

Coshocton Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2005



**Auditor of State
Betty Montgomery**

Board of Directors
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, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 19, 2006

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COSHOCTON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2005

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Independent Auditors' Report

Board of Directors
Coshocton Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2005, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These 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 basic 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 financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Coshocton Metropolitan Housing Authority, Ohio, as of June 30, 2005, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 22, 2006, on my consideration of the 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 agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. 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 financial statements that collectively comprise the Coshocton Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure 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 financial statements. The combining financial data schedule ("FDS") is 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.

February 22, 2006

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2005
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, 2005, 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 6/30/05, 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 6/30/05; and what Net Assets (or what is commonly referred to as Equity) Coshocton MHA has at 6/30/05. 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, 2005
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 Programs

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 fund 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 programs 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, 2005
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, 2005
Unaudited**

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

	<u>2005</u>	RESTATED <u>2004</u>
Current and Other Assets	\$ 475,000	\$ 550,000
Capital Assets	<u>3,812,000</u>	<u>3,986,000</u>
Total Assets	<u>\$ 4,287,000</u>	<u>\$ 4,536,000</u>
Current Liabilities	\$ 297,000	\$ 353,000
Long-Term Liabilities	<u>775,000</u>	<u>778,000</u>
Total Liabilities	<u>1,072,000</u>	<u>1,131,000</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	3,090,000	3,262,000
Restricted Net Assets	76,000	75,000
Unrestricted Net Assets	<u>49,000</u>	<u>68,000</u>
Total Net Assets	<u>3,215,000</u>	<u>3,405,000</u>
Total Liabilities and Net Assets	<u>\$ 4,287,000</u>	<u>\$ 4,536,000</u>

For more detail information see Statement of Net Assets presented elsewhere in this report. The 2004 numbers were restated to eliminate interprogram due to/from.

The reduction of Total Net Assets from year-end 2004 to year-end 2005 was primarily attributable to the reduction in Capital Assets. The reduction in Capital Assets comprised \$173,000 of the total \$190,000 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 \$261,000. It also warrants mentioning that current liabilities grew by just a little over 4% from the prior year-end and current assets fell only slightly. That is another indication of success management had in reducing operating expenses more than revenue decreased.

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2005
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>2005</u>	RESTATED <u>2004</u>
<u>Revenues</u>		
Tenant Revenues - Rents & Other	\$ 202,000	\$ 245,000
Operating Subsidies & Grants	1,499,000	1,434,000
Capital Grants	86,000	144,000
Investment Income	1,000	1,000
Other Revenues	<u>7,000</u>	<u>26,000</u>
Total Revenues	<u>1,795,000</u>	<u>1,850,000</u>
<u>Expenses</u>		
Administrative	429,000	472,000
Utilities	58,000	58,000
Maintenance	182,000	192,000
General & Interest Expenses	104,000	109,000
Housing Assistance Payments	947,000	912,000
Depreciation	<u>261,000</u>	<u>250,000</u>
Total Expenses	<u>1,981,000</u>	<u>1,993,000</u>
Net Increases (Decreases)	<u><u>\$ (186,000)</u></u>	<u><u>\$ (143,000)</u></u>

As was briefly mentioned in the preceding section, management was able to manage operations so that operating expenses for administration, utilities, maintenance and general expenses decreased by just about 7% over year-end 2004. Cost cutting was necessary because operating revenue (that is revenues other than for Capital Grants), net of HUD subsidy earned to offset payments to landlords in the Section 8 program fell by 4%.

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2005
Unaudited**

Tenant revenues in rental assistance programs generally fall during periods when tenants face rising utility costs and lower family incomes due to declining economic factors because tenant rents are based on the family's ability to pay using a formula determined by the Department of Housing & Urban Development. Such was the case for tenant revenues earned by Coshocton MHA in the year-end 2005.

Federal government subsidies for operations also continued to be cut thanks to the ongoing Federal budget situation. That may not seem apparent in the table presented above because the amount of operating subsidies and grants increased from year-end 2004. Where that is reflected in the table above is in the reduction of income from Capital Grants, because Coshocton MHA devoted more of the funding received through the Capital Fund Program grant in year-end 2005 to eligible soft cost items to offset the decline in operating subsidies. Public Housing and related programs continue to suffer dramatic losses in operating assistance from Washington as the Federal government decides how to deal with the budget shortfalls with which it continues to struggle.

