	$1,042,065	$0	$0	$0	$1,606,811	$0	$1,606,811
70800 Other Government Grants	$0	$0	$0	$33,490	$0	$33,490	$0	$33,490
71100 Investment Income - Unrestricted	$175	$3	$0	$77	$0	$255	$0	$255
71400 Fraud Recovery	$0	$2,934	$0	$0	$0	$2,934	$0	$2,934
71500 Other Revenue	$12,184	$0	$0	$2,264	$1,152	$15,600	$0	$15,600
70000 Total Revenue	$697,720	$1,045,002	$0	$108,154	$1,152	$1,852,028	$0	$1,852,028
91100 Administrative Salaries	$154,151	$85,998	$0	$16,814	$0	$256,963	$0	$256,963
91200 Auditing Fees	$3,344	$2,400	$0	$0	$0	$5,744	$0	$5,744
91400 Advertising and Marketing	$3,288	$0	$0	$393	$0	$3,681	$0	$3,681
91500 Employee Benefit contributions - Administrative	$87,052	$39,347	$0	$9,184	$0	$135,583	$0	$135,583
91600 Office Expenses	$65,857	$9,318	$0	$9,894	$0	$85,069	$0	$85,069
91700 Legal Expense	$10,179	$0	$0	$0	$0	$10,179	$0	$10,179
91800 Travel	$2,137	$224	$0	$0	$0	$2,361	$0	$2,361
91900 Other	$8,745	$3,450	$0	$2,250	$0	$14,445	$0	$14,445
91000 Total Operating - Administrative	$334,753	$140,737	$0	$38,535	$0	$514,025	$0	$514,025
92100 Tenant Services - Salaries	$2,676	$0	$0	$0	$0	$2,676	$0	$2,676
92300 Employee Benefit Contributions - Tenant Services	$413	$0	$0	$0	$0	$413	$0	$413
92400 Tenant Services - Other	$29,947	$0	$0	$0	$0	$29,947	$0	$29,947
92500 Total Tenant Services	$33,036	$0	$0	$0	$0	$33,036	$0	$33,036
93100 Water	$115,203	$0	$0	$6,671	$0	$121,874	$0	$121,874
93200 Electricity	$17,350	$0	$0	$4,341	$0	$21,691	$0	$21,691
93300 Gas	$6,965	$0	$0	$1,755	$0	$8,720	$0	$8,720
93000 Total Utilities	$139,518	$0	$0	$12,767	$0	$152,285	$0	$152,285
94100 Ordinary Maintenance and Operations - Labor	$84,002	$0	$0	$18,584	$0	$102,586	$0	$102,586
94200 Ordinary Maintenance and Operations - Materials and Other	$60,361	$0	$0	$3,936	$0	$64,297	$0	$64,297
94300 Ordinary Maintenance and Operations Contracts	$22,511	$0	$0	$5,736	$0	$28,247	$0	$28,247
94500 Employee Benefit Contributions - Ordinary Maintenance	$47,437	$0	$0	$10,150	$0	$57,587	$0	$57,587
94000 Total Maintenance	$214,311	$0	$0	$38,406	$0	$252,717	$0	$252,717
95300 Protective Services - Other	$1,650	$0	$0	$0	$0	$1,650	$0	$1,650
95000 Total Protective Services	$1,650	$0	$0	$0	$0	$1,650	$0	$1,650
96110 Property Insurance	$20,960	$0	$0	$3,988	$0	$24,948	$0	$24,948
96120 Liability Insurance	$0	$6,980	$0	$0	$0	$6,980	$0	$6,980
96100 Total insurance Premiums	$20,960	$6,980	$0	$3,988	$0	$31,928	$0	$31,928
96200 Other General Expenses	$474	$0	$0	$3,023	$0	$3,497	$0	$3,497
96210 Compensated Absences	$2,755	$5,195	$0	$858	$0	$8,808	$0	$8,808
96300 Payments in Lieu of Taxes	$0	$0	$0	$3,849	$0	$3,849	$0	$3,849
96400 Bad debt - Tenant Rents	$16,472	$0	$0	$0	$0	$16,472	$0	$16,472
96000 Total Other General Expenses	$19,701	$5,195	$0	$7,730	$0	$32,626	$0	$32,626
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$0	$10,978	$0	$10,978	$0	$10,978
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$10,978	$0	$10,978	$0	$10,978
96900 Total Operating Expenses	$763,929	$152,912	$0	$112,404	$0	$1,029,245	$0	$1,029,245
97000 Excess of Operating Revenue over Operating Expenses	-$66,209	$892,090	$0	-$4,250	$1,152	$822,783	$0	$822,783
97100 Extraordinary Maintenance	$52,978	$0	$0	$0	$0	$52,978	$0	$52,978
97300 Housing Assistance Payments	$0	$868,343	$0	$0	$0	$868,343	$0	$868,343
97400 Depreciation Expense	$199,049	$0	$0	$20,507	$0	$219,556	$0	$219,556
90000 Total Expenses	$1,015,956	$1,021,255	$0	$132,911	$0	$2,170,122	$0	$2,170,122
10010 Operating Transfer In	$90,217	$0	$0	$0	$0	$90,217	$0	$90,217
10020 Operating transfer Out	-$90,217	$0	$0	$0	$0	-$90,217	$0	-$90,217
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$318,236	$23,747	$0	-$24,757	$1,152	-$318,094	$0	-$318,094
11020 Required Annual Debt Principal Payments	$0	$0	$0	$7,969	$0	$7,969	$0	$7,969
11030 Beginning Equity	$1,699,969	-$20,739	-$126,970	-$385,532	-$453,930	$712,798	$0	$712,798
11170 Administrative Fee Equity	$0	-$19,400	$0	$0	$0	-$19,400	$0	-$19,400
11180 Housing Assistance Payments Equity	$0	$22,408	$0	$0	$0	$22,408	$0	$22,408
11190 Unit Months Available	1572	3024	0	276	0	4872	0	4872
11210 Number of Unit Months Leased	1501	2528	0	270	0	4299	0	4299
11270 Excess Cash	$166,128	$0	$0	$0	$0	$166,128	$0	$166,128

