

Coshocton Metropolitan Housing Authority

Basic financial statements

For the Year Ended June 30, 2004



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Coshocton Metropolitan Housing Authority, Coshocton County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Coshocton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 31, 2005

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COSHOCTON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2004

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6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@aol.com

Independent Auditors' Report

Board of Directors
Coshocton Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying basic financial statements of Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Coshocton Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Coshocton Metropolitan Housing Authority, Ohio, as of June 30, 2004, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

As described in Note 1 of the basic financial statements, the Authority adopted the provisions of Government Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as of July 1, 2003. This results in a change to the Authority’s format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 10, 2004, on my consideration of Coshocton Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Coshocton Metropolitan Housing Authority, Ohio. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining financial data schedule ("FDS") and certification of actual modernization costs are presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.



Salvatore Consiglio, CPA, Inc.

December 10, 2004

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2004
Unaudited**

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 changes in Coshocton MHA's financial position. It is designed to focus on the financial activity for the fiscal year ended June 30, 2004, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Overview of the Financial Statements

The Basic Financial Statements included elsewhere in this report are:

- Statement of Net Assets
- Statement of Revenues, Expenses & Changes in Fund Balance
- Statement of Cash Flows

The Statement of Net Assets is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Coshocton MHA holds at 6/30/04, 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 6/30/04; and what Net Assets (or what is commonly referred to as Equity) Coshocton MHA has at 6/30/04. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet, in that the total of the assets part equals the total of the liabilities plus net assets (or equity) part.

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

- Net Assets, Invested in Capital Assets, Net of Related Debt
- Restricted Net Assets
- Unrestricted Net Assets

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

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

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2004
Unaudited**

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

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

- Low Rent Public Housing Program
- Section 8 Housing Programs
- Rural Housing Program

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2004
Unaudited**

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 Section 8 New Construction program, Coshocton MHA administers a Housing Assistance Payments contract on behalf of HUD through which HUD subsidizes the rents of low to moderate-income families when those families rent from a private landlord. That rental assistance is provided similarly to how it is under the Housing Choice Voucher program except the rental assistance is tied to the dwelling units, and the assistance is provided to the families renting those units selected by HUD.

Under the Rural Housing program, the USDA 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.

Condensed Financial Statements

The following page reflects a condensed Statement of Net Assets compared to prior year. Coshocton MHA is engaged only in business type activities.

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2004
Unaudited**

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

	<u>2004</u>	RESTATED <u>2003</u>
Current and Other Assets	\$ 680,000	\$ 743,000
Capital Assets	<u>3,985,000</u>	<u>4,092,000</u>
Total Assets	<u>\$ 4,665,000</u>	<u>\$ 4,835,000</u>
Current Liabilities	\$ 482,000	\$ 507,000
Long-Term Liabilities	<u>778,000</u>	<u>780,000</u>
Total Liabilities	<u>1,260,000</u>	<u>1,287,000</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	3,262,000	3,365,000
Restricted Net Assets	75,000	82,000
Unrestricted Net Assets	<u>68,000</u>	<u>101,000</u>
Total Net Assets	<u>3,405,000</u>	<u>3,548,000</u>
Total Liabilities and Net Assets	<u>\$ 4,665,000</u>	<u>\$ 4,835,000</u>

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

The reduction of Total Net Assets from year-end 2003 to year-end 2004 was primarily attributable to the reduction in Capital Assets. The reduction in Capital Assets comprised \$107,000 of the total \$143,000 reduction in Net Assets. And it should be noted that the reduction in capital assets was primarily attributable to the increase in accumulated depreciation. Depreciation expense for the period was \$250,000. However, it certainly would be inappropriate to fail to consider that the reduction in Net Assets was also partly attributable to current assets falling at a rate faster than current liabilities, a reflection of the operating loss suffered by Coshocton MHA in this year-end. That means Coshocton MHA has less current assets to use to meet current liabilities at year-end 2004 than it did at year-end 2003.

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2004
Unaudited**

The following is the Statement of Revenues, Expenses & Changes in Net Assets. Coshocton MHA is engaged only in business type activities.