The greatest reduction in revenues again this year was in the amount of Capital Grants received. While that does not directly impact the amount of loss from operations, it does negatively impact Coshocton MHA in that it reduces the amount of funding available to make physical improvements to Coshocton MHA's public housing properties, a trend which if it continues will soon begin to have a significant impact on the quality of the housing options made available by Coshocton MHA.

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>2005</u>	<u>2004</u>
Land and Land Rights	\$ 439,000	\$ 439,000
Building & Improvements	7,236,000	7,073,000
Equipment	278,000	264,000
Construction in Progress	92,000	182,000
Accumulated Depreciation	<u>(4,233,000)</u>	<u>(3,972,000)</u>
 Total	 <u><u>\$ 3,812,000</u></u>	 <u><u>\$ 3,986,000</u></u>

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2005
Unaudited**

The increase in accumulated depreciation from year-end 2004 to 2005 (\$261,000) outpaced the increase in capital accounts for buildings and improvements, equipment and construction in progress leading to a reduction in Capital Assets of \$174,000. To a certain extent, that is a reflection of the reduction in Capital Grants received as was discussed in the preceding section. Without regard for the increase in accumulated depreciation, \$86,000 of the \$87,000 of the increases in Capital Assets in year-end 2005 was 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>2005</u>	<u>2004</u>
Current Portion of Debt	\$ 3,000	\$ 2,000
Long Term Portion of Debt	<u>719,000</u>	<u>722,000</u>
 Total	 <u>\$ 722,000</u>	 <u>\$ 724,000</u>

Debt was reduced by \$2,000 during year-end 2005, a reduction of less than .5%.

Economic Factors

Coshocton MHA faces the continuing prospect of declining HUD subsidies used to administer their programs and maintain their properties. In addition, unfavorable economic times, as reflected in the numbers of families leaving the community because they cannot find adequate employment opportunities, also mean revenues from tenants are reduced because generally rents are based on the tenant families' ability to pay as dictated by the Federal government. Rising insurance and utility costs compound the reduction in incomes. The reduction in government assistance means Coshocton MHA can provide rental assistance for a lesser number of families each year through their Section 8 Housing Choice Voucher program, and causes the authority to provide fewer services to tenants renting apartments from Coshocton MHA.

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, 2005

ASSETS

Current assets

Cash and cash equivalents	\$116,715
Receivables, net	277,215
Inventories, net	9,463
Prepaid expenses and other assets	71,866
Total current assets	<u>475,259</u>

Noncurrent assets

Capital assets:	
Land	438,538
Building and equipment	7,514,003
Construction in Progress	92,018
Less accumulated depreciation	<u>(4,232,850)</u>
Total noncurrent assets	<u>3,811,709</u>
Total assets	<u><u>\$4,286,968</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$41,765
Accrued liabilities	21,707
Intergovernmental payables	202,266
Tenant security deposits	25,675
Deferred revenue	3,036
Bonds, notes, and loans payable	2,972
Total current liabilities	<u>\$297,421</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, 2005

Noncurrent liabilities	
Bonds, notes, and loans payable	\$718,667
Accrued compensated absences non-current	56,352
Total noncurrent liabilities	<u>775,019</u>
Total liabilities	<u><u>\$1,072,440</u></u>
 NET ASSETS	
Invested in capital assets, net of related debt	\$3,090,070
Restricted net assets	75,712
Unrestricted net assets	48,746
Total net assets	<u><u>\$3,214,528</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, 2005

OPERATING REVENUES

Tenant Revenue	\$202,414
Government operating grants	1,499,731
Other revenue	7,049
Total operating revenues	<u>1,709,194</u>

OPERATING EXPENSES

Administrative	429,350
Utilities	57,784
Maintenance	181,496
General	86,076
Housing assistance payment	947,244
Depreciation	260,471
Total operating expenses	<u>1,962,421</u>
Operating income (loss)	<u>(253,227)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	640
Interest expense	(18,157)
Total nonoperating revenues (expenses)	<u>(17,517)</u>
Income (loss) before contributions and transfers	(270,744)