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2017

ACTUAL MODERNIZATION COST CERTIFICATES

MODERNIZATION PROJECT NUMBER: OH037501-14

Original Funds Approved:	$160,080
Funds Disbursed:	$160,080
Funds Expended (Actual Modernization Cost):	$160,080
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

MODERNIZATION PROJECT NUMBER: OH037501-15

Original Funds Approved:	$163,870
Funds Disbursed:	$163,870
Funds Expended (Actual Modernization Cost):	$163,870
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

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

July 12, 2019

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, 2017, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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. We consider finding**s** 2017-001 and 2017-003 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding**s** 2017-002 described in the accompanying schedule of audit findings to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2017-001.

Authority's Response to Findings

The Authority's response**s** to the finding**s** identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the Authority's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Perry & Associates CPA's A.C.

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

July 12, 2019

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

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the **Coshocton Metropolitan Housing Authority's** (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Coshocton Metropolitan Housing Authority's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of audit findings and questioned costs identifies the Authority's major federal programs.

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 each of the Authority's major programs. However, our audit does not provide a legal determination of the Authority's compliance.

Basis for Qualified Opinion on Public and Indian Housing

As described in Finding 2017-004 in the accompanying schedule of audit findings and questions costs, the Authority did not comply with requirements regarding Allowable Costs applicable to its CFDA 14.850 Public and Indian Housing Grants major federal program. Compliance with this requirement is necessary, in our opinion, for the Authority to comply with requirements applicable to this program.

Qualified Opinion on Pubic and Indian Housing

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on* Public and Indian Housing paragraph, the Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its Public and Indian Housing Grants for the year ended June 30, 2017.

Unmodified Opinion on the Other Major Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditors' Results* section of the accompanying schedule of audit findings and questioned costs for the year ended June 30, 2017.

Other Matters

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinions on them.

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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of audit findings and questioned costs as item 2017-004.

