

Coshocton Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2006



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Coshocton Metropolitan Housing Authority, Coshocton County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2005 through June 30, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 23, 2007

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COSHOCTON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2006

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Independent Auditors' Report

Board of Directors
Coshocton Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2006, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Coshocton Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Coshocton Metropolitan Housing Authority, Ohio, as of June 30, 2006, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2007, on my consideration of the Coshocton Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

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



Salvatore Consiglio, CPA, Inc.

January 31, 2007

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited**

This Management's Discussion and Analysis (MD&A) for the Coshocton Metropolitan Housing Authority (Coshocton MHA) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify changes in Coshocton MHA's financial position. It is designed to focus on the financial activity for the fiscal year ended June 30, 2006, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Overview of the Financial Statements

The Basic Financial Statements included elsewhere in this report are:

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

The **Statement of Net Assets** is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Coshocton MHA holds at 6/30/06, 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 6/30/06; and what Net Assets (or what is commonly referred to as Equity) Coshocton MHA has at 6/30/06. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet, in that the total of the assets part equals the total of the liabilities plus net assets (or equity) part.

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

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

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

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

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited**

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

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

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

Coshocton MHA's Business Type Programs

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

Coshocton MHA's business type programs include the following:

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

Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited

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

Under the Section 8 Housing Choice Voucher program, Coshocton MHA subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit. Under the Section 8 New Construction program, Coshocton MHA administers a Housing Assistance Payments contract on behalf of HUD through which HUD subsidizes the rents of low to moderate-income families when those families rent from a private landlord. That rental assistance is provided similarly to how it is under the Housing Choice Voucher program except the rental assistance is tied to the dwelling units, and the assistance is provided to the families renting those units selected by HUD.

Under the Rural Housing program, the USDA provided a low interest loan to Coshocton MHA to finance the construction of the dwelling units and then also provides rental assistance to the low to moderate-income families that rent them from the owner, Coshocton MHA.

Condensed Financial Statements

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

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited**

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

	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 316,000	\$ 475,000
Capital Assets	<u>3,649,000</u>	<u>3,812,000</u>
 Total Assets	 <u>\$ 3,965,000</u>	 <u>\$ 4,287,000</u>
 Current Liabilities	 \$ 225,000	 \$ 297,000
Long-Term Liabilities	<u>777,000</u>	<u>775,000</u>
 Total Liabilities	 <u>1,002,000</u>	 <u>1,072,000</u>
 Net Assets:		
Investment in Capital Assets, net of Related Debt	2,931,000	3,090,000
Restricted Net Assets	76,000	76,000
Unrestricted Net Assets	<u>(445,000)</u>	<u>49,000</u>
 Total Net Assets	 <u>2,562,000</u>	 <u>3,215,000</u>
 Total Liabilities and Net Assets	 <u>\$ 3,564,000</u>	 <u>\$ 4,287,000</u>

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

Total Net Assets was reduced from the prior year-end by \$252,000. The change in Current and Other Assets from year-end 2005 to year-end 2006 was directly impacted by a write-off of a receivable that was determined uncollectible. HUD approved the sale of Orchard Property. The owner of this property owed Coshocton MHA a significant amount of money for prior services rendered. When that property was sold, the approved terms of the sale were such that Coshocton MHA was not fully repaid for the receivable on its books, and so the balance needed to be written off.

The change in Current Liabilities was also most primarily impacted by the sale of that property. What was owed to Coshocton MHA was in turn owed to HUD. So even though Coshocton MHA was not fully repaid for amounts owed to it, what Coshocton MHA received at time of the sale of that property was used to pay down the amount owes to HUD, thus a drop in the liability at the current year-end.

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited**

The change in Capital Assets in the current period was less than 5%, a reflection that depreciation on assets held by Coshocton MHA exceeded additions to capital assets in the current period.

