

March 29, 2018



Board of Directors  
Coquille Indian Housing Authority  
Coos Bay, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
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We have audited the financial statements of the Coquille Indian Housing Authority for the year ended September 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our arrangement letter to you dated September 6, 2017. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Coquille Indian Housing Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during. We noted no transactions entered into by the Coquille Indian Housing Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Coquille Indian Housing Authority's financial statements are as follows.

Depreciation lives and methods are described in Note 1.I. We evaluated these policies and their application in determining that depreciation expense is reasonable in relation the financial statements taken as a whole.

Management has elected to report meth clean-up costs of \$26,946, as a tenant receivable, rather than an operating expense - under the assumption the tenant will reimburse those costs. While we do not concur, we do not believe this materially misstates the financial statements.

Management has elected not to report an estimate for uncollectible tenant receivables. Total receivables were \$42,706 at September 30, 2017, compared to \$638 at the end of the prior year. While we do not concur, we do not believe this materially misstates the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are the Long-term debt disclosures.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. Other than the disagreement regarding the collectability of certain tenant receivables discussed above, we are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 19, 2018.

### *Management Consultations with Other Independent Accountant*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Coquille Indian Housing Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Coquille Indian Housing Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Reconciliation Schedule – Annual Performance Report to Financial Statements, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Coquille Indian Housing Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Isler CPA

**COQUILLE INDIAN HOUSING AUTHORITY  
(A Component Unit of the Coquille Indian Tribe)  
Coos Bay, Oregon**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2017**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**



**COQUILLE INDIAN HOUSING AUTHORITY  
(A Component Unit of the Coquille Indian Tribe)**

**Board of Commissioners**

**September 30, 2017**

Toni Ann Brend, Chairperson  
PO Box 5877  
Charleston, OR 97420

Robert More, Vice-Chairperson  
PO Box 1451  
Coos Bay, OR 97420

Denise Hunter, Secretary/Treasurer  
2673 Mexeye Loop  
Coos Bay, OR 97420

Shawn Chase, Commissioner  
PO Box 1444  
North Bend, OR 97459

Donald Garrett, Commissioner  
1615 Applewood Drive  
Coos Bay, OR 97420

Judy Rocha, Commissioner  
93549 West Eagle Lane  
North Bend, OR 97459

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**Executive Director**

Anne Cook  
2678 Mexeye Loop  
Coos Bay, OR 97420



**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Annual Financial Report**  
**For the Year Ended September 30, 2017**

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## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Coquille Indian Housing Authority  
Coos Bay, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

### Report on the Financial Statements

We have audited the accompanying basic financial statements of the Coquille Indian Housing Authority ("the Authority"), a component unit of the Coquille Indian Tribe ("Tribe"), as of and for the year ended September 30, 2017, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, changes in financial position and cash flows of the Authority as of and for the year ended September 30, 2017, in conformity with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis ("MD&A") on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Isler CPA  
March 19, 2018

**REQUIRED SUPPLEMENTARY INFORMATION**



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Coquille Indian Housing Authority (the Authority), a component unit of the Coquille Indian Tribe, Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges).

This Management's Discussion and Analysis is to be presented at the front of each year's financial statements.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 9).

### **FINANCIAL HIGHLIGHTS**

- A. The Authority's net position decreased by \$171,993, or 2.4%, during 2017. Net positions were \$7,263,819 and \$7,091,826 for 2016 and 2017, respectively.
- B. Operating revenue decreased by \$25,926, or 1.8%, during 2017 and was \$1,437,923 and \$1,411,997 for 2016 and 2017, respectively.
- C. The total operating expenses increased by \$176,935, or 10%. Total expenses were \$1,783,719 and \$1,960,654 for 2016 and 2017, respectively.
- D. Work to replace the Authority's Projects and Maintenance Operations and Storage Facility continued during the current fiscal period. Accomplishments include a successful re-solicitation of sealed bids for construction services, subsequent contract execution, and obtaining low-interest financing from the Coquille Indian Tribe's Economic Development Revolving Loan Fund for additional contract costs. Construction of the new facility was 68% complete at year end.