Capital grants	85,574
Change in net assets	(185,170)
Prior Period Adjustment	(5,535)
Total net assets - beginning	3,405,233
Total net assets - ending	<u><u>\$3,214,528</u></u>

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, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$1,511,545
Tenant revenue received	192,736
Other revenue received	7,049
General and administrative expenses paid	(773,023)
Housing assistance payments	<u>(947,244)</u>

Net cash provided (used) by operating activities (8,937)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>640</u>
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Net cash provided (used) by investing activities 640

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	85,574
Property and equipment purchased	<u>(86,505)</u>

Net cash provided (used) by capital and related activities (931)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payment	(2,305)
Interest Payment on Debt	<u>(18,176)</u>

Net cash provided (used) by financing activities (20,481)

Net increase (decrease) in cash (29,709)

Cash and cash equivalents - Beginning of year 146,424

Cash and cash equivalents - End of year \$116,715

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, 2005

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$253,227)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	260,471
- (Increases) Decreases in Accounts Receivable	45,136
- (Increases) Decreases in Inventory	(117)
- (Increases) Decreases in Prepaid Assets	(1,799)
- Increases (Decreases) in Accounts Payable	(18,939)
- Increases (Decreases) in Accounts Payable - HUD	(46,812)
- Increases (Decreases) in Accounts Payable - PILOT	10,722
- Increases (Decreases) in Accrued Expenses Payable	(1,137)
- Increases (Decreases) in Deferred Revenue	(380)
- Increases (Decreases) in Tenant Security Deposits	(474)
- Increases (Decreases) in Non-Current Liabilities Other	<u>(2,381)</u>
Net cash provided by operating activities	<u><u>(\$8,937)</u></u>

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, 2005

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.

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.

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the Section 8 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.

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:

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 after 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.

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 housing.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

E. 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, 2005 totaled \$640.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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: DEPOSIT

Legal and Other Requirements - The deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's written policy. Only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also generally permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, and obligations of certain political subdivisions of Ohio and the United States government and its agencies.

These deposits must mature within five years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 3: DEPOSIT AND INVESTMENTS (Continued)

Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon 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. Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

Deposits

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

Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3 Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

Deposits - At year-end, the carrying amount of the Authority's deposits was \$116,715 and the bank balance was \$144,469. The difference represents outstanding checks and deposits in transit. The entire bank balance was covered by Federal depository insurance.

Investments - The Authority's had no investments during the fiscal year.

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, 2005 the

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005
 (CONTINUED)

NOTE 3: RISK MANAGEMENT

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.

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, 2005 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: CAPITAL ASSETS

The following is a summary:

Land	\$ 438,538
Buildings	7,235,693
Furniture and Equipment	278,310
Construction in Progress	92,018
Total Capital Assets	8,044,559
Accumulated Depreciation	(4,232,850)
Net Capital Assets	\$3,811,709

The following is a summary of changes:

	<u>Balance</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u>
	<u>06/30/04</u>			<u>06/30/05</u>
Land	\$ 438,538	\$ -0-	\$-0-	\$ 438,538
Buildings	7,073,058	162,635	-0-	7,235,693
Furniture and Equipment	264,738	13,572	-0-	278,310
Construction in Progress	181,720	(89,702)	-0-	92,018
Total Capital Assets	\$7,958,054	\$86,505	\$-0-	\$8,044,559

The depreciation expense for the year ended June 30, 2005 was \$260,471.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

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

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

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2005, 2004, and 2003 amounted to \$42,143, \$43,978 and \$48,291 respectively. Ninety-Two percent has been contributed for 2005. All required contributions for the two previous years have been paid.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 6: POSTEMPLOYMENT BENEFITS

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 2005 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2005 was 4.0 percent of covered payroll, which amounted to \$12,441. 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, 2004. 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 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 2004 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 from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 376,109. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2004 was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

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 interest rate of 1%. The note is secured by the property.