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

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

	<u>2006</u>	<u>2005</u>
<u>Revenues</u>		
Tenant Revenues - Rents & Other	\$ 192,000	\$ 202,000
Operating Subsidies & Grants	1,541,000	1,499,000
Capital Grants	106,000	86,000
Investment Income	1,000	1,000
Other Revenues	<u>35,000</u>	<u>7,000</u>
Total Revenues	<u>1,875,000</u>	<u>1,795,000</u>
<u>Expenses</u>		
Administrative	468,000	429,000
Utilities	73,000	58,000
Maintenance	203,000	182,000
General & Interest Expenses	260,000	104,000
Housing Assistance Payments	855,000	947,000
Depreciation	<u>269,000</u>	<u>261,000</u>
Total Expenses	<u>2,128,000</u>	<u>1,981,000</u>
Net Increases (Decreases)	<u>\$ (253,000)</u>	<u>\$ (186,000)</u>

Expenses grew more than revenues in 2006 from what was reported for the prior year. The most significant change occurred in General Expenses. The primary cause of that increase was an increase in Collection Loss, or what may be also commonly called Bad Debt Expense. Included in the amount of Collection Loss in the period is the more than \$173,000 Coshocton MHA lost when a property that owed Coshocton MHA a significant amount of money was sold. The approved terms of sale of that property were such that it

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited**

did not allow for much of what the property owed Coshocton MHA to be repaid to Coshocton MHA. Because Coshocton MHA can no longer expect to be repaid those amounts owed to it, they had to write off the account receivable, or in other words realize the collection loss expense for the amount of the accounts receivable lost. Without that loss, expenses would have dropped from the 2005 level.

Tenant revenues in rental assistance programs generally fall during periods when tenants face rising utility costs and lower family incomes due to declining economic factors because tenant rents are based on the family's ability to pay using a formula determined by the Department of Housing & Urban Development. Such was the case for tenant revenues earned by Coshocton MHA in the year-end 2006.

The increase in Operating Subsidy and Capital Grant Revenue was reflected by the additional activities funded with the Low Rent Capital Fund Program.

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

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

	<u>2006</u>	<u>2005</u>
Land and Land Rights	\$ 439,000	\$ 439,000
Building & Improvements	7,390,000	7,236,000
Equipment	292,000	278,000
Construction in Progress	30,000	92,000
Accumulated Depreciation	<u>(4,502,000)</u>	<u>(4,233,000)</u>
Total	<u>\$ 3,649,000</u>	<u>\$ 3,812,000</u>

The increase in accumulated depreciation from year-end 2005 to 2006 (\$269,000) outpaced the increase in capital accounts for buildings and improvements, equipment and construction in progress leading to a net reduction in Capital Assets of \$163,000. The reduction in Construction in Progress was caused primarily by assets being reclassified as Buildings and Improvements at year-end 2006 because of Capital Fund Grants being completed in 2006, thus the assets were no longer consider to be "in progress". Without regard for the increase in accumulated depreciation, all \$106,000 of the increases in Capital Assets in year-end 2006 were made through the Capital Fund Program.

**Coshocton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited**

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

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

	<u>2006</u>	<u>2005</u>
Current Portion of Debt	\$ 3,000	\$ 3,000
Long Term Portion of Debt	<u>715,000</u>	<u>719,000</u>
Total	<u>\$ 718,000</u>	<u>\$ 722,000</u>

Debt was reduced by \$4000 during year-end 2006, a reduction of about .5%. That is the result of regular payments on a loan due to the US Department of Agriculture issued to permit the development several years ago of rental property owned by Coshocton MHA.

Economic Factors

Coshocton MHA faces the continuing prospect of declining HUD subsidies used to administer their programs and maintain their properties. In addition, unfavorable economic times, as reflected in the numbers of families earning less in addition to those leaving the community because they cannot find adequate employment opportunities, also mean revenues from tenants are reduced because generally rents are based on the tenant families' ability to pay as dictated by the Federal government. Rising insurance, utility and other operating costs compound the effect of the reduction in incomes available to Coshocton MHA to administer its program. The reduction in government assistance for administration of programs means Coshocton MHA can provide rental assistance for a smaller number of families and causes the authority to provide lesser services to clients.

