COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
Single Audit
For the Year Ended June 30, 2018

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
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OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the Coshocton Metropolitan Housing Authority, Coshocton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

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

Upon review of Joan Neville's timesheets, it was determined that she did not report hours worked, but rather identified the days worked each pay period and the tasks performed. At the top of each timesheet, Ms. Neville documented '30 hours per week @ $14.14/hour'. Beginning with pay period March 3, 2018 to March 16, 2018 due to a raise, Ms. Neville documented '30 hours per week @ $14.70/hour'. All fiscal year 2018 timesheets were reviewed to determine the number of days worked. Based on our recalculation of allowable hours worked versus hours claimed Ms. Neville was overpaid a total of $733 allowing for some pay periods she was overpaid and some pay periods she was underpaid.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Joan Neville in the amount of $733 in favor of the Coshocton Metropolitan Housing Authority Enterprise Fund.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 8, 2020

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

November 22, 2019

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of **Coshocton Metropolitan Housing Authority,** Coshocton County, Ohio (the Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

Auditor's Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton Metropolitan Housing Authority, Coshocton County, as of June 30, 2018, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during the year ended June 30, 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension and other postemployment benefit liabilities and pension and other postemployment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Financial Data Schedule presented on pages 45-47 and the actual modernization cost certificate presented on page 48 present additional analysis as required by the United States Department of Housing and Urban Development and are not a required part of the basic financial statements.

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

Other Matters (Continued)

Supplementary and Other Information (Continued)

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

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

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) for the Coshocton Metropolitan Housing Authority (Coshocton MHA) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Coshocton MHA's financial position. It is designed to focus on the financial activity for the fiscal year ended June 30, 2018, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Overview of the Financial Statements

The Basic Financial Statements included elsewhere in this report are:

the Statement of Net Position,
the Statement of Revenues, Expenses & Changes in Fund Net Position, and
the Statement of Cash Flows

The **Statement of Net Position** is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Coshocton MHA holds at 6/30/2018, 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 6/30/2018; and what Net Position (comparable to Equity) Coshocton MHA has at 6/30/2018. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet, in that the total of the assets part equals the total of the liabilities plus net position (or equity) part.

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

Net Investment in Capital Assets,
Restricted Net Position, and
Unrestricted Net Position.

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

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

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

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

The **Statement of Cash Flows** is a report that shows how the amount of cash Coshocton MHA had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and the cash going out. It helps the reader to understand the sources and uses of cash by Coshocton MHA during the year to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Coshocton MHA's Business Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of Coshocton MHA. Coshocton MHA consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.
Coshocton MHA's programs include the following:

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

Under the Low Rent Public Housing program, Coshocton MHA rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with HUD, HUD provides an operating subsidy to Coshocton MHA to help support the operations of the program. In addition, HUD provides funds for physical improvements to Coshocton MHA's properties and funds for management improvements through Capital Fund Program grants.

Under the Section 8 Housing Choice Voucher program, Coshocton MHA subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

Under the Rural Housing program, the US Department of Agriculture provided a low interest loan to Coshocton MHA to finance the construction of the dwelling units and then also provides rental assistance to the low to moderate-income families that rent them from the owner, Coshocton MHA. Under its Local program, Coshocton MHA operates coin laundry facilities in its Public Housing rental housing developments and assigns 100% of the proceeds against a debt owed to the Public Housing program of the agency.

Condensed Financial Statements

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

Table 1 -- Condensed Statement of Net Position Compared to Prior Year		
(Values Rounded to Nearest Thousand)		
	2018	2017
Current Assets	$ 227,000	$ 299,000
Capital Assets	1,141,000	1,314,000
Deferred Outflows	128,000	236,000
Total Assets & Deferred Outflows	1,496,000	1,849,000
Current Liabilities	141,000	103,000
Long-Term Liabilities	1,413,000	1,330,000
Deferred Inflows	127,000	21,000
Total Liabilities & Deferred Inflows	1,681,000	1,454,000
Net Position:		
Net Investment in Capital Assets	489,000	654,000
Restricted Net Position	93,000	100,000
Unrestricted Net Position	(767,000)	(359,000)
Total Net Position	(185,000)	395,000
Total Liabilities, Deferred Inflows & Net Position	$1,496,000	$1,849,000

Current assets decreased by $72,000, or 24 percent, from the previous year. There was less cash on hand at year end, due mainly to decreased capital funding in this period while actual maintenance expenditures remained steady. The decrease in capital assets of $171,000 was the net result of some small building improvements added, combined with normal yearly depreciation expense. Current liabilities are up from the prior year-end by $38,000, about 37 percent. This is due mainly to larger accrued payroll balances and unpaid invoices at year end. Long-term liabilities increased by $83,000, or 6 percent, from the previous year. This is due largely to the payment of mortgage debt, and decreases in accrued compensated absences and net pension and OPEB liabilities. Adjustments made for GASB 68 and GASB 75 reporting resulted in a decrease in deferred outflows of $108,000 or 46 percent; and an increase in deferred inflows of $106,000, or more than 400 percent.

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

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

		2018	2017 (Restated)
Revenues			
	Tenant Revenues - Rents & Other	$ 200,000	$ 193,000
	Operating Subsidies & Grants	1,450,000	1,640,000
	Capital Grants	0	0
	Other Revenues	14,000	19,000
Total Revenues		1,664,000	1,852,000
Expenses			
	Administrative	482,000	514,000
	Tenant Services	14,000	33,000
	Utilities	141,000	152,000
	Maintenance	260,000	306,000
	General	47,000	77,000
	Housing Assistance Payments	836,000	868,000
	Depreciation	210,000	220,000
Total Expenses		1,990,000	2,170,000
Net Increase (Decrease) in Net Position		(326,000)	(318,000)
Beginning Net Position		141,000	N/A
Ending Net Position		$ (185,000)	$ 141,000

Revenues decreased from the prior year by $188,000. The biggest part of that decrease was in capital funding for the Public Housing program, and also a slight decrease in the Section 8 HCV program administrative subsidy from HUD.

Expenses decreased from the prior year by $180,000, or 8.3 percent. All categories of expense saw decreases during the period.

