

Coshocton Metropolitan Housing Authority

General Purpose Financial Statements

For the Year Ended June 30, 2003



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Coshocton Metropolitan Housing Authority, Coshocton County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2002 to June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

May 12, 2004

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COSHOCOTON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2003

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SALVATORE CONSIGLIO, CPA, INC. E-mail: sconsiglio@aol.com

Independent Auditors' Report

Board of Directors	Regional Inspector General of Audit
Coshocton Metropolitan Housing Authority	Department of Housing and Urban Development

I have audited the accompanying general purpose financial statements of Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Coshocton Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Coshocton Metropolitan Housing Authority, Ohio, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Member of American Institute of Certified Public Accountants
Ohio Society of Certified Public Accountants

In accordance with *Government Auditing Standards*, I have also issued a report dated January 15, 2004, on my consideration of Coshocton Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

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



Salvatore Consiglio, CPA, Inc.

January 15, 2004

Coshocton Metropolitan Housing Authority
Combined Balance Sheet
Proprietary Fund Type
Enterprise Fund
June 30, 2003

ASSETS

Current Assets

Cash and Cash Equivalents	\$204,620
Receivables - net of allowance	343,223
Interprogram due from	163,994
Inventories - net of allowance	6,064
Deferred charges and other assets	25,205
TOTAL CURRENT ASSETS	<u>743,106</u>

Fixed Assets - net of accumulated depreciation

4,092,015

TOTAL ASSETS

\$4,835,121

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$45,125
Interprogram due to	163,994
Intergovernmental Payables	196,867
Accrued Expenses/Expenditures	1,389
Accrued Wages and Payroll Taxes Payable	33,709
Tenant Security Deposit	28,828
Deferred Credits and Other Liabilities	36,958

TOTAL CURRENT LIABILITES

506,870

Non-current Liabilities

Long-term debt, net of current	724,801
Other long-term liabilities	55,401

TOTAL NON-CURRENT LIABILITES

780,202

TOTAL LIABILITES

1,287,072

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

Coshocton Metropolitan Housing Authority
Combined Balance Sheet
Proprietary Fund Type
Enterprise Fund
June 30, 2003

EQUITY	
Contributed Capital	4,345,961
Unreserved Fund	<u>(797,912)</u>
TOTAL EQUITY	<u>3,548,049</u>
TOTAL LIABILITIES , EQUITY and OTHER CREDITS	<u><u>\$4,835,121</u></u>

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

Coshocton Metropolitan Housing Authority
 Combined Statement of Revenue, Expenses and Changes in Equity
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2003

REVENUE

Tenant Rental Revenue	\$256,207
Program Grants/Subsidies	1,695,142
Interest	1,455
Other Income	16,767
	1,969,571
TOTAL REVENUE	1,969,571

EXPENSES

Administrative Expenses	515,889
Utilities Expenses	54,998
Maintenance	185,272
General Expenses	66,631
Housing Assistance Payments	931,583
Depreciation	254,732
Other Expense	194
Interest	17,177
	2,026,476

TOTAL EXPENSES **2,026,476**

Excess (deficiency) of revenues over (under) expenses **(56,905)**

Other Financing Sources (Uses)

Operating transfers in	47,336
Operating transfers out	(47,336)
	0

TOTAL OTHER FINANCING SOURCES (USES) **0**

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENSES AND OTHER FINANCING USES **(56,905)**

BEGINNING EQUITY **3,609,845**

ADD: PRIOR PERIOD ADJUSTMENTS **(4,891)**

ENDING EQUITY **\$3,548,049**

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

Coshocton Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenants	\$295,761
Cash received from grantor	1,601,122
Cash paid to suppliers and employees	(780,440)
Cash Paid for Housing Assistance	(931,583)
Interest Paid	(17,177)
Interest received	1,455
	169,138

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash transfer from investments	26,019
	26,019

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:

Property and equipment purchased	(206,234)
Payment of long-term borrowings	(2,197)
	(208,431)
Net Increase (Decrease) in Cash	(13,274)
Adjustment to Reconcile Cash Flows	6,708
Cash and cash equivalents – Beginning of Year	211,186
	\$204,620

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

Coshocton Metropolitan Housing Authority
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Enterprise Fund
 For the Year Ended June 30, 2003

Reconciliation of Net Income to Cash Provided by Operating Activities:

Net Income	(\$56,905)
Adjustments to Reconcile Net Income to net Cash Provided by Operating Activities:	
Depreciation	254,732
Bad Debts	10,750
(Increase) Decrease in accounts receivable	51,884
(Increase) Decrease in prepaid expenses	46,520
(Increase) Decrease in inventory	(564)
Increase (Decrease) in accounts payable	(128,099)
Increase (Decrease) in deferred revenue	(11,341)
Increase (Decrease) in accrued expenses	9,596
Increase (Decrease) in other liabilities	(8,281)
Increase (Decrease) in tenant security deposit payable	846
Net Cash provided by operating activities	\$169,138

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

The accompanying general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose 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.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2003 totaled \$1,455.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Capital Contributions

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

Budgetary Accounting

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

Estimates

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

NOTE 2: CASH AND INVESTMENTS

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

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

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

Category 3 – Uncollateralized.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2003
 (CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits, categorized by level of risk, are:

<u>DESCRIPTION</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Cash and Cash Equivalents	\$273,589	\$273,589	\$ -0-	\$ -0-	\$204,620
Total Deposits	\$273,589	\$273,589	\$ -0-	\$ -0-	\$204,620

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

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

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

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

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

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

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

NOTE 3: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2003
 (CONTINUED)

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2003 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 5: FIXED ASSETS

The following is a summary:

Land	\$438,538
Buildings	6,914,224
Furniture and Equipment	256,255
Construction in Progress	<u>205,059</u>
Total Fixed Assets	7,814,076
Accumulated Depreciation	<u>(3,722,061)</u>
Net Fixed Assets	<u><u>\$4,092,015</u></u>

The following is a summary of changes:

	<u>Balance</u> <u>06/30/02</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u> <u>06/30/03</u>
Land	\$438,538	\$ -0-	\$-0-	\$ 438,538
Buildings	6,916,540	\$ -0-	2,316	6,914,224
Furniture and Equipment	255,080	1,175	-0-	256,255
Construction in Progress	<u>-0-</u>	<u>205,059</u>	<u>-0-</u>	<u>205,059</u>
Total Fixed Assets	<u>\$7,610,158</u>	<u>206,234</u>	<u>\$2,316</u>	<u>\$7,814,076</u>

The depreciation expense for the year ended June 30, 2003 was \$254,732.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

**NOTE 6: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

All full-time employees of the authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement systems administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2003 employer pension contribution rate for the authority was 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The authority required contributions to OPERS for the years ended June 30, 2003, 2002, and 2001 were \$43,978, \$48,291 and \$45,951 respectively. Ninety-Two percent has been contributed for 2003. All required contributions for the two previous years have been paid.

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No.12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2003 was 5.0 percent of covered payroll, which amounted to \$16,228. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM (Continued)**

OPERS' latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range for 0.51 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

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

NOTE 8: PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$4,891 was necessary to properly state beginning equity balance. The adjustment was as follows:

- Adjustment of \$2,316 to reconcile fixed assets with depreciation schedule in the Low Rent Public Housing Program.
- Adjustment to properly state beginning equity:
 - o Low Rent Public Housing Program \$1,448
 - o Rural Rental Housing Loans Program \$1,127

In addition to the above adjustments, the FDS Schedule shows adjustment to the Low Rent Public Housing Program to set-up a receivable of \$580,407 for disallowed costs noted by HUD Inspector General Office in their audit report (Note 10). An offsetting liability was set-up in the State and Local Fund. This receivable and payable were eliminated in the combined financial statements.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2003
 (CONTINUED)

NOTE 9: LONG-TERM DEBT

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

The note is amortized as follows:

06/30/04	\$1,870
06/30/05	1,900
06/30/06	2,100
06/30/07	2,230
06/30/08	2,450
All other	716,121
Total	\$726,671

NOTE 10: CONTINGENCIES

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2003 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Inspector General Audit

The Office of the Inspector General has conducted an audit of Coshocton Metropolitan Housing Authority. The audit noted several finding and recommendations. Also, the audit resulted in a debt owed to the Department of Housing and Urban Development (HUD) of approximate amount of \$580,407. As per discussion with HUD office, this amount as been recorded as a receivable in the Low Rent Public Housing Program. It was explained that the repayment should go to the program that originally paid for the disallowed costs and not to HUD. A repayment agreement was negotiated with HUD were the laundry money collected during the year will be used to repay this debt. Therefore, an adjustment was made on the FDS Schedule to reflect the \$580,407 as a non-current receivable. So that the PHA would not benefit on its FASS Scoring from the negotiated settlement agreement an offsetting liability was created. The liability was reported on the State and Local Fund on the FDS Schedule. This receivable and payable was eliminated for the combined financial statement purposes reported on page 3 of the audit report.