**Table 2 - Statement of Revenue, Expenses & Changes in Net Assets
(Values Rounded to Nearest Thousand)**

	<u>2004</u>	RESTATED <u>2003</u>
<u>Revenues</u>		
Tenant Revenues - Rents & Other	\$ 245,000	\$ 256,000
Operating Subsidies & Grants	1,434,000	1,490,000
Capital Grants	144,000	205,000
Investment Income	1,000	2,000
Other Revenues	<u>26,000</u>	<u>17,000</u>
Total Revenues	<u>1,850,000</u>	<u>1,970,000</u>
<u>Expenses</u>		
Administrative	472,000	516,000
Utilities	58,000	55,000
Maintenance	192,000	185,000
General & Interest Expenses	109,000	84,000
Housing Assistance Payments	912,000	932,000
Depreciation	<u>250,000</u>	<u>255,000</u>
Total Expenses	<u>1,993,000</u>	<u>2,027,000</u>
Net Increases (Decreases)	<u><u>\$ (143,000)</u></u>	<u><u>\$ (57,000)</u></u>

While Coshocton MHA was able to manage their operations so that operating expenses for administration, utilities, maintenance and general expenses decreased by 1% over year-end 2003; operating revenues (that is revenues other than for Capital Grants) decreased by a little over 3.3%. Declining tenant revenues and declining government subsidies were the reasons for the decline in operating revenues.

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2004
Unaudited**

Tenant revenues declined partly due to increased utility costs the tenant's face, which result in lower rents Coshocton MHA charges because the rental amounts charged are offset by the estimated costs of utilities tenants can expect to have to pay. In addition, tenants of Coshocton MHA's Public Housing program on average have declining family incomes due to declining local economic factors which in turn results in declining average rents Coshocton MHA charges since the majority of tenants pay rent based on family income.

Government subsidies for operations also were cut thanks to the tightening Federal budget situation. Public Housing programs nationwide suffered as the Federal government decided how to deal with the funding shortfall it faced in calendar year 2004.

And while the greatest reduction in revenues was in the amount of Capital Grants received, that does not directly impact the amount of loss from operations. However, a reduction in the amount of Capital Grants Coshocton MHA receives negatively impacts the programs of Coshocton MHA in that it reduces the amount of funding available to Coshocton MHA to make physical improvements to its properties.

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

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

	<u>2004</u>	<u>2003</u>
Land and Land Rights	\$ 439,000	\$ 439,000
Building & Improvements	7,073,000	6,914,000
Equipment	264,000	256,000
Construction in Progress	182,000	205,000
Accumulated Depreciation	<u>(3,972,000)</u>	<u>(3,722,000)</u>
Total	<u>\$ 3,986,000</u>	<u>\$ 4,092,000</u>

The increase in accumulated depreciation from year-end 2003 to 2004 outpaced the increase in capital accounts for buildings and improvements, equipment and construction

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2004
Unaudited**

in progress leading to a reduction in Capital Assets of \$106,000. To a certain extent, that is a reflection of the reduction in Capital Grants received as was discussed in the preceding section. All of the increases in Capital Assets in year-end 2004 were made through the Capital Fund Program.

The following is a comparison of debt outstanding at the year-end versus at the end of the prior year.

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

	<u>2004</u>	<u>2003</u>
Current Portion of Debt	\$ 2,000	\$ 2,000
Long Term Portion of Debt	<u>722,000</u>	<u>725,000</u>
 Total	 <u><u>\$ 724,000</u></u>	 <u><u>\$ 727,000</u></u>

Debt was reduced by \$3,000 during year-end 2004, a reduction of less than .5%.

Economic Factors

Coshocton MHA is operating in a period of declining revenues. Thanks to the tightening of the Federal government's budget, Coshocton MHA faces the continuing prospect of declining HUD subsidies used to administer their programs. In addition, unfavorable economic times also mean revenues from tenants are reduced because the vast majority of Coshocton MHA's tenants pay rent based on the families' incomes. Holding steady on the pace of spending will not be enough to address this situation if it continues.