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

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

	2018	2017
Land and Land Rights	$ 439,000	$ 439,000
Buildings & Improvements	8,011,000	7,970,000
Equipment	306,000	310,000
Accumulated Depreciation	(7,615,000)	(7,405,000)
Total	$1,141,000	$1,314,000

Capital Assets dropped by about $173,000. The change was the net result of some smaller building improvement additions, along with normal yearly depreciation.

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)

	2018	2017
Current Portion of Debt	$ 10,000	$ 9,000
Long Term Portion of Debt	641,000	651,000
Total	$ 651,000	$ 660,000

Debt was reduced by about $9,000 during this fiscal period. That is the result of regular payments on the loan from the US Department of Agriculture made several years ago to enable the agency to develop rental property owned by Coshocton MHA.

Economic Factors

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

Financial Contact

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted	$	56,490
Cash and Cash Equivalents - Restricted		127,052
Receivables, Net		22,271
Inventory		7,025
Prepaid Expenses		14,372
Total Current Assets		227,210
Noncurrent Assets		
Non-Depreciable Capital Assets		438,538
Depreciable Capital Assets, Net of Depreciation		701,999
Total Noncurrent Assets		1,140,537
Deferred Outflows of Resources		128,187
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$	1,495,934
LIABILITIES		
Current Liabilities		
Accounts Payable	$	57,550
Accrued Wages/Payroll Taxes		14,154
Current Portion of Compensated Absences		7,922
Accrued PILOT		17,246
Tenant Security Deposits		33,769
Current Portion of Long-Term Debt		9,533
Other Current Liabilities		817
Total Current Liabilities		140,991
Noncurrent Liabilities		
Accrued Compensated Absences, Net of Current Portion		44,890
Long-Term Debt, Net of Current Portion		641,718
Net Pension Liability		441,305
Net OPEB Liability		284,514
Total Noncurrent Liabilities		1,412,427
TOTAL LIABILITIES		1,553,418
Deferred Inflows of Resources		127,122
NET POSITION		
Net Investment in Capital Assets		489,286
Restricted Net Position		93,283
Unrestricted Net Position		(767,175)
TOTAL NET POSITION		(184,606)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION	$	1,495,934

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2018

Operating Revenue	
Government Operating Grants	$ 1,450,326
Tenant Revenue	200,275
Other Income	13,538
Total Operating Revenue	1,664,139
Operating Expenses	
Administration	481,683
Tenant Services	10,369
Utilities	141,020
Maintenance	259,960
Protective Services	3,670
General	36,654
Housing Assistance Payments	835,990
Depreciation	210,687
Total Operating Expenses	1,980,033
Net Operating Income (Loss)	(315,894)
Nonoperating Revenues/(Expenses)	
Investment Income - Unrestricted	230
Interest Expense	(55,774)
Interest Subsidy	45,608
Total Nonoperating Revenues/(Expenses)	(9,936)
Change in Net Position	(325,830)
Total Net Position - Beginning of Year, as Previously Stated	394,704
Prior Period Adjustment (Note 12)	(253,480)
Total Net Position - Beginning of Year, as Restated	141,224
Total Net Position - Ending	$ (184,606)

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
JUNE 30, 2018

Cash Flows from Operating Activities		
Receipts from Residents	$	184,228
Receipts from Operating Grants		1,450,326
Other Receipts		13,034
Payments for Housing Assistance		(835,990)
Payments for General and Administration Expense		(882,234)
Net Cash Provided (Used) by Operating Activities		(70,636)
Cash Flows from Capital and Related Financing Activities		
Payments on Long-Term Debt		(8,717)
Interest Subsidy		45,608
Interest Paid on Long-Term Debt		(55,774)
Net Cash Provided (Used) by Capital and Related Financing Activities		(18,883)
Cash Flows from Investing Activities		
Investment Income		230
Net Cash Provided from Investing Activities		230
Net Increase (Decrease) in Cash		(89,289)
Cash and Cash Equivalents at Beginning of Year		272,831
Cash and Cash Equivalents at End of Year	$	183,542
Reconciliation of Net Operating Income to Net Cash Provided (Used) by Operating Activities		
Net Operating Income (Loss)	$	(315,894)
Adjustments to Reconcile Net Income to Net Cash:		
Provided by Operating Activities:		
Depreciation		210,687
(Increase) Decrease in:		
Accounts Receivable		(16,113)
Prepaid Expenses		(1,512)
Inventory		(1)
Deferred Outflow		109,935
Increase (Decrease) in:		
Accounts Payable		40,454
Compensated Absences		(6,885)
Wages and Benefits Payable		(3,878)
Accrued PILOT		6,819
Tenant Security Deposits		4,199
Other Liabilities		(61,464)
Net Pension and OPEB Liabilities		(143,096)
Deferred Inflows		106,113
Net Cash provided (Used) by Operating Activities	$	(70,636)

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

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

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used for any activity for which a fee is charged to external users for goods and services.

Measurement Focus
The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The Statement of Revenues, Expenses and Changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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

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

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

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

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

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

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

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

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).

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

Accounting and Reporting for Nonexchange Transactions (Continued)

- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

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

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

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

Cash and Cash Equivalents

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

Investments

Investments are restricted by the provisions of the HUD regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2018 totaled $230.

Receivables - Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts at June 30, 2018 was $13,324.

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

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charges as expenditures when used. There was no allowance for obsolete inventory at June 30, 2018.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life are expensed as incurred. The Authority's capitalization policy is $1,000. The following are the useful lives used for depreciation purposes:

Buildings and Improvements 15-40 years
Furniture and Equipment 3-7 years

Due From/To Other Programs

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

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

	Balance 6/30/2017	Change	Balance 6/30/2018
Public Housing Due From Section 8 HCV	$ 81,342	$ 21,680	$ 103,022
Public Housing Due From Other Federal Program	63,262	26,804	90,066
Total Due From	$ 144,604	$ 48,484	$ 193,088

In fiscal year-end 2012, the Authority adopted a plan to repay the inter-company accounts payable between the Other Federal Program 1 (the Parkview North Property) and the Public

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

Due From/To Other Programs (Continued)
Housing program. In fiscal year-end 2014 the Board adopted a resolution acknowledging the 2012 repayment plan and authorizing the Executive Director of the Authority to make payments from the Parkview North property to the Public Housing program to achieve the goal of the 2012 plan. The 2012 plan called for the repayment to be completed at some point in calendar year 2016. The goal of the 2012 has still not been achieved as of June 30, 2018.