### **USING THIS ANNUAL REPORT**

The following graphic outlines the sections included in this report.

#### **Required Supplemental Information**

Management's Discussion and Analysis – pages 3-8

#### **Basic Financial Statements**

Basic Financial Statements – 9-11

Notes to the Financial Statements – pages 12-19

#### **Supplemental Information**

Supplementary Information (other than MD&A) – page 20

The primary focus of the Authority's financial statements is on the Authority as a whole, which allows the user to address relevant questions, broaden a basis for comparison, and enhance the Authority's accountability.

## Basic Financial Statements

The Basic Financial Statements, presented on pages 9-11, include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal “Net Position”, formerly known as equity and Net Assets. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year) and “Non-current”.

The focus of the Statement of Net Position is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories.

**Net Investment in Capital Assets:** This component of Net Position consists of all capital assets, net accumulated depreciation and reduced by the outstanding balances of any bond or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position:** This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**Unrestricted Net Position:** Consists of Net Assets that do not meet the definition of “Net Investment in Capital Assets” or “Restricted Net Position”.

The Basic Financial Statements also include a Statement of Revenue, Expenses, and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administration, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as contributions, investment income, and interest expense.

The focus of the Statement of Revenue, Expenses, and Changes in Net Position is the “Change in Net Position”, which is similar to Net Income or Loss.

Finally, the Statement of Cash Flows is included, which discloses net cash provided by or used for operating activities, non-capital financing activities, and from capital and related financing activities.

## Financial Reporting Entity

The Authority applies the criteria set forth in Governmental Accounting Standards Board (GASB) provisions to determine whether it should include in its reporting potential component units. GASB establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority’s financial statements.

These standards also stipulate other considerations that the Coquille Indian Tribe must address regarding manifestation of oversight that were considered by the Tribe in its evaluation of the Tribe’s organization and activities, including the nature and significance of the relationship with the Tribe. The economic resources of the Authority are held entirely, or almost entirely, for the direct benefit of the Tribe and/or the members of the Tribe, and those resources are significant to the Tribe.

The Tribe’s management, under the criteria of Governmental Accounting Standards Board (GASB), has determined the Authority meets the criteria as set forth above and, therefore, is considered a component unit of the Tribe.



## Indian Housing

Under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4104 et seq.), HUD will provide grants, loan guarantees, and technical assistance to Indian tribes and Alaska Native villages for the development and operation of low-income housing in Indian areas. Grants will be made to eligible recipients under the Indian Housing Block Grant (IHBG) program. To be eligible for the grants, respondents must submit an Indian Housing Plan that meets the minimum requirements of the Act, submit performance reports, and maintain records for HUD monitoring and audit review.

The Authority's mission is to provide access to decent, safe, and affordable housing opportunities for low-income American Indians and Alaska Natives within the Tribe's federally-designated service area and Coquille Tribal members of all income levels within the U.S.