The following is a summary of changes in long-term debt for the year ended June 30, 2005:

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>06/30/04</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE</u> <u>06/30/05</u>
Loan Payable	\$723,944	\$-0-	\$2,305	\$721,639
TOTAL	<u>\$723,944</u>	<u>\$-0-</u>	<u>\$2,305</u>	<u>\$721,639</u>

Debt maturities for the period after June 30, 2005 are estimated as follows:

<u>Years – June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$2,972	\$15,975
2007	3,251	15,696
2008	3,556	15,391
2009	3,889	15,058
2010	4,254	14,693
2011 to 2015	28,058	66,677
2016 to 2020	43,930	50,805
2021 to 2025	68,781	25,954
2026 to 2030	107,689	(12,954)
2031 to 2035	168,606	(73,871)
2036 to 2040	263,983	(169,248)
2041	22,670	(14,775)
Total	<u>\$721,639</u>	<u>(\$50,599)</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, 2005
(CONTINUED)

NOTE 9: PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$5,535 was necessary to properly state beginning equity balance. The adjustments were to reflect HUD changes to the Housing Choice Voucher Program administration fee earned for last fiscal year of \$741. In addition, the financial statements show an adjustment of \$4,794 in the Low Rent Public Housing Program to properly state the receivable balance set-up in prior year for the Inspector General Office audit finding.

NOTE 11: CONTINGENCIES

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2005 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 \$582,315. 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.

The amount applied to the balance during the audit period was \$2,381.

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2005

Line Item No.	Account Description	Rural Rental Housing Loans	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$7,441	\$0	\$27,051	\$6,511	\$0	\$0	\$41,003
113	Cash - Other Restricted	\$75,712	\$0	\$0	\$0	\$0	\$0	\$75,712
100	Total Cash	\$83,153	\$0	\$27,051	\$6,511	\$0	\$0	\$116,715
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$10,014	\$0	\$10,014
125	Accounts Receivable - Miscellaneous	\$0	\$246,412	\$5,000	\$0	\$0	\$0	\$251,412
126	Accounts Receivable - Tenants - Dwelling Rents	\$2,739	\$0	\$18,925	\$0	\$0	\$0	\$21,664
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$9,000)	\$0	\$0	\$0	(\$9,000)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$3,125	\$0	\$0	\$0	\$3,125
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$2,739	\$246,412	\$18,050	\$0	\$10,014	\$0	\$277,215
142	Prepaid Expenses and Other Assets	\$0	\$0	\$71,866	\$0	\$0	\$0	\$71,866
143	Inventories	\$0	\$0	\$9,463	\$0	\$0	\$0	\$9,463
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$95,811	\$110,780	\$0	\$0	\$206,591
150	Total Current Assets	\$85,892	\$246,412	\$222,241	\$117,291	\$10,014	\$0	\$681,850
161	Land	\$0	\$0	\$438,538	\$0	\$0	\$0	\$438,538
162	Buildings	\$747,519	\$0	\$6,325,539	\$0	\$162,635	\$0	\$7,235,693
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$50,990	\$0	\$0	\$0	\$50,990
164	Furniture, Equipment & Machinery - Administration	\$5,239	\$4,480	\$174,479	\$30,482	\$12,640	\$0	\$227,320

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2005

Line Item No.	Account Description	Rural Rental Housing Loans	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$256,257)	(\$4,480)	(\$3,934,946)	(\$30,482)	(\$6,685)	\$0	(\$4,232,850)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$92,018	\$0	\$92,018
160	Total Fixed Assets, Net of Accumulated Depreciation	\$496,501	\$0	\$3,054,600	\$0	\$260,608	\$0	\$3,811,709
174	Other Assets	\$0	\$0	\$582,315	\$0	\$0	\$0	\$582,315
180	Total Non-Current Assets	\$496,501	\$0	\$3,636,915	\$0	\$260,608	\$0	\$4,394,024
190	Total Assets	\$582,393	\$246,412	\$3,859,156	\$117,291	\$270,622	\$0	\$5,075,874
312	Accounts Payable <= 90 Days	\$689	\$0	\$38,698	\$2,378	\$0	\$0	\$41,765
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$20,355	\$0	\$0	\$0	\$20,355
325	Accrued Interest Payable	\$1,352	\$0	\$0	\$0	\$0	\$0	\$1,352
331	Accounts Payable - HUD PHA Programs	\$0	\$117,282	\$0	\$17,531	\$0	\$0	\$134,813
333	Accounts Payable - Other Government	\$2,232	\$0	\$65,221	\$0	\$0	\$0	\$67,453
341	Tenant Security Deposits	\$3,881	\$0	\$21,794	\$0	\$0	\$0	\$25,675
342	Deferred Revenues	\$495	\$0	\$2,541	\$0	\$0	\$0	\$3,036
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$2,972	\$0	\$0	\$0	\$0	\$0	\$2,972
347	Interprogram Due To	\$26,584	\$110,780	\$0	\$59,213	\$10,014	\$0	\$206,591
310	Total Current Liabilities	\$38,205	\$228,062	\$148,609	\$79,122	\$10,014	\$0	\$504,012
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$718,667	\$0	\$0	\$0	\$0	\$0	\$718,667
354	Accrued Compensated Absences - Non Current	\$4,843	\$0	\$36,002	\$15,507	\$0	\$0	\$56,352
353	Noncurrent Liabilities – Other	\$0	\$0	\$0	\$0	\$0	\$582,315	\$582,315