Report on Internal Control Over Compliance (Continued)

The Authority's response to the internal control over compliance finding we identified is described in the accompanying Corrective Action Plan. We did not audit the Authority's response and, accordingly, we express no opinions on it.

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 CPA's A.C.

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

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COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified and Qualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Section 8 Housing Choice Vouchers, CFDA #14.871 Public and Indian Housing CFDA #14.850
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2017

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

FINDING 2017-001

Noncompliance/Material Weakness

Ohio Admin. Code Section 117-2-01

(A) All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

(B) "Internal control" means a process effected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(1) Reliability of financial reporting;
(2) Effectiveness and efficiency of operations;
(3) Compliance with applicable laws and regulations; and
(4) Safeguarding of assets.

(C) Internal control consists of the following five interrelated components:

(1) Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
(2) Risk assessment, which is the entity's identification and analysis of relevant risks to the achievement of its objectives, forming a basis for determining how the risks should be managed.
(3) Control activities, which are policies and procedures that help ensure management directives are carried out.
(4) Information and communication, which are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
(5) Monitoring, which is a process that assesses the quality of internal control performance over time.

(D) When designing the public office's system of internal control and the specific control activities, management should consider the following:

(1) Ensure that all transactions are properly authorized in accordance with management's policies.
(2) Ensure that accounting records are properly designed.
(3) Ensure adequate security of assets and records.
(4) Plan for adequate segregation of duties or compensating controls.
(5) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
(6) Perform analytical procedures to determine the reasonableness of financial data.
(7) Ensure the collection and compilation of the data needed for the timely preparation of financial statements.
(8) Monitor activities performed by service organizations.

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

FINDING 2017-001

Noncompliance/Material Weakness (Continued)

Ohio Admin. Code Section 117-2-01 (Continued)

The following conditions were noted:

- Purchase Orders were used by the Authority, but only in theory. On several occasions during testing of disbursements, Purchase Orders were incomplete, did not agree to invoices paid or approved with a single signature, if the Purchase Order was approved at all;
- On two occasions checks in the system cleared the bank as different check numbers;
- On several occasions, check images were not provided;
- On several occasions, invoices were missing from the required supporting documentation; and
- On several occasions, proper public purpose of the disbursements was unable to be confirmed**.**

It is, therefore, important the Board monitor financial activity and assets of the Authority and ensure reporting is accurate. Failure to accurately prepare the accounting records:

- reduces the accountability over Authority funds;
- reduces the Authority's ability to monitor financial activity and make informed financial decisions;
- increases the likelihood that moneys will be misappropriated and not detected; and
- increases the likelihood that the financial statements will be misstated.

To help strengthen the Authority's internal control structure and reduce the likelihood of undetected errors, we recommend the Authority's management implement the following controls:

- Detailed, signed and dated credit card and charge account receipts should be maintained and attached to the monthly statements and voucher packet. A comparison should be made between the goods/services included on the credit card receipts and the goods/services received and billed. A policy should to be established by the Authority outlining necessary guidelines for credit card and charge account use;
- Supporting documentation should be maintained and required for all expenditures made by the Authority. Preapproval for any work to be completed by individuals (other than employees of the Authority) should be documented in the minute records of the Authority and supporting documentation of work completed should be attached to the voucher packet;
- Approval of reimbursements should be documented in the meeting minute record of the Authority and documentation supporting the reimbursement amount should be provided and attached to the voucher packet;
- Manual checks should not be written unless absolutely necessary. The use of manual checks increases the chances of errors or omissions and makes the preparation of the monthly reconciliation difficult;
- Detailed timesheets should be completed by all hourly employees or employees that will be paid from restricted funds;
- Management should periodically review the accounting records and financial statements to determine accuracy and to assure themselves that proper procedures are followed by the Executive Director; and
- The Authority should adopt and enforce a policy to prevent related party transactions.

Management's Response: See Corrective Action Plan.