Financial Contact

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

Coshocton Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
June 30, 2004

ASSETS

Current assets

Cash and cash equivalents	\$146,424
Receivables, net	324,764
Inventories, net	9,346
Prepaid expenses and other assets	70,067
Interprogram due from	129,439
Total current assets	<u>680,040</u>

Noncurrent assets

Capital assets:	
Land	438,538
Building and equipment	7,337,796
Construction in Progress	181,720
Less accumulated depreciation	(3,972,379)
Total noncurrent assets	<u>3,985,675</u>
Total assets	<u><u>\$4,665,715</u></u>

LIABILITIES

Current liabilities

Bank overdraft	\$56,518
Accounts payable	3,445
Accrued liabilities	22,946
Intergovernmental payables	238,356
Tenant security deposits	26,149
Deferred revenue	3,416
Bonds, notes, and loans payable	1,900
Interprogram due to	129,439
Total current liabilities	<u>482,169</u>

Noncurrent liabilities

Bonds, notes, and loans payable	722,044
Accrued compensated absences non-current	56,269
Total noncurrent liabilities	<u>778,313</u>
Total liabilities	<u><u>\$1,260,482</u></u>

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

Coshocton Metropolitan Housing Authority
Statement of Net Assets (Continued)
Proprietary Funds
June 30, 2004

NET ASSETS

Invested in capital assets, net of related debt	\$3,261,731
Restricted net assets	75,422
Unrestricted net assets	68,080
Total net assets	<u><u>\$3,405,233</u></u>

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

Coshocton Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

OPERATING REVENUES

Tenant Revenue	\$245,636
Government operating grants	1,433,665
Other revenue	25,900
Total operating revenues	<u>1,705,201</u>

OPERATING EXPENSES

Administrative	472,537
Utilities	57,628
Maintenance	192,203
General	91,618
Housing assistance payment	911,961
Depreciation	250,318
Total operating expenses	<u>1,976,265</u>
Operating income (loss)	<u>(271,064)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	617
Interest expense	(17,126)
Capital grants	143,978
Total nonoperating revenues (expenses)	<u>127,469</u>

Income (loss) before contributions and transfers (143,595)

Operating Transfer In	31,691
Operating Transfer Out	<u>(31,691)</u>

Change in net assets	(143,595)
Prior Period Adjustment	779
Total net assets - beginning	<u>3,548,049</u>

Total net assets - ending **\$3,405,233**

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

Coshocton Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$1,483,488
Tenant revenue received	238,541
Other revenue received	12,249
General and administrative expenses paid	(861,277)
Housing assistance payments	<u>(911,961)</u>

Net cash provided (used) by operating activities (38,960)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>617</u>
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Net cash provided (used) by investing activities 617

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	143,978
Property and equipment purchased	<u>(143,978)</u>

Net cash provided (used) by capital and related activities 0

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payment	<u>(19,853)</u>
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Net cash provided (used) by financing activities (19,853)

Net increase (decrease) in cash (58,196)

Cash and cash equivalents - Beginning of year 204,620

Cash and cash equivalents - End of year \$146,424

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

**Coshocton Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2004**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$271,064)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	250,318
- (Increases) Decreases in Accounts Receivable	19,238
- (Increases) Decreases in Inventory	(3,282)
- (Increases) Decreases in Prepaid Assets	(44,862)
- Increases (Decreases) in Accounts Payable	14,838
- Increases (Decreases) in Accounts Payable - HUD	43,188
- Increases (Decreases) in Accounts Payable - PILOT	(1,699)
- Increases (Decreases) in Accrued Expenses Payable	(11,284)
- Increases (Decreases) in Deferred Revenue	(31,672)
- Increases (Decreases) in Tenant Security Deposits	(2,679)
Net cash provided by operating activities	(\$38,960)

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Coshocton Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

In June 1999, GASB approved Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statements include the following:

- For the first time the financial statements include a Management Discussion and Analysis (MD&A) section providing analysis of the Authority's overall financial position and results of operation.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Authority has elected to implement GASB 34 in the current fiscal year.

Reporting Entity

The Coshocton Metropolitan Housing Authority was created under 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 subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 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.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the 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 government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A 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.

Basis of Presentation

The Authority's basic financial statements consist of a statement of net assets, statement of revenue, expenses and changes net assets, and a statement of cash flows.

Fund Accounting

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

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

A. Public Housing Program

The public housing program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Capital Fund Program

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of housing.

C. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. Public Housing Drug Elimination Program

The Authority administers the Public Housing Drug Elimination Program to provide its communities with services such as community policing, drug education intervention, and drug prevention programs for youths. Funding for the services is provided by grants from HUD.

E. Section 8 New Construction Program

Coshocton MHA administers a Housing Assistance Payments contract on behalf of HUD through which HUD subsidizes the rents of low to moderate-income families when those families rent from a private landlord. That rental assistance is provided similarly to how it is under the Housing Choice Voucher program except the rental assistance is tied to the dwelling units, and the assistance is provided to the families renting those units selected by HUD.