Coshocton Metropolitan Housing Authority

Combined Balance Sheet

FDS Schedule Submitted To REAC

Proprietary Fund Type – Enterprise Fund

June 30, 2003

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
ASSETS:										
CURRENT ASSETS:										
111	Cash – Unrestricted	\$0	\$27,591	\$26,213	\$13,175	\$784	\$14,960	\$35,353	\$0	\$118,076
113	Cash - Other Restricted	0	81,608	0	0	0	0	0	0	81,608
114	Cash - Tenant Security Deposits	0	4,936	0	0	0	0	0	0	4,936
100	Total Cash	0	114,135	26,213	13,175	784	14,960	35,353	0	204,620
122	Accounts Receivable - HUD Other Projects	0	0	0	0	0	0	75,275	0	75,275
125	Accounts Receivable - Miscellaneous	0	0	181,569	0	16,810	0	64,843	0	263,222
126	Accounts Receivable - Tenants - Dwelling Rents	0	0	0	0	15,626	0	0	0	15,626
126.1	Allowance for Doubtful Accounts - Dwelling Rents	0	0	0	0	(10,900)	0	0	0	(10,900)
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0	0	0	0	0
120	Total Receivables, net of allowances for doubtful accounts	0	0	181,569	0	21,536	0	140,118	0	343,223
142	Prepaid Expenses and Other Assets	0	0	0	0	25,205	0	0	0	25,205
143	Inventories	0	0	0	0	6,064	0	0	0	6,064
143.1	Allowance for Obsolete Inventories	0	0	0	0	0	0	0	0	0
144	Interprogram Due From	0	0	0	0	163,994	0	0	0	163,994
150	Total Current Assets	0	114,135	207,782	13,175	217,583	14,960	175,471	0	743,106
161	Land	0	0	0	0	438,538	0	0	0	438,538

Coshocton Metropolitan Housing Authority

Combined Balance Sheet

FDS Schedule Submitted To REAC

Proprietary Fund Type – Enterprise Fund

June 30, 2003

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
162	Buildings	0	747,519	0	0	6,166,705	0	0	0	6,914,224
163	Furniture, Equipment & Machinery - Dwellings	0	0	0	0	50,990	0	0	0	50,990
164	Furniture, Equipment & Machinery - Administration	0	4,307	4,480	0	165,996	0	30,482	0	205,265
166	Accumulated Depreciation	0	(217,065)	(4,480)	0	(3,470,034)	0	(30,482)	0	(3,722,061)
167	Construction In Progress	0	0	0	0	0	0	0	205,059	205,059
160	Total Fixed Assets, Net of Accumulated Depreciation	0	534,761	0	0	3,352,195	0	0	205,059	4,092,015
174	Other Assets	0	0	0	0	580,407	0	0	0	580,407
180	Total Non-Current Assets	0	534,761	0	0	3,932,602	0	0	205,059	4,672,422
190	Total Assets	\$0	\$648,896	\$207,782	\$13,175	\$4,150,185	\$14,960	\$175,471	\$205,059	\$5,415,528
311	Bank Overdraft	\$0	\$0	\$0	\$0	\$22,459	\$0	\$0	\$0	\$22,459
312	Accounts Payable <= 90 Days	0	0	19,512	0	3,154	0	0	0	22,666
321	Accrued Wage/Payroll Taxes Payable	0	0	0	0	27,363	0	0	0	27,363
322	Accrued Compensated Absences - Current Portion	0	0	0	0	0	0	6,346	0	6,346
325	Accrued Interest Payable	0	1,389	0	0	0	0	0	0	1,389
331	Accounts Payable - HUD PHA Programs	0	0	138,437	0	0	0	0	0	138,437
333	Accounts Payable - Other Government	0	2,049	0	0	56,381	0	0	0	58,430
341	Tenant Security Deposits	0	3,772	0	0	25,056	0	0	0	28,828
342	Deferred Revenues	0	0	0	13,175	6,953	14,960	0	0	35,088