Financial Contact

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

Coshocton Metropolitan Housing Authority
Statement of Net Assets
Proprietary Funds
June 30, 2006

ASSETS

Current assets

Cash and cash equivalents	\$135,799
Restricted cash and cash equivalents	76,191
Receivables, net	88,334
Inventories, net	11,238
Prepaid expenses and other assets	4,429
Total current assets	<u>315,991</u>

Noncurrent assets

Capital assets:	
Land	438,538
Building and equipment	7,682,284
Construction in Progress	29,923
Less accumulated depreciation	<u>(4,501,829)</u>
Total noncurrent assets	<u>3,648,916</u>
Total assets	<u><u>\$3,964,907</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$30,394
Accrued liabilities	19,250
Intergovernmental payables	149,476
Tenant security deposits	22,844
Bonds, notes, and loans payable	3,251
Total current liabilities	<u>225,215</u>

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

Coshocton Metropolitan Housing Authority
Statement of Net Assets - Continued
Proprietary Funds
June 30, 2006

Noncurrent liabilities	
Bonds, notes, and loans payable	715,043
Accrued compensated absences non-current	62,183
Total noncurrent liabilities	<u>777,226</u>
<i>Total liabilities</i>	<u><u>\$1,002,441</u></u>
<i>NET ASSETS</i>	
Invested in capital assets, net of related debt	\$2,930,622
Restricted net assets	76,191
Unrestricted net assets	(44,347)
<i>Total net assets</i>	<u><u>\$2,962,466</u></u>

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

Coshocton Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

OPERATING REVENUES

Tenant Revenue	\$192,450
Government operating grants	1,541,399
Other revenue	34,526
<i>Total operating revenues</i>	<u>1,768,375</u>

OPERATING EXPENSES

Administrative	467,533
Utilities	72,545
Maintenance	202,672
General	244,407
Housing assistance payment	855,228
Depreciation	268,978
<i>Total operating expenses</i>	<u>2,111,363</u>
Operating income (loss)	<u>(342,988)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	779
Interest expense	(16,039)
<i>Total nonoperating revenues (expenses)</i>	<u>(15,260)</u>
Income (loss) before contributions and transfers	(358,248)

Capital grants	106,186
Change in net assets	(252,062)
Total net assets - beginning	3,214,528
Total net assets - ending	<u><u>\$2,962,466</u></u>

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

Coshocton Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$1,594,189
Tenant revenue received	185,289
Other revenue received	35,498
General and administrative expenses paid	(845,868)
Housing assistance payments	<u>(855,228)</u>

Net cash provided (used) by operating activities **113,880**

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>779</u>
-----------------	------------

Net cash provided (used) by investing activities **779**

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	106,186
Property and equipment purchased	<u>(106,186)</u>

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

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payment	(3,345)
Interest Payment on Debt	<u>(16,039)</u>

Net cash provided (used) by financing activities **(19,384)**

Net increase (decrease) in cash 95,275

Cash and cash equivalents - Beginning of year 116,715

Cash and cash equivalents - End of year **\$211,990**

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

**Coshocton Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2006**

***RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES***

Net Operating Income (Loss)	(\$342,988)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	268,978
- (Increases) Decreases in Accounts Receivable	188,882
- (Increases) Decreases in Inventory	(1,775)
- (Increases) Decreases in Prepaid Assets	67,437
- Increases (Decreases) in Accounts Payable	(11,371)
- Increases (Decreases) in Intergovernmental Payable	(52,790)
- Increases (Decreases) in Compensated Absence Payable	5,831
- Increases (Decreases) in Accrued Expenses Payable	(2,457)
- Increases (Decreases) in Deferred Revenue	(3,036)
- Increases (Decreases) in Tenant Security Deposits	<u>(2,831)</u>
<i>Net cash provided by operating activities</i>	<u><u>\$113,880</u></u>

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus/Basis of Accounting

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

Description of programs

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

A. Public Housing Program

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

B. Capital Fund Program

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Housing Choice Voucher Program

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

D. Section 8 New Construction Program

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

E. Rural Housing Program

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2006 totaled \$779.