F. Rural Housing Program

The United State Department of Agricultural 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.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2004 totaled \$617.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed 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 not capitalized.

Net Assets

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

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

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.

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

services are included in the calculation of the compensated absence 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 of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

NOTE 2: CASH AND INVESTMENTS

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA's name.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the PHA’s name.

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

<u>DESCRIPTION</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Cash and Cash Equivalents	\$159,495	\$159,495	\$ -0-	\$ -0-	\$146,424
Total Deposits	\$159,495	\$159,495	\$ -0-	\$ -0-	\$146,424

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies; and
- Demand and Savings Deposits and Certificates of Deposit.

The PHA investments are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured, registered, or securities held by the PHA or its agent in the PHA’s name.

Category 2 – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the PHA’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the PHA’s name.

The PHA’s nonnegotiable certificates of deposit are classified as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (CONTINUED)

NOTE 3: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2004 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.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 4: FIXED ASSETS

The following is a summary:

Land	\$ 438,538
Buildings	7,073,058
Furniture and Equipment	264,738
Construction in Progress	181,720
Total Fixed Assets	\$7,958,054
Accumulated Depreciation	(3,972,379)
Net Fixed Assets	\$3,985,675

The following is a summary of changes:

	<u>Balance</u> <u>06/30/03</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u> <u>06/30/04</u>
Land	\$ 438,538	\$ -0-	\$-0-	\$ 438,538
Buildings	6,914,224	158,834	-0-	7,073,058
Furniture and Equipment	256,255	8,483	-0-	264,738
Construction in Progress	205,059	(23,339)	-0-	181,720
Total Fixed Assets	\$7,814,076	\$143,978	\$-0-	\$7,958,054

The depreciation expense for the year ended June 30, 2004 was \$250,318.

NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees of the authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement systems administered by the Public Employees Retirement Board.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2003 employer pension contribution rate for the authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The authority required contributions to OPERS for the years ended June 30, 2004, 2003, and 2002 were \$43,650, \$43,978 and \$48,291 respectively. Ninety-Two percent has been contributed for 2004. All required contributions for the two previous years have been paid.

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No.12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2004 was 5.0 percent of covered payroll, which amounted to \$16,107. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (CONTINUED)

NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range for 0.51 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

Benefits are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively

NOTE 7: 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%. Rural Development requires monthly installments of \$1,579. This monthly installment represents a discounted amount. The note is secured by the property.

The note is amortized as follows:

06/30/05	\$1,900
06/30/06	2,100
06/30/07	2,230
06/30/08	2,450
06/30/09	2,700
All other	712,564
Total	<u><u>\$723,944</u></u>

NOTE 8: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (CONTINUED)

NOTE 9: PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$779 was necessary to properly state beginning equity balance.

In addition, the FDS schedule shows an adjustment of \$4,289 in the Low Rent Program to properly state the receivable balance set-up in prior year for the Inspector General Office audit finding. An offsetting adjustment was also posted in the payables of the State and Local Fund.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year beginning July 1, 2003 the Authority Implemented GASB 34. The implementation had no effect on the total enterprise fund equity. However, it did effect the classification of the equity. The table bellow shows the reclassification adjustment necessary.

	Contributed Capital	Retained Earnings	Invested in Capital Assets, Net Of Debt	Restricted Net Assets	Unrestricted Net Assets	Total
Beginning Balance	\$4,345,961	(\$797,912)	\$0	\$0	\$0	\$3,548,049
Reclassification- GASB 34	(4,345,961)	797,912	3,365,344	81,608	101,097	0
Restated Beginning Balance	0	0	3,365,344	81,608	101,097	3,548,049
Fixed Assets Addition	0	0	143,978	0	0	143,978
Prior Period Adjustment	0	0	2,727	0	(1,948)	779
Depreciation Expense	0	0	(250,318)	0	0	(250,318)
Cash Released for Satisfaction of Restriction	0	0	0	(6,186)	6,186	0
Current Year Profit (Loss)	0	0	0	0	(37,255)	(37,255)
Ending Net Assets	\$0	\$0	\$3,261,731	\$75,422	\$68,080	\$3,405,233

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(CONTINUED)

NOTE 11: CONTINGENCIES

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2004 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Inspector General Audit

The financial data schedule submitted to REAC included an accounts receivable in the Low Rent Program and an offsetting payable in the State and Local Fund for an audit finding noted by the Inspector General Office of \$584,696. In accordance with generally accepted accounting principal, these amounts are not reflected in the agency wide financial statements since it is not measurable or likely that the receivable will be collected and the payable be paid back. This information was reflected on the financial data schedule submitted to REAC as instructed by HUD.