Coshocton Metropolitan Housing Authority

Combined Balance Sheet

FDS Schedule Submitted To REAC

Proprietary Fund Type – Enterprise Fund

June 30, 2003

Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	0	1,870	0	0	0	0	0	0	1,870
347	Interprogram Due To	0	29,951	25,008	0	0	0	109,035	0	163,994
310	Total Current Liabilities	0	39,031	182,957	13,175	141,366	14,960	115,381	0	506,870
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	0	724,801	0	0	0	0	0	0	724,801
353	Noncurrent Liability – Other	580,407	0	0	0	0	0	0	0	580,407
354	Accrued Compensated Absences - Non Current	0	4,342	0	0	36,614	0	14,445	0	55,401
350	Total Noncurrent Liabilities	580,407	729,143	0	0	36,614	0	14,445	0	1,360,609
300	Total Liabilities	580,407	768,174	182,957	13,175	177,980	14,960	129,826	0	1,867,479
504	Net HUD PHA Contributions	0	0	0	0	4,070,830	0	275,131	0	4,345,961
508	Total Contributed Capital	0	0	0	0	4,070,830	0	275,131	0	4,345,961
512	Undesignated Fund Balance/Retained Earnings	(580,407)	(119,278)	24,825	0	(68,625)	0	(229,486)	205,059	(797,912)
513	Total Equity/Net Assets	(580,407)	(119,278)	24,825	0	3,972,205	0	45,645	205,059	3,548,049
600	Total Liabilities and Equity/Net Assets	\$0	\$648,896	\$207,782	\$13,175	\$4,150,185	\$14,960	\$175,471	\$205,059	\$5,415,528

Coshocton Metropolitan Housing Authority										
Combining Statement of Revenue, Expenses and Change in Equity										
FDS Schedule Submitted To REAC										
Proprietary Fund Type – Enterprise Fund										
June 30, 2003										
Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
	REVENUE:									
703	Net Tenant Rental Revenue	\$0	\$41,752	\$0	\$0	\$210,047	\$0	\$0	\$0	\$251,799
704	Tenant Revenue – Other	0	0	0	0	4,408	0	0	0	4,408
705	Total Tenant Revenue	0	41,752	0	0	214,455	0	0	0	256,207
706	HUD PHA Operating Grants	0	0	265,482	567	229,600	4,473	828,682	129,981	1,458,785
706.1	Capital Grants	0	0	0	0	0	0	0	205,059	205,059
708	Other Government Grants	0	31,298	0	0	0	0	0	0	31,298
711	Investment Income – Unrestricted	0	710	63	0	564	0	118	0	1,455
715	Other Revenue	0	1,752	0	0	13,268	0	1,747	0	16,767
700	Total Revenue	0	75,512	265,545	567	457,887	4,473	830,547	335,040	1,969,571
	EXPENSES									
911	Administrative Salaries	0	0	14,144	0	117,385	0	80,151	0	211,680
912	Auditing Fees	0	875	1,916	0	6,795	0	2,612	0	12,198
914	Compensated Absences	0	2,252	1,723	0	16,018	0	9,764	0	29,757
915	Employee Benefit Contributions - Administrative	0	0	4,931	0	33,149	0	27,940	0	66,020
916	Other Operating – Administrative	0	44,276	1,557	567	52,995	4,473	9,721	82,645	196,234
931	Water	0	2,062	0	0	35,123	0	0	0	37,185
932	Electricity	0	3,172	0	0	8,754	0	0	0	11,926
933	Gas	0	257	0	0	5,630	0	0	0	5,887