Capital Assets

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Budgetary Accounting

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

Estimates

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

NOTE 2: DEPOSIT

State statutes classify monies held by the Authority into three categories.

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

Inactive deposits are public deposits 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.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 2: DEPOSIT (Continued)

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 Authority 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 MCTA or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At year-end, the carrying amount of the Authority's deposits was \$116,715 and the bank balance was \$144,469. The difference represents outstanding checks and deposits in transit. The entire bank balance was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2006, the Authority was not exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. Since all of the deposits were all covered by federal depository insurance, the Authority was not exposed to this risk.

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

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, 2006 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.

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, 2006 the

COSHOCTON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006
 (CONTINUED)

NOTE 4: RISK MANAGEMENT

Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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: CAPITAL ASSETS

	Balance 06/30/05	Additions	Adjust / Deletion	Balance 06/30/06
Capital Assets Not Depreciated:				
Land	\$438,538	\$0	\$0	\$438,538
Construction in Progress	92,018	0	(62,095)	29,923
Total Capital Assets Not Being Depreciated	530,556	0	(62,095)	468,461
Capital Assets Being Depreciated:				
Buildings	7,235,693	91,917	62,095	7,389,705
Furniture and Equipment	278,310	14,269	0	292,579
Total Capital Assets Being Depreciated	7,514,003	106,186	62,095	7,682,284
Accumulated Depreciated:				
Buildings	3,946,384	260,302	0	4,206,686
Furniture and Equipment	286,466	8,676	0	295,142
Total Accumulated Depreciated	4,232,850	268,978	0	4,501,828
Total Capital Assets Being Depreciated, Net	3,281,153	(162,792)	62,095	3,180,456
Total Capital Assets, Net	\$3,811,709	(\$162,792)	\$0	\$3,648,917

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

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

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

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

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2005 employer pension contribution rate for Authority was 13.55 percent. Effective January 1, 2006 the rates increase to 9 percent for members and 13.7 for employers. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2006, 2005, and 2004 amounted to \$42,877, \$42,143 and \$43,978 respectively. Ninety-Two percent has been contributed for 2005. All required contributions for the two previous years have been paid.

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 6: POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory Authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2006 was 4.0 percent of covered payroll, which amounted to \$12,587. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 7: LONG-TERM DEBT

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

The following is a summary of changes in long-term debt for the year ended June 30, 2006:

DESCRIPTION	BALANCE 06/30/05	ISSUED	RETIRED	BALANCE 06/30/06
Loan Payable	\$721,639	\$-0-	\$3,345	\$718,294
TOTAL	\$721,639	\$-0-	\$3,345	\$718,294

Debt maturities for the period after June 30, 2006 are estimated as follows:

<u>Years – June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$3,251	\$ 15,696
2008	3,556	15,391
2009	3,889	15,058
2010	4,254	14,693
2011	4,653	14,294
2012 to 2016	30,690	64,045
2017 to 2021	48,051	46,684
2022 to 2026	75,233	19,502
2027 to 2031	117,791	(23,056)
2032 to 2036	184,422	(89,687)
2037 to 2041	242,504	(147,769)
Total	\$718,294	(\$55,149)

NOTE 8: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

COSHOCTON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 9: CONTINGENCIES

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At June 30, 2006 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Inspector General Audit

The financial data schedule submitted to REAC included an accounts receivable in the Low Rent Program and an offsetting payable in the State and Local Fund for an audit finding noted by the Inspector General Office of \$580,344. In accordance with generally accepted accounting principal, these amounts are not reflected in the agency wide financial statements since it is not measurable or likely that the receivable will be collected and the payable be paid back. This information was reflected on the financial data schedule submitted to REAC as instructed by HUD.