Accrued Liabilities
All payables and accrued liabilities are reported in the basic financial statements.

Compensated Absences
The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both the following conditions are met: 1) The employees’ rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

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

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

Operating Revenues and Expenses
Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grant from HUD and other miscellaneous revenue. Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

Capital Grant
This represents grants provided by HUD that the Authority spends on capital assets.

Budgetary Accounting
The Authority annually prepares its program budgets as prescribed by the Department of Housing and Urban Development and Department of Agriculture. These budgets are adopted by the Board of the Housing Authority and submitted to the Federal agencies, as applicable.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Pensions & Other Post-Employment Benefits (OPEB)
For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value

Deferred Outflows/Inflows of Resources
In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6. The deferred outflows of resources related to other postemployment benefits are explained in Note 7. The financial statements reflect a deferred outflows balance of $128,187, with $100,963 related to pension and $27,224 related to other postemployment benefits.

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

Deferred Outflows/Inflows of Resources (Continued)
In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 6). Deferred inflows of resources related to other postemployment benefits are reported on the government-wide statement of net position (See Note 7). The financial statements reflect a deferred inflows balance of $127,122, with $105,928 related to pension and $21,194 related to other postemployment benefits.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Deposits
State statutes classify monies held by the Authority into three categories:

A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end June 30, 2018, the carrying amount of the Authority's deposits totaled $183,542 and its bank balance was $205,460. Based on the criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of June 30, 2018, $205,460 was covered by the Federal Depository Insurance Corporation.

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

Deposits (Continued)
Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments
In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer.

The Authority had no investments at June 30, 2018.

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

		6/30/2018
Cash Restricted:		
	Unspent HAP Funding - Section 8 HCV Program	$ 14,013
	Parkview North Security Deposits	5,985
	Parkview North Replacement Reserve	79,270
	Public Housing Security Deposits	27,784
Total Cash Restricted		$ 127,052
Cash Unrestricted:		
	Cash Unrestricted	56,490
	Bank Overdraft	-
Net Cash Unrestricted		$ 56,490
Carrying Amount		$ 183,542

NOTE 4: **CAPITAL ASSETS**

The Following is a summary of changes to capital assets:

	Balance 6/30/2017	Additions	Adjustments/Transfers Disposals	Balance 6/30/2018
Capital Assets Not Being Depreciated				
Land and Land Basements	$ 438,538	$ -	$ -	$ 438,538
Construction In Progress	$ -	$ -	$ -	$ -
Total Capital Assets Not Being Depreciated	$ 438,538	$ -	$ -	$ 438,538
Capital Assets Being Depreciated				
Buildings and Improvements	$ 7,970,331	$ 35,602	$ (3,463)	$ 8,009,396
Furniture, Equipment, and Machinery	$ 309,896	$ 1,445	$ 3,463	$ 307,878
Total Capital Assets Being Depreciated	$ 8,280,227	$ 37,047	$ -	$ 8,317,274
Accumulated Depreciation				
Buildings	$ (7,096,627)	$ (209,285)	$ 693	$ (7,306,605)
Furniture and Equipment	$ (307,961)	$ (1,402)	$ (693)	$ (308,670)
Total Accumulated Depreciation	$ (7,404,588)	$ (210,687)	$ -	$ (7,615,275)
Depreciable Assets, Net	$ 875,639	$ (173,640)	$ -	$ 701,999
Total Capital Assets, Net	$ 1,314,177	$ (173,640)	$ -	$ 1,140,537

NOTE 5: **RISK MANAGEMENT**

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Workers' compensation benefits are provided. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

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

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

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

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

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

Net Pension Liability (Continued)
effective when the changes are legally enforceable. The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2016 Actual Contribution Rates	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions for the Traditional plan was $48,623 for the fiscal year ending June 30, 2018. Of this amount $1,712 is reported as accrued personnel costs.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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

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

	OPERS Traditional Pension Plan
Proportionate Share of the Net Pension Liability	$ 441,305
Proportion of the Net Pension Liability	0.002813%
Increase/(decrease) in Proportionate Share	0.000111%
Pension Expense	$ 72,338

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 94,742
Differences between expected and actual experience	451	8,697
Changes of assumptions	52,739	-
Changes in proportion and differences between contributions and proportionate share of contributions	23,383	2,489
Contributions subsequent to the measurement date	24,390	-
Total	$ 100,963	$ 105,928

$24,390 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

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

Year Ending June 30:	Traditional Pension Plan
2019	$ 53,819
2020	(2,523)
2021	(41,720)
2022	(38,931)
Total	$ (29,355)

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2017, are presented below:

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

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

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation od 3.25%)
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple; Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Actuarial Assumptions – OPERS

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017 OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan,

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

Actuarial Assumptions – OPERS (Continued)
the defined benefit component of the Combined Plan. Within the defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first on the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.92% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Authority of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Authority-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2017	Weighted-Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00%	5.66%

Discount Rate
The discount rate used to measure the total pension liability was 7.5%, post experience study results, for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Employer's Net Pension Liability/ (Asset)	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	$ 783,646	$ 441,305	$ 155,896

NOTE 7: **DEFINED BENEFIT OPEB PLAN**

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective.

OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

A. Plan Description

Authority employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), which is a cost-sharing, multiple-employer retirement plan. OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member- Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115Ttrust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans. The Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

B. Funding Policy

Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2017. OPERS allocated 1.0% of employer contributions to post-employment health care.