Coshocton Metropolitan Housing Authority										
Combining Statement of Revenue, Expenses and Change in Equity										
FDS Schedule Submitted To REAC										
Proprietary Fund Type – Enterprise Fund										
June 30, 2003										
Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
941	Ordinary Maintenance and Operations - Labor	0	0	0	0	67,550	0	0	0	67,550
942	Ordinary Maintenance and Operations - Materials and Other	0	696	0	0	27,691	0	0	0	28,387
943	Ordinary Maintenance and Operations - Contract Costs	0	9,678	0	0	60,581	0	0	0	70,259
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	0	19,076	0	0	0	19,076
961	Insurance Premiums	0	2,999	1,338	0	23,777	0	7,583	0	35,697
962	Other General Expenses	0	0	0	0	0	0	61	0	61
963	Payments in Lieu of Taxes	0	3,628	0	0	16,495	0	0	0	20,123
964	Bad Debt - Tenant Rents	0	0	0	0	10,750	0	0	0	10,750
967	Interest Expense	0	17,177	0	0	0	0	0	0	17,177
969	Total Operating Expenses	0	87,072	25,609	567	501,769	4,473	137,832	82,645	839,967
970	Excess Operating Revenue over Operating Expenses	0	(11,560)	239,936	0	(43,882)	0	692,715	252,395	1,129,604
972	Casualty Losses - Non-Capitalized	0	0	0	0	194	0	0	0	194
973	Housing Assistance Payments	0	0	239,206	0	0	0	692,377	0	931,583
974	Depreciation Expense	0	19,549	0	0	235,183	0	0	0	254,732
900	Total Expenses	0	106,621	264,815	567	737,146	4,473	830,209	82,645	2,026,476
1001	Operating Transfers In	0	0	0	0	47,336	0	0	0	47,336
1002	Operating Transfers Out	0	0	0	0	0	0	0	(47,336)	(47,336)
1010	Total Other Financing Sources (Uses)	0	0	0	0	47,336	0	0	(47,336)	0

Coshocton Metropolitan Housing Authority										
Combining Statement of Revenue, Expenses and Change in Equity										
FDS Schedule Submitted To REAC										
Proprietary Fund Type – Enterprise Fund										
June 30, 2003										
Line Item No.	Account Description	State and Local	Rural Rental Housing Loans	N/C S/R Section 8 Programs	New Approach Anti-Drug Grants	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	0	(31,109)	730	0	(231,923)	0	338	205,059	(56,905)
1103	Beginning Equity	0	(87,042)	24,095	0	3,627,485	0	45,307	0	3,609,845
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(580,407)	(1,127)	0	0	576,643	0	0	0	(4,891)
	Ending Equity	(580,407)	(\$119,278)	\$24,825	\$0	\$3,972,205	\$0	\$45,645	\$205,059	\$3,548,049
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$770,380	\$0	\$770,380
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$879,002	\$0	\$0	\$0	\$73,702	\$0	\$952,704
1116	Total Annual Contributions Available	\$0	\$0	\$879,002	\$0	\$0	\$0	\$844,082	\$0	\$1,723,084
1120	Unit Months Available	0	276	1,200	0	1,572	0	3,128	0	6,176
1121	Number of Unit Months Leased	0	269	1,200	0	1,514	0	3,128	0	6,111

Coshocton Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2003

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
N/C S/R Section 8 Programs	14.182	\$265,482
Low Rent Public Housing	14.850a	229,600
New Approach Anti-Drug Grants	14.312	567
Public and Indian Housing Drug Elimination Program	14.854	4,473
Housing Choice Vouchers	14.871	828,682
Public Housing Capital Fund Program	14.872	<u>335,040</u>
Total U.S. Department HUD		<u>1,663,844</u>
U.S. Department of Agriculture - Rural Housing Service Direct Program		
Rural Rental Housing Loan	10.415	<u>31,298</u>
Total U.S. Department of Agriculture		<u>31,298</u>
Total Expenditure of Federal Award		<u><u>\$1,695,142</u></u>

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

Board of Directors
Coshocton Metropolitan Housing Authority

I have audited the general purpose financial statements of the Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2003, and have issued my report thereon dated January 15, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Coshocton Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted one matter involving the internal control over financial reporting and its operation that I have considered to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Coshocton Metropolitan Housing Authority ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items GAS-2003-1.

A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

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



Salvatore Consiglio, CPA, Inc.

January 15, 2004

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North Royalton, Ohio 44133
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SALVATORE CONSIGLIO, CPA, INC. E-mail: sconsiglio@aol.com

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

Board of Directors
Coshocton Metropolitan Housing Authority

Compliance

I have audited the compliance of the Coshocton Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Coshocton Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Coshocton Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Coshocton Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

As described in item FED-2003-1 through FED-2003-3 in the accompanying schedule of findings and questioned costs, Coshocton Metropolitan Housing Authority, Ohio, did not comply with requirements regarding Special Test and Provisions that are applicable to its Low Rent Public Housing and Housing Choice Voucher Programs. Compliance with such requirements is necessary, in my opinion, for Coshocton Metropolitan Housing Authority, Ohio, to comply with requirements applicable to that program.