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2005

Line Item No.	Account Description	Rural Rental Housing Loans	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
350	Total Noncurrent Liabilities	\$723,510	\$0	\$36,002	\$15,507	\$0	\$582,315	\$1,357,334
300	Total Liabilities	\$761,715	\$228,062	\$184,611	\$94,629	\$10,014	\$582,315	\$1,861,346
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	(\$225,138)	\$0	\$3,054,600	\$0	\$260,608	\$0	\$3,090,070
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$75,712	\$0	\$0	\$0	\$0	\$0	\$75,712
512.1	Unrestricted Net Assets	(\$29,896)	\$18,350	\$619,945	\$22,662	\$0	(\$582,315)	\$48,746
513	Total Equity/Net Assets	(\$179,322)	\$18,350	\$3,674,545	\$22,662	\$260,608	(\$582,315)	\$3,214,528
600	Total Liabilities and Equity/Net Assets	\$582,393	\$246,412	\$3,859,156	\$117,291	\$270,622	\$0	\$5,075,874
703	Net Tenant Rental Revenue	\$46,721	\$0	\$151,413	\$0	\$0	\$0	\$198,134
704	Tenant Revenue – Other	\$0	\$0	\$4,280	\$0	\$0	\$0	\$4,280
705	Total Tenant Revenue	\$46,721	\$0	\$155,693	\$0	\$0	\$0	\$202,414
706	HUD PHA Operating Grants	\$0	\$305,036	\$254,090	\$786,505	\$124,199	\$0	\$1,469,830
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$85,574	\$0	\$85,574
708	Other Government Grants	\$29,901	\$0	\$0	\$0	\$0	\$0	\$29,901
711	Investment Income – Unrestricted	\$490	\$0	\$111	\$39	\$0	\$0	\$640
714	Fraud Recovery	\$0	\$0	\$0	\$1,411	\$0	\$0	\$1,411
715	Other Revenue	\$1,846	\$0	\$0	\$1,411	\$0	\$2,381	\$5,638
720	Investment Income – Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2005