Coshocton MHA did sign a repayment agreement with HUD. The agreement specify that if the PHA recaptures this money from the laundry income that the PHA collects during the year. Based on this arrangement, it will take well over 100+ years for the liability to be satisfied.

The amount applied to the balance during the audit period was \$1,971.

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2006

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$0	\$7,742	\$54,345	\$69,576	\$0	\$0	\$131,663
113	Cash - Other Restricted	\$0	\$76,191	\$0	\$0	\$0	\$0	\$76,191
114	Cash - Tenant Security Deposits	\$0	\$4,136	\$0	\$0	\$0	\$0	\$4,136
100	Total Cash	\$0	\$88,069	\$54,345	\$69,576	\$0	\$0	\$211,990
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$4,500	\$0	\$62,606	\$0	\$67,106
124	Accounts Receivable - Other Government	\$0	\$1,085	\$0	\$0	\$0	\$0	\$1,085
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$751	\$37,239	\$0	\$0	\$0	\$37,990
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$20,000)	\$0	\$0	\$0	(\$20,000)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$2,153	\$0	\$0	\$0	\$2,153
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$1,836	\$23,892	\$0	\$62,606	\$0	\$88,334
142	Prepaid Expenses and Other Assets	\$0	\$0	\$4,429	\$0	\$0	\$0	\$4,429
143	Inventories	\$0	\$0	\$11,238	\$0	\$0	\$0	\$11,238
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$114,742	\$100,442	\$0	\$0	\$215,184
150	Total Current Assets	\$0	\$89,905	\$208,646	\$170,018	\$62,606	\$0	\$531,175
161	Land	\$0	\$0	\$438,538	\$0	\$0	\$0	\$438,538
162	Buildings	\$0	\$747,519	\$6,488,174	\$0	\$154,012	\$0	\$7,389,705
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$50,990	\$0	\$4,192	\$0	\$55,182
164	Furniture, Equipment & Machinery - Administration	\$4,480	\$5,239	\$187,119	\$30,482	\$10,077	\$0	\$237,397

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2006

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$4,480)	(\$275,469)	(\$4,184,837)	(\$30,482)	(\$6,561)	\$0	(\$4,501,829)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$29,923	\$0	\$29,923
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$477,289	\$2,979,984	\$0	\$191,643	\$0	\$3,648,916
174	Other Assets	\$0	\$0	\$580,344	\$0	\$0	\$0	\$580,344
180	Total Non-Current Assets	\$0	\$477,289	\$3,560,328	\$0	\$191,643	\$0	\$4,229,260
190	Total Assets	\$0	\$567,194	\$3,768,974	\$170,018	\$254,249	\$0	\$4,760,435
312	Accounts Payable <= 90 Days	\$0	\$4,128	\$21,209	\$5,057	\$0	\$0	\$30,394
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$17,919	\$0	\$0	\$0	\$17,919
325	Accrued Interest Payable	\$0	\$1,331	\$0	\$0	\$0	\$0	\$1,331
331	Accounts Payable - HUD PHA Programs	\$56,781	\$0	\$0	\$17,531	\$0	\$0	\$74,312
333	Accounts Payable - Other Government	\$0	\$1,740	\$73,424	\$0	\$0	\$0	\$75,164
341	Tenant Security Deposits	\$0	\$4,136	\$18,708	\$0	\$0	\$0	\$22,844
348	Loan Liability - Current	\$0	\$3,251	\$0	\$0	\$0	\$0	\$3,251
347	Interprogram Due To	\$100,442	\$41,347	\$0	\$10,789	\$62,606	\$0	\$215,184
310	Total Current Liabilities	\$157,223	\$55,933	\$131,260	\$33,377	\$62,606	\$0	\$440,399
354	Accrued Compensated Absences - Non Current	\$0	\$5,386	\$40,130	\$16,667	\$0	\$0	\$62,183
355	Loan Liability - Non Current	\$0	\$715,043	\$0	\$0	\$0	\$0	\$715,043
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$580,344	\$580,344
350	Total Noncurrent Liabilities	\$0	\$720,429	\$40,130	\$16,667	\$0	\$580,344	\$1,357,570
300	Total Liabilities	\$157,223	\$776,362	\$171,390	\$50,044	\$62,606	\$580,344	\$1,797,969