Coshocton MHA did sign a repayment agreement with HUD. The agreement specify that if the PHA recaptures this money from its insurance company or from legal proceeding against other, then the money must be repaid back to the low rent program. Otherwise the repayment is to be made from the laundry income that the PHA collects during the year. If the repayment is made with the laundry income, it will take well over 100 years for the liability to be satisfied.

Coshocton Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2004

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$0	\$15,172	\$4,530	\$0	\$21,003	\$0	\$25,336	\$0	\$66,041
113	Cash - Other Restricted	\$0	\$75,422	\$0	\$0	\$0	\$0	\$0	\$0	\$75,422
114	Cash - Tenant Security Deposits	\$0	\$4,961	\$0	\$0	\$0	\$0	\$0	\$0	\$4,961
100	Total Cash	\$0	\$95,555	\$4,530	\$0	\$21,003	\$0	\$25,336	\$0	\$146,424
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$1,965	\$0	\$65,112	\$67,077
124	Accounts Receivable - Other Government	\$0	\$1,563	\$0	\$0	\$0	\$0	\$0	\$0	\$1,563
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$156,159	\$0	\$585,016	\$0	\$90,254	\$0	\$831,429
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$0	\$14,362	\$0	\$0	\$0	\$14,362
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	(\$5,830)	\$0	\$0	\$0	(\$5,830)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$859	\$0	\$0	\$0	\$859
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$1,563	\$156,159	\$0	\$594,407	\$1,965	\$90,254	\$65,112	\$909,460
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$0	\$70,067	\$0	\$0	\$0	\$70,067
143	Inventories	\$0	\$0	\$0	\$0	\$9,346	\$0	\$0	\$0	\$9,346
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$0	\$0	\$129,439	\$0	\$0	\$0	\$129,439
150	Total Current Assets	\$0	\$97,118	\$160,689	\$0	\$824,262	\$1,965	\$115,590	\$65,112	\$1,264,736

Coshocton Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2004

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
161	Land	\$0	\$0	\$0	\$0	\$438,538	\$0	\$0	\$0	\$438,538
162	Buildings	\$0	\$747,519	\$0	\$0	\$6,166,705	\$0	\$0	\$158,834	\$7,073,058
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$50,990	\$0	\$0	\$0	\$50,990
164	Furniture, Equipment & Machinery - Administration	\$0	\$4,307	\$4,480	\$0	\$165,996	\$0	\$30,482	\$8,483	\$213,748
166	Accumulated Depreciation	\$0	(\$236,614)	(\$4,480)	\$0	(\$3,694,660)	\$0	(\$30,482)	(\$6,143)	(\$3,972,379)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$181,720	\$181,720
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$515,212	\$0	\$0	\$3,127,569	\$0	\$0	\$342,894	\$3,985,675
180	Total Non-Current Assets	\$0	\$515,212	\$0	\$0	\$3,127,569	\$0	\$0	\$342,894	\$3,985,675
190	Total Assets	\$0	\$612,330	\$160,689	\$0	\$3,951,831	\$1,965	\$115,590	\$408,006	\$5,250,411
311	Bank Overdraft	\$0	\$0	\$0	\$0	\$56,518	\$0	\$0	\$0	\$56,518
312	Accounts Payable <= 90 Days	\$0	\$0	\$0	\$0	\$3,371	\$0	\$74	\$0	\$3,445
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$21,575	\$0	\$0	\$0	\$21,575
325	Accrued Interest Payable	\$0	\$1,371	\$0	\$0	\$0	\$0	\$0	\$0	\$1,371
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$134,333	\$0	\$0	\$0	\$47,292	\$0	\$181,625
333	Accounts Payable - Other Government	\$0	\$1,740	\$0	\$0	\$54,991	\$0	\$0	\$0	\$56,731
341	Tenant Security Deposits	\$0	\$3,488	\$0	\$0	\$22,661	\$0	\$0	\$0	\$26,149
342	Deferred Revenues	\$0	\$279	\$0	\$0	\$3,137	\$0	\$0	\$0	\$3,416
348	Loan Liability - Current	\$0	\$1,900	\$0	\$0	\$0	\$0	\$0	\$0	\$1,900
347	Interprogram Due To	\$0	\$29,842	\$7,184	\$0	\$0	\$1,965	\$25,336	\$65,112	\$129,439
310	Total Current Liabilities	\$0	\$38,620	\$141,517	\$0	\$162,253	\$1,965	\$72,702	\$65,112	\$482,169