Member of American Institute of Certified Public Accountants
Ohio Society of Certified Public Accountants

In my opinion, except for the noncompliance described in the preceding paragraph, Coshocton Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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

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



Salvatore Consiglio, CPA, Inc.

January 15, 2004

Coshocton Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS
--

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Qualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA # 14.850, 14.871 and 14.872 - Low Rent Public Housing, Housing Choice Voucher Program, and Capital Fund Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No

Coshocton Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
June 30, 2003

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
--

FINDING NUMBER

GAS-2003 -1

Depreciation Schedule

The PHA was not able to provide the depreciation schedule for the Housing Choice Voucher Program. The total assets of \$34,962 are fully depreciated therefore resulting in no material effect on the financial statements.

Recommendation:

The PHA must reconstruct the depreciation schedule for the Housing Choice Voucher Program.

PHA Response:

A physical inventory of all assets owned has been performed. The Fee Accountant is in the process of reconciling the physical inventory and the depreciation schedule. A depreciation schedule will be available for the next audit.

3. FINDINGS RELATED TO FEDERAL AWARDS
--

FINDING NUMBER

FED-2003-1

Birth Certificate

U.S. Department of HUD

Low Rent Public Housing (CFDA # 14.850a)

A review of 10 Low tenant files and revealed 1 error. The files did not contain a copy of the participant child birth certificate.

24 CFR 982.158 requires that the PHA maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit.

Recommendation:

The PHA must make sure that proper supporting documentation is retained in the files.

PHA Response:

Recommendation will be implemented.

Coshocton Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
June 30, 2003

FINDING NUMBER	FED-2003-2
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Third Party Verification

**U.S. Department of HUD
Housing Choice Voucher (CFDA # 14.871)**

A review of 25 Housing Choice Voucher tenant files revealed 3 errors where proper third party verification of income reported was not obtained.

Section 24 CFR 960.259 (c)(1) and 982.51(a)(2) states “The PHA must obtain and document in the family file third party verification of the following factors, or must document in the file why third party verification was not available:

- (i) Reported family annual income;
- (ii) The value of assets;
- (iii) Expenses related to deductions from annual income; and
- (iv) Other factors that affect the determination of adjusted income or income based rent.”

Third party verification is defined as independent verification of income and/or expenses by contacting the individual income/expense source supplied by the family. The verification documentation must be supplied directly to the independent source by the Public Housing Authority (PHA) and returned directly to the PHA from the independent source.

Recommendation:

The PHA must comply with the above requirement.

PHA Response:

Recommendation will be implemented. Files have been corrected.

FINDING NUMBER	FED-2003-3
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Payment Standard

**U.S. Department of HUD
Housing Choice Voucher Program (CFDA # 14.871)**

A review of 25 tenant files revealed 2 errors where the wrong payment standard was used to calculate the rent amount. In both cases the recertification was effective October 2002

Coshocton Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
June 30, 2003

and the new fair market rent was not available at the time the recertification was performed. The Authority adopted the new payment standards after receipt of the published fair market rents and made them effective retroactive to October 1.

24 CFR 982.503 requires that the PHA adopt a payment standard that is used to calculate the monthly housing assistance payments. The PHA may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published Fair Market Rent for that unit size.

Recommendation:

The Authority should consider making the revised payment standard effective upon receipt of the published fair market rent. This will eliminate such errors.

PHA Response:

Recommendation will be implemented.

Coshocton Metropolitan Housing Authority
 Schedule of Prior Audit Findings
 June 30, 2003

The following are the status of the June 30, 2002 audit findings. Those findings not fully corrected are repeated in the 2003 audit report.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
GAS-2002-1	Financial reporting	Yes	Corrected. Some minor errors were still noted on the unaudited submission. But, the items were not significant that affected REAC scoring. These items were discussed with management.
GAS-2002-2	Voucher depreciation schedule	No	Not Corrected. Finding was repeated in the report.
FED-2002-1	Cash management	Yes	Corrected. The Authority implemented proper cash management system. No exceptions noted in current audit. Management is in the process to negotiate a repayment agreement with HUD for the excess funds drawn for the grants identified in the June 2002 audit report.
FED-2002-2	Record retention	Yes	Finding No Longer Valid



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COSHOCTON METROPOLITAN HOUSING AUTHORITY

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 25, 2004**