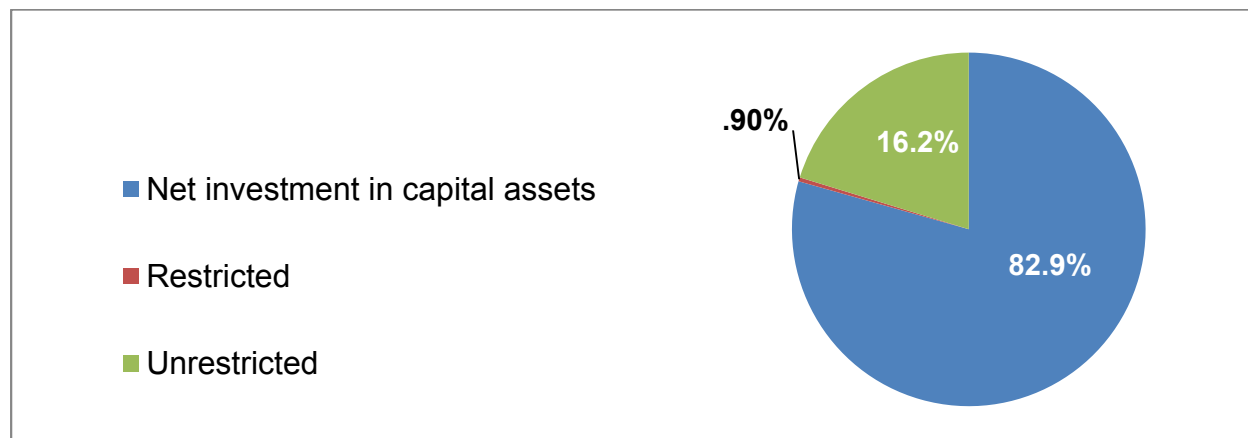
## BASIC FINANCIAL STATEMENTS

### Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year.

**TABLE 1  
STATEMENT OF NET POSITION**

	<u>9/30/2017</u>	<u>9/30/2016</u>
<b>Assets</b>		
Current and other assets	\$ 1,937,996	\$ 1,728,297
Non-current assets	83,896	38,092
Net capital assets	<u>6,778,811</u>	<u>5,823,248</u>
Total assets	<u>8,800,703</u>	<u>7,589,637</u>
<b>Liabilities</b>		
Current liabilities	636,805	237,206
Long-term liabilities	<u>1,020,553</u>	<u>82,845</u>
Total liabilities	<u>1,657,358</u>	<u>320,051</u>
Deferred inflows	<u>51,519</u>	<u>5,767</u>
<b>Net position</b>		
Net investment in capital assets	5,874,490	5,765,326
Restricted – debt reserve	72,563	27,850
Unrestricted	<u>1,144,773</u>	<u>1,470,643</u>
Total net position	<u>\$ 7,091,826</u>	<u>\$ 7,263,819</u>



### Major Factors Affecting the Statement of Net Position

Current assets increased \$209,699; liabilities increased by \$1,337,307 as a result of the commencement of *Rental Revenue Bond 2016* repayment period (Note 6).

Net capital assets also changed, increasing from \$5,823,248 to \$6,778,811. The increase is attributed primarily to the construction of the Authority's new Projects and Maintenance Operations and Storage Facility, and asset additions, net of current year equipment disposals, conveyance of one home, and depreciation. For more detail see Capital Assets on pages 7 and 16.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer view of financial well-being.

The following schedule compares the revenue and expenses for the current and previous fiscal year.

**TABLE 2**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

	9/30/2017	9/30/2016
Operating revenue		
HUD grants	\$ 1,034,872	\$ 1,073,716
Rent income	241,638	233,396
Lease income	19,701	19,701
HomeGO income	43,302	38,400
Interest income	1,949	2,087
Other income	70,535	70,623
Total operating revenue	<u>1,411,997</u>	<u>1,437,923</u>
Operating expenses		
Modernization and rehabilitation	12,912	26,194
General operation	612,384	704,315
Housing services and management	517,298	487,777
Model activities	347,287	95,422
Planning and administration	201,883	196,727
Depreciation	268,890	273,284
Total operating expenses	<u>1,960,654</u>	<u>1,783,719</u>
Less capital expenditures, reclassified	<u>(360,994)</u>	<u>(124,856)</u>
Net operating income (loss)	<u>(187,663)</u>	<u>(220,940)</u>
Non-operating revenue (expenses)		
MEPA balance applied to home conveyed	14,969	62
Net book value of property and equipment disposed/conveyed	(110,349)	(174,080)
Contributions from the Tribe	111,050	73,428
Interest expense	-	(426)
Total non-operating revenue (expenses)	<u>15,670</u>	<u>(101,016)</u>
Net decrease in net position	<u>\$ (171,993)</u>	<u>\$ (321,956)</u>

### Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position

Revenue decreased moderately during the fiscal year. Construction of the Authority's Projects and Maintenance Operations and Storage Facility comprise the increase in model activities. Conveyance of one home occurred during the period (Note 1 N).

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

As of September 30, 2017, the Authority had a net investment of \$6,778,811 in a variety of capital assets as reflected in the following schedule, which represents a net increase (including additions, deletions, and depreciation) of \$955,563.