C. Net OPEB Liability

The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. Authority's proportion of the net OPEB liability was based on Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

C. Net OPEB Liability (Continued)

	OPERS
Proportionate share of the Net OPEB Liability	$ 284,514
Proportion of the Net OPEB Liability	0.002620%
Increase/(decrease) in % from prior portion measured	0.000092%
OPEB Expense	$ 25,004

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 21,194
Difference between expected and actual experience		
Changes in assumptions	222	-
Changes in proportion and differences between and proportionate share of contributions	20,716	-
	6,286	-
Total	$ 27,224	$ 21,194

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	OPERS
2019	$ 7,717
2020	7,717
2021	(4,107)
2022	(5,297)
Total	$ 6,030

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

D. Actuarial Assumptions – OPERS

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2016
Rolled-Forward Measurement Date	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions	
Single Discount Rate	3.85%
Investment Rate of Return	6.50%
Municipal Bond Rate	3.31%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

A single discount rate of 3.85% as used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

D. Actuarial Assumptions – OPERS

determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

The following table presents the OPEB liability calculated using the single discount rate of 3.85%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$ 377,987	$ 284,514	$ 208,893

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease 6.50% decreasing to 2.25%	Current Discount 7.50% decreasing to 3.25%	1% Increase 8.50% decreasing to 4.25%
Authority's proportionate share of the net OPEB liability	$ 272,218	$ 284,514	$ 297,213

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

D. Actuarial Assumptions – OPERS (Continued)
discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2017	Weighted-Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	21.00%	6.37%
Domestic Equities	22.00	7.88
Fixed Income	34.00	1.88
REITs	6.00	5.91
Other Investments	17.00	5.39
Total	100.00%	4.98%

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2% for 2017.

NOTE 8: **LONG-TERM DEBT**

The Authority is obligated on a mortgage payable to the United States Department of Agriculture-Rural Development, which matures in November 2040. The date of the loan was October 30, 1990 for the amount of $744,314 with an interest rate of 9 percent. Rural Development requires monthly installments of $1,579. This monthly installment represents discounted monthly payments of $4,068 of which is subsidized by the U.S. Department of Agriculture - Rural Development.

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Description	Restated Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018	Due Within One Year
Loan Payable	$ 659,968	$ -	$ (8,717)	$ 651,251	$ 9,533
Net Pension Liability	613,578	-	(172,273)	441,305	-
Net OPEB Liability	255,337	29,177	-	284,514	-
Compensated Absences	59,697	47,177	(54,062)	52,812	7,922
Other Non-Current Liabilities	16,000	-	(16,000)	-	-
Total	$ 1,604,580	$ 76,354	$ (251,052)	$ 1,429,882	$ 17,455

Discounted debt maturities for the period after June 30, 2018 are estimated as follows:

Maturity Date	Principal Amount	Interest Amount	Total
2019	9,533	58,226	$ 67,759
2020	10,428	57,331	$ 67,759
2021	11,406	56,353	$ 67,759
2022	12,476	55,283	$ 67,759
2023	13,647	54,112	$ 67,759
2024-2028	90,018	248,779	$ 338,797
2029-2033	140,940	197,857	$ 338,797
2034-2038	220,667	118,130	$ 338,797
2039-2041	142,136	15,976	$ 158,112
Total	$ 651,251	$ 862,047	$ 1,513,298

NOTE 9: **RESTRICTED NET POSITION**

The Agency had the following restricted net position at June 30, 2018:

Unspent HAP Funding - Section 8 HCV Program	$ 14,013
Parkview North Replacement Reserve	79,270
Total Restricted Net Position	$ 93,283

NOTE 10: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2018.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2018, the Authority was not aware of any such matters.

NOTE 11: **2003 INSPECTOR GENERAL REPORT**

Inspector General Audit

The financial data schedule submitted to REAC included a non-current receivable in the Low Rent Program and an offsetting liability in the State and Local program in the amount of $452,173 related to an audit finding identified in a 2003 report by the Inspector General's Office. In accordance with generally accepted accounting principles, these amounts are not reflected in the agency wide financial statements because they are inter-agency receivables and payables. In addition management believes it is not likely that the receivable will ever be fully collected and the payable will ever be fully repaid. This information was reflected on the financial data schedule submitted to REAC as instructed by HUD.

Coshocton MHA signed a repayment agreement with HUD related to this amount due to the Public Housing program. The agreement specifies that laundry income the PHA collects will be applied against the amount to be paid back to the Public Housing program. Based on this arrangement, it will take well over 100+ years for the liability to be satisfied. The amount applied to the balance during the audit period was $605.

Balance 6/30/2017	Payment Made In Period	Balance 6/30/2018
$ 452,778	$ (605)	$ 452,173

NOTE 12: **RESTATEMENT FOR CHANGES IN ACCOUNTING PRINCIPLE**

Effective July 1, 2017, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The Statement addresses accounting and financial reporting for other post-employment benefits (OPEB) provided to employees who participate in the State OPEB plan. The Statement also requires various note disclosures and required supplementary information. As a result, beginning net position has been restated as follows:

Net Position as previously reported at June 30, 2017	$ 394,704
Prior period adjustment:	
Beginning new OPEB liability	(255,337)
Deferred outflow of resources – 2017 OPEB contribution subsequent to the measurement date	1,857
Total prior period adjustment	(253,480)
Net position as restated, June 30, 2017	$ 141,224

NOTE 13: **SUBSEQUENT EVENT**

HUD Investigation

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

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

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM LAST FIVE FISCAL YEARS (1)

	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.002813%	0.002702%	0.002436%	0.002841%	0.002841%
Authority's Proportionate Share of the Net Pension	$441,305	$613,578	$421,946	$342,656	$334,917
Liability Authority's Covered Payroll	$372,145	$364,576	$332,692	$347,275	$345,264
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.58%	168.30%	126.83%	98.67%	97.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2013 is not available.
Amounts presented as of the Authority's measurement date, which is the prior calendar year end.
This schedule will be built prospectively.