Line Item No.	Account Description	Rural Rental Housing Loans	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
700	Total Revenue	\$78,958	\$305,036	\$409,894	\$789,366	\$209,773	\$2,381	\$1,795,408
911	Administrative Salaries	\$16,243	\$14,619	\$84,339	\$71,376	\$27,554	\$0	\$214,131
912	Auditing Fees	\$300	\$1,000	\$4,860	\$2,507	\$0	\$0	\$8,667
914	Compensated Absences	\$318	\$0	\$0	\$1,825	\$0	\$0	\$2,143
915	Employee Benefit Contributions – Administrative	\$5,060	\$4,961	\$40,979	\$24,219	\$0	\$0	\$75,219
916	Other Operating – Administrative	\$7,353	\$3,638	\$52,810	\$17,761	\$47,628	\$0	\$129,190
931	Water	\$1,456	\$0	\$36,195	\$0	\$0	\$0	\$37,651
932	Electricity	\$2,634	\$0	\$10,251	\$0	\$0	\$0	\$12,885
933	Gas	\$308	\$0	\$6,940	\$0	\$0	\$0	\$7,248
941	Ordinary Maintenance and Operations – Labor	\$11,997	\$0	\$66,353	\$0	\$0	\$0	\$78,350
942	Ordinary Maintenance and Operations - Materials and Other	\$174	\$0	\$14,798	\$0	\$0	\$0	\$14,972
943	Ordinary Maintenance and Operations - Contract Costs	\$7,273	\$0	\$52,859	\$0	\$0	\$0	\$60,132
945	Employee Benefit Contributions - Ordinary Maintenance	\$3,737	\$0	\$24,305	\$0	\$0	\$0	\$28,042
961	Insurance Premiums	\$6,535	\$1,965	\$34,052	\$9,594	\$0	\$0	\$52,146
962	Other General Expenses	\$0	\$0	\$0	\$319	\$0	\$0	\$319
963	Payments in Lieu of Taxes	\$4,232	\$0	\$10,231	\$0	\$0	\$0	\$14,463
964	Bad Debt - Tenant Rents	\$0	\$0	\$19,148	\$0	\$0	\$0	\$19,148
967	Interest Expense	\$18,157	\$0	\$0	\$0	\$0	\$0	\$18,157
969	Total Operating Expenses	\$85,777	\$26,183	\$458,120	\$127,601	\$75,182	\$0	\$772,863
970	Excess Operating Revenue over Operating Expenses	(\$6,819)	\$278,853	(\$48,226)	\$661,765	\$134,591	\$2,381	\$1,022,545

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2005

Line Item No.	Account Description	Rural Rental Housing Loans	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
973	Housing Assistance Payments	\$0	\$279,676	\$0	\$667,568	\$0	\$0	\$947,244
974	Depreciation Expense	\$19,643	\$0	\$234,143	\$0	\$6,685	\$0	\$260,471
900	Total Expenses	\$105,420	\$305,859	\$692,263	\$795,169	\$81,867	\$0	\$1,980,578
1001	Operating Transfers In	\$0	\$0	\$61,303	\$0	\$0	\$0	\$61,303
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	(\$61,303)	\$0	(\$61,303)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$61,303	\$0	(\$61,303)	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$26,462)	(\$823)	(\$221,066)	(\$5,803)	\$66,603	\$2,381	(\$185,170)
1102	Debt Principal Payments - Enterprise Funds	\$2,305	\$0	\$0	\$0	\$0	\$0	\$2,305
1103	Beginning Equity	(\$152,860)	\$19,172	\$3,751,517	\$29,206	\$342,894	(\$584,696)	\$3,405,233
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$1	\$144,094	(\$741)	(\$148,889)	\$0	(\$5,535)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$313,170	\$0	\$774,156	\$0	\$0	\$1,087,326
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$16,984	\$0	\$49,864	\$0	\$0	\$66,848
1116	Total Annual Contributions Available	\$0	\$330,154	\$0	\$824,020	\$0	\$0	\$1,154,174
1120	Unit Months Available	276	1,200	1,483	2,878	0	0	5,837
1121	Number of Unit Months Leased	247	1,200	1,406	2,811	0	0	5,664

Coshocton Metropolitan Housing Authority
 Schedule of Expenditures of Federal Award
 For the Year Ended June 30, 2005

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	\$305,036
Low Rent Public Housing	14.850	254,090
Housing Choice Vouchers	14.871	786,505
Public Housing Capital Fund Program	14.872	<u>209,773</u>
Total U.S. Department HUD		<u>1,555,404</u>
U.S. Department of Agriculture - Rural Housing Service Direct Program		
Rural Rental Housing Loan	10.415	<u>29,901</u>
Total U.S. Department of Agriculture		<u>29,901</u>
Total Expenditure of Federal Award		<u>\$1,585,305</u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS 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 financial statements of the Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2005, and have issued my report thereon dated February 22, 2006. 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.

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 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 reportable 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coshocton Metropolitan Housing Authority, Ohio's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.

February 22, 2006



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**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, 2005. 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, 2005.

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 for the information of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Salvatore Consiglio, CPA, Inc.

February 22, 2006

Coshocton Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2005

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 # 14.871 - Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no Findings or questioned costs for the year ended June 30, 2005.

3. FINDINGS RELATED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended June 30, 2005.

Coshocton Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2005

The audit report for the fiscal year ending June 30, 2004 contained no audit findings.



**Auditor of State
Betty Montgomery**

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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
MAY 4, 2006**