**TABLE 3  
CAPITAL ASSETS AT YEAR END**

	<u>9/30/2017</u>	<u>9/30/2016</u>
Housing development	\$ 8,214,633	\$ 8,395,680
Land improvements	210,345	210,345
Dwelling equipment	50,679	46,468
Equipment/vehicles	187,421	185,280
Maintenance facilities	36,666	25,350
Streets/sidewalks	173,051	173,051
Commercial rental	132,546	132,546
Construction in progress	1,545,504	244,683
	<u>10,550,845</u>	<u>9,413,403</u>
Accumulated depreciation	<u>(3,772,034)</u>	<u>(3,590,155)</u>
Net capital assets	<u>\$ 6,778,811</u>	<u>\$ 5,823,248</u>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4  
CHANGE IN CAPITAL ASSETS**

Beginning balance 10/1/2016	\$ 5,823,248
Additions	1,334,802
Deletions	(197,360)
Depreciation expense	(268,890)
Accumulated depreciation – assets disposed/conveyed	87,011
Ending balance 9/30/2017	<u>\$ 6,778,811</u>
This year's major additions are:	
Land and building development	\$ 1,327,120
Operations equipment purchases	2,141
Dwelling equipment purchases	5,541
Total additions	<u>\$ 1,334,802</u>
This year's major deletions are:	
Housing development conveyed	184,715
Dwelling equipment disposal	1,330
Maintenance development disposed	11,315
Total deletions	<u>\$ 197,360</u>

See Note 5 for additional information.

**Debt Outstanding**

During fiscal year 2016, the Authority issued *Rental Revenue Bond 2016* to Banner Bank, in the principal amount of \$1,002,500, for the construction of the new Projects and Maintenance Operations and Storage Facility, receiving a single draw of \$57,921. During fiscal year 2017, the Authority made a full drawdown of the remaining funds in the amount of \$944,579. The Authority paid three quarterly interest payments totaling \$1,336, in addition to three principal and interest payments totaling \$18,141 during the period. See Note 6 for additional details.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the U.S. Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and, therefore, the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Anne Cook, Executive Director of the Coquille Indian Housing Authority, at (541) 888-6501. Specific requests may be submitted to Ms. Cook at 2678 Mexeye Loop, Coos Bay, OR 97420 or by email to [annecook@coquilleiha.org](mailto:annecook@coquilleiha.org).

## **BASIC FINANCIAL STATEMENTS**



**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Statement of Net Position**  
**September 30, 2017**

**ASSETS**

Current assets			
Cash and cash equivalents	\$	1,388,527	
Restricted cash and cash equivalents		369,594	
Accounts receivable			
HUD		78,177	
Olink receivable		2,222	
Tenants - dwelling rents		45,458	
Other accounts receivable		13,441	
Prepaid expenses		<u>40,577</u>	
Total current assets			\$ <u>1,937,996</u>
Non-current assets			
Restricted cash and cash equivalents		72,600	
Insurance reserve		<u>11,296</u>	
			<u>83,896</u>
Capital assets			
Housing development		8,214,633	
Land improvements		210,345	
Dwelling equipment		50,679	
Equipment/vehicles		187,421	
Maintenance facilities		36,666	
Streets/sidewalks		173,051	
Commercial rental		132,546	
Construction in progress		<u>1,545,504</u>	
Total capital assets		10,550,845	
Accumulated depreciation		<u>(3,772,034)</u>	
Net capital assets			<u>6,778,811</u>
Total non-current assets			<u>6,862,707</u>
Total assets			<u>8,800,703</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$	94,331	
Accrued expenses		13,303	
Accrued compensated absences		26,253	
Tenant security deposits		46,650	
Interest payable		3,116	
Advanced tenant rents		7,555	
Advanced CIT MHAP funds - general		53,043	
Advanced CIT MHAP funds - OSA		62,243	
Accounts payable from restricted assets		269,558	
PMOSF Retainage		60,753	
Bond payable - current		<u>33,646</u>	
Total current liabilities			670,451
Non-current liabilities			
Accrued compensated absences - non-current		26,254	
Bond payable - non-current		<u>960,653</u>	
Total non-current liabilities			<u>986,907</u>
Total liabilities			<u>1,657,358</u>
<b>DEFERRED INFLOWS</b>			
Advanced intergovernmental payments - olink			<u>51,519</u>
<b>NET POSITION</b>			
Net investment in capital assets		5,874,490	
Restricted net position - debt reserve		72,563	
Unrestricted net position		<u>1,144,773</u>	
Total net position			\$ <u>7,091,826</u>

See accompanying notes to the basic financial statements.