Public Employees Retirement System

	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 48,623	$ 45,572	$ 39,923	$ 41,646	$ 43,158	$ 41,055
Contributions in Relation to the Contractually Required Contribution	(48,623)	(45,572)	(39,923)	(41,646)	(43,158)	(41,055)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 360,618	$ 364,576	$ 332,692	$ 347,050	$ 359,650	$ 357,000
Contributions as a Percentage of Covered Payroll	13.48%	* 12.50%	12.00%	12.00%	12.00%	13.00%

(1) – Information prior to 2013 is not available.
***Contribution rate increased from 12.00% to 13.00% as of January 1, 2017**

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM LAST TWO FISCAL YEARS (1)

Retiree Health Benefit Trust

	2017	2016
Authority's proportion of the net OPEB liability/(asset) (percentage)	0.002620%	0.002528%
Authority's proportionate share of the net OPEB liability (asset)	$ 284,514	$ 255,337
Authority's covered-employee payroll	$ 372,415	$ 364,576
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	76.45%	70.04%
Plan fiduciary net position as a percentage of the total net OPEB liability (asset)	54.14%	N/A

***Information prior to 2016 is not available.**
This schedule will be built prospectively.

Retiree Health Benefit Trust

	2018	2017	2016
Contractually required contribution	$ 1,864	$ 5,469	$ 6,654
Contributions in relation to contractually required contribution	(1,864)	(5,469)	(6,654)
Contribution deficit (surplus)	$ -	$ -	$ -
Bureau's covered-employee payroll	$ 360,618	$ 364,576	$ 332,692
Contributions as a percentage of covered-employee payroll	0.52%	1.50%	2.00%

This schedule will be built prospectively.

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

Changes in Assumptions – OPERS

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability

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

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

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/ Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Public and Indian Housing	14.850	$ 485,599
Section 8 Housing Choice Vouchers	14.871	936,535
Total Public Housing Program		1,422,134
Total U. S. Department of Housing and Urban Development		1,422,134
U.S. Department of Agriculture - Rural Housing Service		
Direct Program:		
Rural Rental Housing Loan	10.415	28,192
Total U.S. Department of Agriculture - Rural Housing Service		28,192
Total Expenditures of Federal Awards		$1,450,326

The accompanying notes are an integral part of the schedule.

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Coshocton Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority

NOTE 2: SUMMARY OF SIGINIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Coshocton Metropolitan Housing Authority (OH037)

COSHOCTON, OH

Financial Data Schedule

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Single Audit Fiscal Year End: 06/30/2018

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	Subtotal	ELIM	Total
111 Cash - Unrestricted	$56,490						$56,490		$56,490
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted		$14,013			$79,270		$93,283		$93,283
114 Cash - Tenant Security Deposits	$27,784				$5,985		$33,769		$33,769
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	$84,274	$14,013	$0	$0	$85,255	$0	$183,542	$0	$183,542
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	$501						$501		$501
126 Accounts Receivable - Tenants	$10,474				$3,083		$13,557		$13,557
126.1 Allowance for Doubtful Accounts -Tenants	-$854				$0		-$854		-$854
126.2 Allowance for Doubtful Accounts - Other	$0						$0		$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	$10,230	$10,970			$337		$21,537		$21,537
128.1 Allowance for Doubtful Accounts - Fraud	-$1,500	-$10,970			$0		-$12,470		-$12,470
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	$18,851	$0	$0	$0	$3,420	$0	$22,271	$0	$22,271
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	$14,291				$81		$14,372		$14,372
143 Inventories	$7,025						$7,025		$7,025
143.1 Allowance for Obsolete Inventories	$0						$0		$0
144 Inter Program Due From	$193,088						$193,088	-$193,088	$0
145 Assets Held for Sale									
150 Total Current Assets	$317,529	$14,013	$0	$0	$88,756	$0	$420,298	-$193,088	$227,210
161 Land	$438,538				$0		$438,538		$438,538
162 Buildings	$7,222,530				$788,642		$8,011,172		$8,011,172
163 Furniture, Equipment & Machinery - Dwellings	$55,182						$55,182		$55,182
164 Furniture, Equipment & Machinery - Administration	$250,920						$250,920		$250,920
165 Leasehold Improvements									
166 Accumulated Depreciation	-$7,099,996				-$515,279		-$7,615,275		-$7,615,275
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	$867,174	$0	$0	$0	$273,363	$0	$1,140,537	$0	$1,140,537

171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets	$452,173	$126,970					$579,143	-$579,143	$0
176 Investments in Joint Ventures									
180 Total Non-Current Assets	$1,319,347	$126,970	$0	$0	$273,363	$0	$1,719,680	-$579,143	$1,140,537
200 Deferred Outflow of Resources	$103,565	$13,707			$10,915		$128,187		$128,187
290 Total Assets and Deferred Outflow of Resources	$1,740,441	$154,690	$0	$0	$373,034	$0	$2,268,165	-$772,231	$1,495,934
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	$56,201	$135			$1,214		$57,550		$57,550
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	$14,154						$14,154		$14,154
322 Accrued Compensated Absences - Current Portion	$5,183	$1,990			$749		$7,922		$7,922
324 Accrued Contingency Liability									
325 Accrued Interest Payable					$817		$817		$817
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	$4,014				$13,232		$17,246		$17,246
341 Tenant Security Deposits	$27,784				$5,985		$33,769		$33,769
342 Unearned Revenue									
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					$9,533		$9,533		$9,533
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other									
347 Inter Program - Due To		$103,022			$90,066		$193,088	-$193,088	$0
348 Loan Liability - Current									
310 Total Current Liabilities	$107,336	$105,147	$0	$0	$121,596	$0	$334,079	-$193,088	$140,991
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					$641,718		$641,718		$641,718
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other			$126,970	$452,173			$579,143	-$579,143	$0
354 Accrued Compensated Absences - Non Current	$29,368	$11,277			$4,245		$44,890		$44,890
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities	$542,443	$111,493			$71,883		$725,819		$725,819
350 Total Non-Current Liabilities	$571,811	$122,770	$126,970	$452,173	$717,846	$0	$1,991,570	-$579,143	$1,412,427
300 Total Liabilities	$679,147	$227,917	$126,970	$452,173	$839,442	$0	$2,325,649	-$772,231	$1,553,418
400 Deferred Inflow of Resources	$89,757	$23,571			$13,794		$127,122		$127,122
508.4 Net Investment in Capital Assets	$867,174				-$377,888		$489,286		$489,286
511.4 Restricted Net Position		$14,013			$79,270		$93,283		$93,283
512.4 Unrestricted Net Position	$104,363	-$110,811	-$126,970	-$452,173	-$181,584	$0	-$767,175		-$767,175
513 Total Equity - Net Assets / Position	$971,537	-$96,798	-$126,970	-$452,173	-$480,202	$0	-$184,606	$0	-$184,606
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,740,441	$154,690	$0	$0	$373,034	$0	$2,268,165	-$772,231	$1,495,934