Coshocton Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Equity
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2004

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$0	\$41,991	\$0	\$0	\$199,187	\$0	\$0	\$0	\$241,178
704	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$4,458	\$0	\$0	\$0	\$4,458
705	Total Tenant Revenue	\$0	\$41,991	\$0	\$0	\$203,645	\$0	\$0	\$0	\$245,636
706	HUD PHA Operating Grants	\$0	\$0	\$296,135	\$952	\$214,393	\$16,022	\$759,316	\$116,068	\$1,402,886
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$143,978	\$143,978
708	Other Government Grants	\$0	\$30,779	\$0	\$0	\$0	\$0	\$0	\$0	\$30,779
711	Investment Income - Unrestricted	\$0	\$534	\$0	\$0	\$83	\$0	\$0	\$0	\$617
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$3,786	\$0	\$3,786
715	Other Revenue	\$0	\$1,934	\$0	\$0	\$16,385	\$0	\$3,795	\$0	\$22,114
700	Total Revenue	\$0	\$75,238	\$296,135	\$952	\$434,506	\$16,022	\$766,897	\$260,046	\$1,849,796
911	Administrative Salaries	\$0	\$14,163	\$17,006	\$0	\$107,566	\$0	\$83,031	\$35,592	\$257,358
912	Auditing Fees	\$0	\$0	\$1,250	\$0	\$4,425	\$0	\$2,371	\$0	\$8,046
914	Compensated Absences	\$0	\$184	\$0	\$0	\$1,447	\$0	\$0	\$0	\$1,631
915	Employee Benefit Contributions - Administrative	\$0	\$3,511	\$5,739	\$0	\$43,299	\$0	\$28,018	\$0	\$80,567
916	Other Operating - Administrative	\$0	\$9,545	\$4,033	\$952	\$33,016	\$16,022	\$12,582	\$48,785	\$124,935
931	Water	\$0	\$1,692	\$0	\$0	\$39,007	\$0	\$0	\$0	\$40,699
932	Electricity	\$0	\$3,075	\$0	\$0	\$8,624	\$0	\$0	\$0	\$11,699
933	Gas	\$0	\$255	\$0	\$0	\$4,975	\$0	\$0	\$0	\$5,230
941	Ordinary Maintenance and Operations - Labor	\$0	\$10,930	\$0	\$0	\$56,810	\$0	\$0	\$0	\$67,740
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$1,323	\$0	\$0	\$22,014	\$0	\$0	\$0	\$23,337
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$13,269	\$0	\$0	\$60,439	\$0	\$0	\$0	\$73,708

Coshocton Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Equity
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2004

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$4,550	\$0	\$0	\$22,868	\$0	\$0	\$0	\$27,418
961	Insurance Premiums	\$0	\$5,942	\$2,095	\$0	\$34,566	\$0	\$10,226	\$0	\$52,829
962	Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$107	\$0	\$107
963	Payments in Lieu of Taxes	\$0	\$3,706	\$0	\$0	\$15,104	\$0	\$0	\$0	\$18,810
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$0	\$13,167	\$0	\$0	\$0	\$13,167
967	Interest Expense	\$0	\$17,126	\$0	\$0	\$0	\$0	\$0	\$0	\$17,126
968	Severance Expense	\$0	\$0	\$1,140	\$0	\$0	\$0	\$5,565	\$0	\$6,705
969	Total Operating Expenses	\$0	\$89,271	\$31,263	\$952	\$467,327	\$16,022	\$141,900	\$84,377	\$831,112
970	Excess Operating Revenue over Operating Expenses	\$0	(\$14,033)	\$264,872	\$0	(\$32,821)	\$0	\$624,997	\$175,669	\$1,018,684
973	Housing Assistance Payments	\$0	\$0	\$270,525	\$0	\$0	\$0	\$641,436	\$0	\$911,961
974	Depreciation Expense	\$0	\$19,549	\$0	\$0	\$224,626	\$0	\$0	\$6,143	\$250,318
900	Total Expenses	\$0	\$108,820	\$301,788	\$952	\$691,953	\$16,022	\$783,336	\$90,520	\$1,993,391
1001	Operating Transfers In	\$0	\$0	\$0	\$0	\$31,691	\$0	\$0	\$0	\$31,691
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$31,691)	(\$31,691)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$31,691	\$0	\$0	(\$31,691)	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	(\$33,582)	(\$5,653)	\$0	(\$225,756)	\$0	(\$16,439)	\$137,835	(\$143,595)
1103	Beginning Equity	(\$580,407)	(\$119,278)	\$24,825	\$0	\$3,972,205	\$0	\$45,645	\$205,059	\$3,548,049