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

FINDING 2017-002

Significant Deficiency

Meeting Minutes

As the Board speaks only through its record of proceedings (meeting minutes), the records must be complete and accurate. The meeting minutes must state sufficient facts and information to permit the public to understand and appreciate the rationale behind the public body's decisions. Additionally, the public body must promptly prepare the minutes, file them and maintain them. While reading the minutes, we noted the following items:

- The Authority's meeting minutes were not kept in a central location, such as a bound book, and controls to mitigate completeness issues had not been implemented; and
- Approval of items in the meeting minutes were postponed due to needed revisions, but no specific items were noted for revision. In subsequent meeting minutes, the prior meeting minutes were approved, but no specific items were noted as revised from previous meetings.

We recommend the following to ensure that the minutes properly reflect approved procedures and the actions of the Authority:

- Meeting minutes should be recorded in a permanent bound minute book or the Authority should develop other procedures to ensure completeness and reduce the risk of minute records being altered, lost, or misplaced.

Implementation of these procedures would aid in ensuring the meeting minute record would be an accurate reflection of the Board's actions, would assist in location specific actions of the Board and would help ensure the safekeeping of the minutes.

Management's Response: See Corrective Action Plan.

FINDING 2017-003

Material Weakness

Payroll Records

The Authority did not maintain the support for pay rates of employees tested in an easily accessible format; alternative audit procedures were necessary to consider the payments to be reasonable. The Authority must maintain appropriate audit evidence to substantiate all disbursements under audit. This could lead to incorrect payroll disbursements occurring without the knowledge of those charged with governance.

During testing 100% of payroll disbursements for the audit period, we noted several employees were overpaid due to transposition of numbers, being paid for hours not worked and being paid for comp time hours that were not earned. Each payroll was adjusted to accrue comp hours instead of paying overtime hours worked for multiple employees. Leave forms were not properly used and holiday pay was taken and not in compliance with the Authority's personnel policy.

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

FINDING 2017-003 (Continued)

Material Weakness (Continued)

Payroll Records (Continued)

To reduce the likelihood of payroll expenditures not being properly made in the future, we recommend the following:

- All employee pay rates or scales should be clearly approved by the Board annually and this approval should be detailed in the minutes;
- All hiring, raises, promotions, and severance package details should be approved by the Board in the minutes and support should be maintained in personnel files;
- All payroll documentation should have a multi-step approval process, including department supervisor, payroll administrator, and final approval by the Executive Director before payroll disbursements are finalized. Payroll documentation should be periodically reviewed by the Board;
- Updated policies for personal, sick and comp time leave should be documented and strictly followed.

Master Files are maintained by entities to ensure a complete and accurate payroll records. We recommend the Authority maintain master files containing the following information:

a. Name
b. Hiring authorization
c. Position and authorized salary rate
d. Department(s) / fund(s) to which salary will be charged.
e. Deduction authorizations, such as deferred compensation programs or charitable contributions
f. Retirement system participation
g. Federal withholding authorization Form W-4.
h. State & local income tax withholding authorization

Management's Response: See Corrective Action Plan.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2017

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	**2017-004**
CFDA Title and Number	**14.850 Public and Indian Housing**
Federal Ward Identification Number/Year	**2017**
Federal Agency	**U.S. Department of Housing and Urban Development**
Compliance Requirement	**Activities Allowed or Unallowed**
Pass-Through Entity	**N/A**
Repeat Finding from Prior Audit?	**No**

Noncompliance/Material Weakness

Criteria: Activities Allowed or Unallowed

1. Project-Specific Operating Expenses
    a. Project-specific operating expenses include, but are not limited to, direct administrative costs, utilities costs, maintenance costs, tenant services, protective services, general expenses, non-routine or capital expenses, and other PHA or HUD identified costs which are project-specific for management purposes.
2. Chargeable Fees under the Fee-for-Service Approach
3. Uses of Excess Cash
    a. Excess cash may be used for the following purposes:
        i. Retention for future use;
        ii. Transfer to other projects;
        iii. Payment of an asset management fee to the COCC; and
        iv. Other HUD approved eligible purposes
    b. Proceeds from asset disposals of a project
    c. Excess cash cannot be used for loans or transfers to the COCC except through payment of asset management fees.
4. Uses of Operating Funds
5. Uses of Operating Funds for Capital Improvements

Context: The Authority lacked proper internal controls for proper disbursement of federal funds resulting in $68,784 in questioned costs from federal funds during fiscal year 2017.