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

Submission Type: Unaudited/Single Audit Fiscal Year End: 06/30/2018

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$134,975				$65,149		$200,124		$200,124
70400 Tenant Revenue - Other	$107				$44		$151		$151
70500 Total Tenant Revenue	$135,082	$0	$0	$0	$65,193	$0	$200,275		$200,275
70600 HUD PHA Operating Grants	$485,599	$936,535					$1,422,134		$1,422,134
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants					$28,192		$28,192		$28,192
71100 Investment Income - Unrestricted	$95	$37			$98		$230		$230
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery		$1,261					$1,261		$1,261
71500 Other Revenue	$10,192			$605	$1,480		$12,277		$12,277
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	$630,968	$937,833	$0	$605	$94,963	$0	$1,664,369		$1,664,369
91100 Administrative Salaries	$126,550	$66,140			$16,510		$209,200		$209,200
91200 Auditing Fees	$11,469	$7,499			$1,796		$20,764		$20,764
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing	$2,202				$546		$2,748		$2,748
91500 Employee Benefit contributions - Administrative	$112,699	$34,737			$17,518		$164,954		$164,954
91600 Office Expenses	$11,961	$4,727			$3,078		$19,766		$19,766
91700 Legal Expense	$2,962	$5,782			$559		$9,303		$9,303
91800 Travel	$2,445	$969					$3,414		$3,414
91810 Allocated Overhead	$0						$0		$0
91900 Other	$21,252	$23,702			$6,580		$51,534		$51,534
91000 Total Operating - Administrative	$291,540	$143,556	$0	$0	$46,587	$0	$481,683		$481,683
92000 Asset Management Fee									
92100 Tenant Services - Salaries	$2,531						$2,531		$2,531
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	$7,838						$7,838		$7,838
92500 Total Tenant Services	$10,369	$0	$0	$0	$0	$0	$10,369		$10,369
93100 Water	$101,729				$8,131		$109,860		$109,860
93200 Electricity	$13,810				$6,256		$20,066		$20,066
93300 Gas	$10,288				$806		$11,094		$11,094
93400 Fuel									
93500 Labor									
93600 Sewer									
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	$125,827	$0	$0	$0	$15,193	$0	$141,020		$141,020
94100 Ordinary Maintenance and Operations - Labor	$109,249				$21,433		$130,682		$130,682
94200 Ordinary Maintenance and Operations - Materials and Other	$57,494				$6,823		$64,317		$64,317
94300 Ordinary Maintenance and Operations Contracts	$34,093				$4,499		$38,592		$38,592
94500 Employee Benefit Contributions - Ordinary Maintenance	$10,928				$1,665		$12,593		$12,593
94000 Total Maintenance	$211,764	$0	$0	$0	$34,420	$0	$246,184		$246,184

95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other	$3,670						$3,670		$3,670
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	$3,670	$0	$0	$0	$0	$0	$3,670		$3,670
96110 Property Insurance	$16,491	$7,512			$3,505		$27,508		$27,508
96120 Liability Insurance									
96130 Workmen's Compensation									
96140 All Other Insurance									
96100 Total insurance Premiums	$16,491	$7,512	$0	$0	$3,505	$0	$27,508		$27,508
96200 Other General Expenses	$2,214	$111					$2,325		$2,325
96210 Compensated Absences									
96300 Payments in Lieu of Taxes	$1,445				$5,376		$6,821		$6,821
96400 Bad debt - Tenant Rents									
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	$3,659	$111	$0	$0	$5,376	$0	$9,146		$9,146
96710 Interest of Mortgage (or Bonds) Payable					$10,166		$10,166		$10,166
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$10,166	$0	$10,166		$10,166
96900 Total Operating Expenses	$663,320	$151,179	$0	$0	$115,247	$0	$929,746		$929,746
97000 Excess of Operating Revenue over Operating Expenses	-$32,352	$786,654	$0	$605	-$20,284	$0	$734,623		$734,623
97100 Extraordinary Maintenance	$13,776						$13,776		$13,776
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments		$835,990					$835,990		$835,990
97350 HAP Portability-In									
97400 Depreciation Expense	$189,145				$21,542		$210,687		$210,687
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	$866,241	$987,169	$0	$0	$136,789	$0	$1,990,199		$1,990,199
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0		$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$235,273	-$49,336	$0	$605	-$41,826	$0	-$325,830		-$325,830
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$8,716	$0	$8,716		$8,716
11030 Beginning Equity	$1,381,733	$3,008	-$126,970	-$452,778	$0	-$410,289	$394,704		$394,704
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$174,923	-$50,470			-$438,376	$410,289	-$253,480		-$253,480
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity		-$110,811					-$110,811		-$110,811
11180 Housing Assistance Payments Equity		$14,013					$14,013		$14,013
11190 Unit Months Available	1572	3036			276	0	4884		4884
11210 Number of Unit Months Leased	1505	2491			245	0	4241		4241
11270 Excess Cash	$137,832						$137,832		$137,832
11610 Land Purchases	$0						$0		$0
11620 Building Purchases	$0						$0		$0
11630 Furniture & Equipment - Dwelling Purchases	$0						$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0						$0		$0
11650 Leasehold Improvements Purchases	$0						$0		$0
11660 Infrastructure Purchases	$0						$0		$0
13510 CFFP Debt Service Payments	$0						$0		$0
13901 Replacement Housing Factor Funds	$0						$0		$0

COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2018

ACTUAL MODERNIZATION COST CERTIFICATES

MODERNIZATION PROJECT NUMBER: OH037501-16

Original Funds Approved:	$156,929
Funds Disbursed:	$156,929
Funds Expended (Actual Modernization Cost):	$156,929
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

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

November 22, 2019

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Coshocton Metropolitan Housing Authority**, Coshocton County, (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Authority’s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2018-001.