Coshocton Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change in Equity
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2004

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$4,289)	\$0	\$0	\$0	\$5,068	\$0	\$0	\$0	\$779
	Ending Equity	(\$584,696)	(\$152,860)	\$19,172	\$0	\$3,751,517	\$0	\$29,206	\$342,894	\$3,405,233
1102	Debt Principal Payments - Enterprise Funds	\$0	\$2,459	\$0	\$0	\$0	\$0	\$0	\$0	\$2,459
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$779,372	\$0	\$779,372
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$17,407	\$0	\$0	\$0	\$27,875	\$0	\$45,282
1116	Total Annual Contributions Available	\$0	\$0	\$17,407	\$0	\$0	\$0	\$807,247	\$0	\$824,654
1120	Unit Months Available	-	276	1,200	-	1,572	-	3,036	-	6,084
1121	Number of Unit Months Leased	-	262	1,200	-	1,514	-	2,861	-	5,837

Coshocton Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
June 30, 2004

Capital Fund Program Number OH16P03750100

1. The Program Costs are as follows:

Funds Approved	\$241,051
Funds Expended	<u>241,051</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$241,051
Funds Expended	<u>241,051</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on January 22, 2003.
4. The final costs on the certification agree to the Authority's records.

Coshocton Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2004

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
N/C S/R Section 8 Programs	14.182	\$296,135
Low Rent Public Housing	14.850a	214,393
New Approach Anti-Drug Grants	14.312	952
Public and Indian Housing Drug Elimination Program	14.854	16,022
Housing Choice Vouchers	14.871	759,316
Public Housing Capital Fund Program	14.872	<u>260,046</u>
Total U.S. Department HUD		<u>1,546,864</u>
U.S. Department of Agriculture - Rural Housing Service Direct Program		
Rural Rental Housing Loan	10.415	<u>30,770</u>
Total U.S. Department of Agriculture		<u>30,770</u>
Total Expenditure of Federal Award		<u><u>\$1,577,634</u></u>



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@aol.com

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Coshocton Metropolitan Housing Authority

I have audited the basic financial statements of the Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2004, and have issued my report thereon dated December 10, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coshocton Metropolitan Housing Authority, Ohio's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Coshocton Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Salvatore Consiglio, CPA, Inc.

December 10, 2004



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@aol.com

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Coshocton Metropolitan Housing Authority

Compliance

I have audited the compliance of the Coshocton Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Coshocton Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Coshocton Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Coshocton Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Coshocton Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Coshocton Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Coshocton Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Coshocton Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Coshocton Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Salvatore Consiglio, CPA, Inc.

December 10, 2004

Coshocton Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2004

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.182 and 14.871 - Section 8 New Construction and Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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3. FINDINGS REALTED TO FEDERAL AWARDS
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Coshocton Metropolitan Housing Authority
 Schedule of Prior Audit Findings
 June 30, 2004

The following are the status of the June 30, 2003 audit findings. Those findings not fully corrected are repeated in the 2003 audit report.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
GAS-2003-1	Depreciation Schedule not detailed	Yes	Corrected – Copy of the detail depreciation schedule was prepared.
FED-2003-1	Copy of Tenant birth certificated not in files	Yes	Corrected – Current year audit procedures revealed no errors.
FED-2003-2	Third party verification of income not obtained	Yes	Corrected – Current year audit procedures revealed no errors.
FED-2003-3	Wrong payment standard was used in calculating HAP	Yes	Corrected – Current year audit procedures revealed no errors.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

COSHOCTON METROPOLITAN HOUSING AUTHORITY

COSHOCTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2005**