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2006

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
508.1	Invested in Capital Assets, Net of Related Debt	\$0	(\$241,005)	\$2,979,984	\$0	\$191,643	\$0	\$2,930,622
511.1	Restricted Net Assets	\$0	\$76,191	\$0	\$0	\$0	\$0	\$76,191
512.1	Unrestricted Net Assets	(\$157,223)	(\$44,354)	\$617,600	\$119,974	\$0	(\$580,344)	(\$44,347)
513	Total Equity/Net Assets	(\$157,223)	(\$209,168)	\$3,597,584	\$119,974	\$191,643	(\$580,344)	\$2,962,466
600	Total Liabilities and Equity/Net Assets	\$0	\$567,194	\$3,768,974	\$170,018	\$254,249	\$0	\$4,760,435
703	Net Tenant Rental Revenue	\$0	\$43,034	\$145,463	\$0	\$0	\$0	\$188,497
704	Tenant Revenue - Other	\$0	\$0	\$3,953	\$0	\$0	\$0	\$3,953
705	Total Tenant Revenue	\$0	\$43,034	\$149,416	\$0	\$0	\$0	\$192,450
706	HUD PHA Operating Grants	\$298,940	\$0	\$301,382	\$792,997	\$112,133	\$0	\$1,505,452
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$106,186	\$0	\$106,186
708	Other Government Grants	\$0	\$35,947	\$0	\$0	\$0	\$0	\$35,947
711	Investment Income - Unrestricted	\$0	\$506	\$210	\$63	\$0	\$0	\$779
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
714	Fraud Recovery	\$0	\$0	\$0	\$18,052	\$0	\$0	\$18,052
715	Other Revenue	\$0	\$1,990	\$12,513	\$0	\$0	\$1,971	\$16,474
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$298,940	\$81,477	\$463,521	\$811,112	\$218,319	\$1,971	\$1,875,340
911	Administrative Salaries	\$13,961	\$15,734	\$125,195	\$68,162	\$9,625	\$0	\$232,677
912	Auditing Fees	\$1,000	\$300	\$4,400	\$2,500	\$0	\$0	\$8,200
914	Compensated Absences	\$0	\$543	\$4,128	\$1,160	\$0	\$0	\$5,831
915	Employee Benefit Contributions - Administrative	\$4,745	\$5,288	\$43,157	\$23,168	\$2,375	\$0	\$78,733
916	Other Operating - Administrative	\$5,899	\$12,027	\$34,840	\$28,799	\$60,527	\$0	\$142,092
931	Water	\$0	\$1,721	\$46,207	\$0	\$0	\$0	\$47,928