Authority’s Response to Findings

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

Purpose of this Report

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

Perry & Associates CPA's A.C.

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Certified Public Accountants, A.C.
Marietta, Ohio

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

November 22, 2019

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

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the **Coshocton Metropolitan Housing Authority's** (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Coshocton Metropolitan Housing Authority's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of audit findings and questioned costs identifies the Authority's major federal programs.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).These standards and Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibility (Continued)

We believe our audit provides a reasonable basis for our compliance opinion on each of the Authority's major programs. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of audit findings as items 2018-003 and 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's responses to our noncompliance findings are described in the accompanying schedule of audit findings and corrective action plan. We did not subject the Authority's responses to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinions on them.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of audit findings as item 2018-004.

The Authority's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not subject the Authority's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Perry & Associates CPA's A.C.

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

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COSHOCTON METROPOLITAN HOUSING AUTHORITY
COSHOCTON COUNTY

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2018

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

FINDING 2018-001

Noncompliance/Material Weakness

Ohio Admin. Code Section 117-2-01

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

(B) "Internal control" means a process effected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
(1) Reliability of financial reporting;
(2) Effectiveness and efficiency of operations;
(3) Compliance with applicable laws and regulations; and
(4) Safeguarding of assets.

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

(D) When designing the public office's system of internal control and the specific control activities, management should consider the following:
(1) Ensure that all transactions are properly authorized in accordance with management's policies.
(2) Ensure that accounting records are properly designed.
(3) Ensure adequate security of assets and records.
(4) Plan for adequate segregation of duties or compensating controls.
(5) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
(6) Perform analytical procedures to determine the reasonableness of financial data.

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

FINDING 2018-001

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

(7) Ensure the collection and compilation of the data needed for the timely preparation of financial statements.
(8) Monitor activities performed by service organizations.

The following conditions were noted:

- Purchase Orders were in place, but were not properly used by the Authority. Many of the tested disbursements had Purchase Orders that were incomplete, did not agree to invoices paid or were approved with a single signature, if the Purchase Order was approved at all;
- For two transactions, invoices were missing from the required supporting documentation. Additional procedures were performed to verify these expenditures were reasonably predictable and for a proper public purpose.
- GASB Statement No. 75 was properly implemented by the Authority, but the Authority did not include the adjusting entry required to reflect the OPEB Liability balance at July 1, 2017. The financial statements reflect this adjustment, and the Authority has posted the adjustment to its accounting system.
- The Statement of Cash Flows required corrections, all changes are reflected in the financial statements.
- The Notes to the Basic Financial Statements required several modifications to include the Authority's policy for spending restricted and unrestricted funds, breakout of deferred inflows and deferred outflows by pension and other postemployment benefits since not broken out on the face of the financial statements and other postemployment benefits activity in the long-term liabilities table.

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

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

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

- Supporting documentation should be maintained and required for all expenditures made by the Authority. Preapproval for any work to be completed by individuals (other than employees of the Authority) should be documented in the minute records of the Authority and supporting documentation of work completed should be attached to the voucher packet;
- Approval of reimbursements should be documented in the meeting minute record of the Authority and documentation supporting the reimbursement amount should be provided and attached to the voucher packet;
- Manual checks should not be written unless absolutely necessary. The use of manual checks increases the chances of errors or omissions and makes the preparation of the monthly reconciliation difficult;

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

FINDING 2018-001

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

- Detailed timesheets should be completed by all hourly employees or employees that will be paid from restricted funds;
- Management should periodically review the accounting records and financial statements to determine accuracy and to assure themselves that proper procedures are followed by the Executive Director; and
- The Authority should adopt and enforce a policy to prevent related party transactions.

Management's Response: See Corrective Action Plan.

FINDING 2018-002

Material Weakness

Payroll Records

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

During testing of payroll disbursements for the audit period, we noted several employees were overpaid due to transposition of numbers, being paid for hours not worked and being paid for comp time hours that were not earned. Each payroll was adjusted to accrue comp hours instead of paying overtime hours worked for multiple employees.

We also noted the Authority hired an Interim Executive Director without a written contract detailing pay rate and working hours. The Interim Executive Director did not complete timesheets showing days and hours worked; instead, he wrote a total hours worked number at the bottom of the timesheet.

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

- All employee pay rates or scales should be clearly approved by the Board annually and this approval should be detailed in the minutes;
- All hiring, raises, promotions, and severance package details should be approved by the Board in the minutes and support should be maintained in personnel files;

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

FINDING 2018-002

Payroll Records (Continued)

- All payroll documentation should have a multi-step approval process, including department supervisor, payroll administrator, and final approval by the Executive Director before payroll disbursements are finalized. Payroll documentation should be periodically reviewed by the Board;
- Updated policies for personal, sick and comp time leave should be documented and strictly followed.

Master Files are maintained by entities to ensure a complete and accurate payroll records. The Auditor of State suggests master files contain the following information:

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

Management's Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	**2018-003**
CFDA Title and Number	**14.850 Public and Indian Housing**
Federal Ward Identification Number/Year	**2018**
Federal Agency	**U.S. Department of Housing and Urban Development**
Compliance Requirement	**Special Tests and Provisions – Tenant Participation Fund**
Pass-Through Entity	**N/A**
Repeat Finding from Prior Audit?	**No**

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2018

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING 2018-003 (Continued)

Noncompliance

Criteria: When tenant participation funds are provided to a public housing authority, the public housing authority must provide those funds to duly elected resident councils. Funding provided by a public housing authority to a duly elected resident council may be made only under a written agreement between the public housing authority and the resident council that includes a resident council budget. Public housing authorities are permitted to fund $25 per unit per year for units represented by duly elected resident councils for resident services. Of this $25, $15 per unit per year is provided to fund tenant participation activities. The agreement must require the local resident council to account to the public housing authority for the use of the federal funds and permit the public housing authority to inspect and audit the resident council's financial records related to the agreement (24 CFR Section 964.150).