Cause: The Authority lacked proper internal controls for proper disbursement of federal funds.

Effect: Inadequate internal controls resulted in $68,784 of questioned costs from federal funds during fiscal year 2017.

Recommendation: We recommend the Authority implement internal control procedures to ensure expenses for each federal program are justified with supporting documentation, obtain proper approvals, and are for a proper public purpose.

Management's Response: See Corrective Action Plan.

COSHOCTON MHA
CORRECTIVE ACTION PLAN
Findings in FY 2016 – 2017 Audit

Date of Action Plan: July 11, 2019

Finding 2017-001

Root Cause: Non-compliance/Material Weakness – Ohio Admin. Code Section 117-2- 01

Purchase orders and invoice back up incomplete.
Unable to confirm proper public purpose of disbursements.
Inadequate financial controls.

Corrective Measures:

Purchase orders are issued and approved prior to purchases. Pink copy is kept in a file for historical record. Yellow copy is given to employee for purchase, if applicable. White copy is attached to invoice and all back up documentation.

Purchase orders identify where goods are being placed, when applicable. Inventory of assets is now being tracked within the software system.

Credit Card policy has been updated. All credit card purchases have detailed signed, dated receipts and a purchase order is issued for each purchase and all back-up documents are attached.

All work performed for the agency is completed by employees of the housing authority or licensed contractors.

No manual checks are written, all disbursements are completed through the software system or a pre-approved ACH transaction.

Detailed timesheets for all employees are completed and approved, as per the Fiscal Manual

The Board of Commissioners receives and reviews financial reports/records at each board meeting with a detailed explanation from our Fee Accountant.

The agency is in the process of establishing a Nepotism Policy, which will state no related party transactions will occur.

Finding 2017-002

Root Cause: Significant Deficiency

Meeting minutes incomplete and not accurate

Corrective Measures:

Minutes are completed each month, signed, embossed with CMHA seal and placed in a permanent bound minute book and kept in a locked safe.

Finding 2017-003

Root Cause: Material Weakness in payroll records

Corrective Measures:

All employees hired under the new management are given an offer letter outlining the position, hours, rate of pay. This signed letter is kept in the employees personnel file.

Currently the Board approves the agency budget, which includes salaries for each employee. The agency will start detailing in the meetings and include in the minutes, all new hires, raises, promotions and severance package details.

All master files contain employees name, hiring authorization, position and authorized salary rate, the department to which salary will be charged, deduction authorizations, retirement system participation, federal – state and local tax withholding authorizations.

Federal Finding 2017-004:

Root Cause: Noncompliance/Material Weakness

Corrective Measures:

Purchase orders are issued and approved prior to purchases. Pink copy is kept in a file for historical record. Yellow copy is given to employee for purchase, if applicable. White copy is attached to invoice and all back up documentation.

Purchase orders identify where goods are being placed, when applicable. Inventory of assets is now being tracked within the software system.

Credit Card policy has been updated. All credit card purchases have detailed signed, dated receipts and a purchase order is issued for each purchase and all back-up documents are attached.

All work performed for the agency is completed by employees of the housing authority or licensed contractors.

Corrective Measures continued re: Federal Finding 2017-004

No manual checks are written, all disbursements are completed through the software system or a pre-approved ACH transaction.

Detailed timesheets for all employees are completed and approved, as per the Fiscal Manual

The Board of Commissioners receives and reviews financial reports/records at each board meeting with a detailed explanation from our Fee Accountant.

The agency is in the process of establishing a Nepotism Policy, which will state no related party transactions will occur.

Respectfully Submitted,

Lisa Mowery

Lisa Mowery, Executive Director

7-12-19

Date

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OHIO AUDITOR OF STATE
KEITH FABER

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
AUGUST 1, 2019