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2006

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
932	Electricity	\$0	\$3,065	\$10,146	\$0	\$0	\$0	\$13,211
933	Gas	\$0	\$371	\$11,035	\$0	\$0	\$0	\$11,406
941	Ordinary Maintenance and Operations - Labor	\$0	\$12,454	\$70,769	\$0	\$0	\$0	\$83,223
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$1,762	\$31,991	\$0	\$0	\$0	\$33,753
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$9,291	\$47,825	\$0	\$0	\$0	\$57,116
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$4,185	\$24,395	\$0	\$0	\$0	\$28,580
961	Insurance Premiums	\$1,713	\$5,554	\$34,017	\$8,363	\$0	\$0	\$49,647
963	Payments in Lieu of Taxes	\$0	\$3,777	\$8,203	\$0	\$0	\$0	\$11,980
964	Bad Debt - Tenant Rents	\$0	\$0	\$9,165	\$0	\$0	\$0	\$9,165
966	Bad Debt - Other	\$173,615	\$0	\$0	\$0	\$0	\$0	\$173,615
967	Interest Expense	\$0	\$16,039	\$0	\$0	\$0	\$0	\$16,039
969	Total Operating Expenses	\$200,933	\$92,111	\$505,473	\$132,152	\$72,527	\$0	\$1,003,196
970	Excess Operating Revenue over Operating Expenses	\$98,007	(\$10,634)	(\$41,952)	\$678,960	\$145,792	\$1,971	\$872,144
973	Housing Assistance Payments	\$273,580	\$0	\$0	\$581,648	\$0	\$0	\$855,228
974	Depreciation Expense	\$0	\$19,212	\$243,205	\$0	\$6,561	\$0	\$268,978
900	Total Expenses	\$474,513	\$111,323	\$748,678	\$713,800	\$79,088	\$0	\$2,127,402
1001	Operating Transfers In	\$0	\$0	\$39,606	\$0	\$0	\$0	\$39,606
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	(\$39,606)	\$0	(\$39,606)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$39,606	\$0	(\$39,606)	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$175,573)	(\$29,846)	(\$245,551)	\$97,312	\$99,625	\$1,971	(\$252,062)

Coshocton Metropolitan Housing Authority
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
June 30, 2006

Line Item No.	Account Description	N/C S/R Section 8 Programs	Rural Housing and Economic Development	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
1103	Beginning Equity	\$18,350	(\$179,322)	\$3,674,545	\$22,662	\$260,608	(\$582,315)	\$3,214,528
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$168,590	\$0	(\$168,590)	\$0	\$0
	Ending Equity	(\$157,223)	(\$209,168)	\$3,597,584	\$119,974	\$191,643	(\$580,344)	\$2,962,466
1113	Maximum Annual Contributions Commitment (Per ACC)	\$312,780	\$0	\$0	\$792,997	\$0	\$0	\$1,105,777
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$39,399	\$0	\$0	\$0	\$0	\$0	\$39,399
1116	Total Annual Contributions Available	\$352,179	\$0	\$0	\$792,997	\$0	\$0	\$1,145,176
1120	Unit Months Available	1,200	276	1,572	2,537	0	0	5,585
1121	Number of Unit Months Leased	1,200	263	1,445	2,537	0	0	5,445

Coshocton Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
June 30, 2006

Capital Fund Program Number OH16P03750101

1. The Program Costs are as follows:

Funds Approved	\$244,970
Funds Expended	<u>244,970</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$244,970
Funds Expended	<u>244,970</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on September 21, 2004.
4. The final costs on the certification agree to the Authority's records.

Coshocton Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2006

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	\$298,940
Low Rent Public Housing	14.850	301,382
Housing Choice Vouchers	14.871	792,997
Public Housing Capital Fund Program	14.872	<u>218,319</u>
Total U.S. Department HUD		<u>1,611,638</u>
U.S. Department of Agriculture - Rural Housing Service Direct Program		
Rural Rental Housing Loan	10.415	<u>35,947</u>
Total U.S. Department of Agriculture		<u>35,947</u>
Total Expenditure of Federal Award		<u><u>\$1,647,585</u></u>



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

Board of Directors
Coshocton Metropolitan Housing Authority

I have audited the financial statements of the Coshocton Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2006, and have issued my report thereon dated January 31, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.

January 31, 2007



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

Board of Directors
Coshocton Metropolitan Housing Authority

Compliance

I have audited the compliance of the Coshocton Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. 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.

I noted certain matter that I reported to management of Coshocton Metropolitan Housing Authority, Ohio, in a separate letter dated January 31, 2007.

In my opinion, Coshocton Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

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



Salvatore Consiglio, CPA, Inc.

January 31, 2007

Coshocton Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2006

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There are no Findings or questioned costs for the year ended June 30, 2006.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no Findings or questioned costs for the year ended June 30, 2006.

Coshocton Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2006

The audit report for the fiscal year ending June 30, 2005 contained no audit findings.



Mary Taylor, CPA
Auditor of State

COSHOCTION 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 10, 2007