Context: The Authority established a resident council that was registered as a 501(c)(3) charitable organization without a written agreement between the Authority and the resident council. The Executive Director opened a resident council bank account and deposited a portion of Public Housing funds in the account, along with TANF grant funding the resident council received from Ohio Department of Jobs and Family Services. The account was used to pay the salary of an individual working in the Authority's learning center. All checks were written manually and activity was not tracked in a ledger. Additionally, tenant associations must provide detailed budgets and other supporting documents for review and approval of disbursement of these funds. However, during our audit, management was not able to provide adequate support for such disbursements. By reviewing bank statements and cancelled checks from the resident council bank account, we were able to determine that in July and August 2017, the former Executive Director wrote two checks to himself for $995 and $975, made two electronic payments for $398 and $419 to Spend a Day Marina for personal use and wrote a check to an associate of his from Florida that was unrelated to the Authority. These disbursements were part of the investigation into the former Executive Director and included in the previous total of funds sought from him.

Cause: The Authority lacked proper internal controls for proper establishment of a resident council.

Effect: Inadequate internal controls resulted in Public Housing Funds supporting an improperly formed resident council that did not follow the guidelines for such an organization, as outlined by HUD.

Recommendation: We recommend the Authority follow the proper process with HUD if it chooses to establish a resident council in the future. Public Housing funds that are held in the resident council bank account should be returned to Public Housing, then the resident council account should be closed.

Management's Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	**2018-004**
CFDA Title and Number	**14.850 Public and Indian Housing**
Federal Award Identification Number/Year	**2018**
Federal Agency	**U.S. Department of Housing and Urban Development**
Compliance Requirement	**Allowable Costs / Cost Principles and Activities Allowed**
Pass-Through Entity	**N/A**
Repeat Finding from Prior Audit?	**Yes**

Noncompliance/Material Weakness

Criteria: 24 CFR Section 990.280(b)(4) states that project-specific operating expenses shall include, but are not limited to, direct administrative costs, utilities costs, maintenance costs, tenant services, protective services, general expenses, non-routine or capital expenses and other public housing agency or HUD-identified costs which are program-specific for management purposes.

Context: During our audit, management was not able to provide adequate support for several disbursements out of Public Housing funds. The Authority transferred $6,500 from its public housing bank account it the resident council bank account during July and August 2017. By reviewing bank statements and cancelled checks from the resident council bank account, we were able to determine that in July and August 2017, the former Executive Director wrote two checks to himself for $995 and $975, made two electronic payments for $398 and $419 to Spend a Day Marina for personal use and wrote a check to an associate of his from Florida that was unrelated to the Authority. These disbursements were part of the investigation into the Former Executive Director and included in the previous total of funds sought from him.

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

Effect: Inadequate internal controls resulted in Public Housing funds paid out for unallowable costs.

Recommendation: The Authority should ensure the allowability of Federal expenditures at the time they are made and ensure that all expenditures are properly supported and meet the allowable cost principles.

Management's Response: See Corrective Action Plan.

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The Coshocton Metropolitan Housing Authority

COSHOCTON MHA
CORRECTIVE ACTION PLAN
Findings in FY 2017 – 2018 Audit

Date of Action Plan: November 25, 2019

Finding 2018-001

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

Purchase orders and invoice back up incomplete.
Unable to confirm proper public purpose of disbursements.
Inadequate financial controls.
GASB Statement 75

Corrective Measures:

Due to the criminal investigation the 2017 audit was not completed until July of 2019. Any corrections to the findings in the 2017 audit could not be corrected for 2018. The year had already ended prior to the findings being released. Also, the previous administrations were still in place during 2018. The current administration implemented all corrective actions immediately upon receipt, for the 2019 period.

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

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

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

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

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

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

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

The agency has established a Nepotism clause in the updated Procurement Policy, which states no related party transactions will occur.

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Finding 2018-001 Cont'd

Root Cause: GASB Statement 75

Corrective Measures:

OPEB Liabilities per GASB 75 – have been calculated and are reflected in the agencies financial statements. Adjustments in the future will be made in a more timely manner.

Finding 2018-002

Root Cause: Significant Deficiency

Payroll Records

Corrective Measures:

Due to the criminal investigation the 2017 audit was not completed until July of 2019. Any corrections to the findings in the 2017 audit could not be corrected for 2018. The year had already ended prior to the findings being released. Also, the previous administrations were still in place during 2018. The current administration implemented all corrective actions immediately upon receipt, for the 2019 period.

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

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

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

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

Federal Finding 2018-003 and 2018-004:

Root Cause: Findings for Federal Awards

Authority lacked proper internal controls for proper establishment of a Resident Council and proper internal controls for proper disbursement of federal funds.

Corrective Measures:

Due to the criminal investigation the 2017 audit was not completed until July of 2019. Any corrections to the findings in the 2017 audit could not be corrected for 2018. The year had already ended prior to the findings being released. Also, the previous administrations were still in place during 2018. The current administration implemented all corrective actions immediately upon receipt, for the 2019 period.

The agencies current administration has not used the Resident Council funds; therefore no monies have been paid out of there. The account balance to date is $ 2,226.62 and will be closed and funds transferred to Public Housing.

The current administration has not used the Resident Council account, as we do not have a Resident Council recognized by Housing and Urban Development. Any tenant services provided by Public Housing Funds are currently within allowable guidelines.

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The Coshocton Metropolitan Housing Authority

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Administrative Code Section 117-2-01 – Financial Reporting	Partially Corrected	Repeated as Finding 2018-001
2017-002	Meeting Minutes	Corrected	N/A
2017-003	Payroll Records	Not Corrected	Repeated as Finding 2018-002
2017-004	2 CFR Section 200.515 - Public Housing: Activities Allowed or Unallowed	Not Corrected	Repeated as Finding 2018-004

EQUAL HOUSING OPPORTUNITY

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Phone: (740) 622-6300~~Fax: (740) 622-5562

OHIO AUDITOR OF STATE
KEITH FABER

COSHOCTON COUNTY METROPOLITAN HOUSING AUTHORITY

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 21, 2020