**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Year Ended September 30, 2017**

<b>OPERATING REVENUE</b>	
HUD grants	\$ 1,034,872
Rent income	241,638
Lease income	19,701
HomeGO income	43,302
Interest income	1,949
Other income	<u>70,535</u>
Total operating revenue	<u>1,411,997</u>
<b>OPERATING EXPENSES/EXPENDITURES</b>	
Modernization and rehabilitation	12,912
General operation	612,384
Housing services and management	517,298
Model activities	347,287
Planning and administration	201,883
Depreciation	<u>268,890</u>
Total operating expenses/expenditures	1,960,654
Less capital expenditures, reclassified	<u>(360,994)</u>
Net operating income (loss)	<u>(187,663)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
MEPA balance applied to home conveyed	14,969
Net book value of home conveyed	(108,320)
Gain (loss) on disposal of equipment	(2,029)
CIT Occupancy Tax	26,285
CIT MHAP funds - general	47,008
CIT MHAP funds - OSA	<u>37,757</u>
Total net non-operating revenue (expenses)	<u>15,670</u>
Change in net position	(171,993)
<b>TOTAL NET POSITION, BEGINNING</b>	<u>7,263,819</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 7,091,826</u>

See accompanying notes to the basic financial statements.



**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

HUD grants	\$ 1,105,704
Rent received from tenants	224,319
Cash payments to suppliers for goods and services	(661,469)
Cash payments to employees for services and related costs	(713,231)
Other operating revenues	179,298
Interest income	<u>1,949</u>

Net cash provided by operating activities 136,570

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

CIT Occupancy Tax	26,285
CIT MHAP funds - general	50,000
CIT MHAP funds - OSA	<u>50,000</u>

Net cash provided by noncapital financing activities 126,285

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Modernization and acquisition of capital assets	(930,966)
Rental Revenue Bond proceeds	944,579
Rental Revenue Bond principal paid	(8,201)
Rental Revenue Bond capitalized interest paid	<u>(11,275)</u>

Net cash (used) by capital and related financing activities (5,863)

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 256,992

**CASH AT BEGINNING OF YEAR** 1,573,729

**CASH AT END OF YEAR** \$ 1,830,721

**RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Net operating income (loss) \$ (187,663)

Adjustments to reconcile change in net position to net cash provided by operating activities:

Depreciation	268,890
(Increase) Decrease in:	
Receivables	14,706
Prepaid expenses	(12,150)
Insurance reserve	(1,066)
Increase (Decrease) in:	
Accounts payable	265
Accrued expenses	4,010
Deposits/payments	2,731
Advanced tenant rents	1,095
Advanced intergovernmental payments - olink	<u>45,752</u>
Total adjustments	<u>324,233</u>

Net cash provided by operating activities \$ 136,570

**SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital expenditures included in year-end accounts payable \$ 328,340

See accompanying notes to the basic financial statements.



## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

Notes to the financial statements consist of a summary of significant accounting policies and all additional information necessary for a fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.



**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Notes to the Basic Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Coquille Indian Housing Authority (the Authority) was duly created pursuant to the authority of the Constitution and Statutes of the Coquille Indian Tribe of Oregon (Tribe), particularly Coquille Tribal Ordinance No. 01-CY9233-A, adopted on May 12, 1992. The purpose of the Authority is to establish decent, safe, and sanitary housing for Coquille Tribal members and other Native Americans. The operations of the Authority are separate from those of the Coquille Indian Tribe (see Note 1 B, following). Commissioners are appointed by the Coquille Tribal Council for terms of three years or such other period specified by the Tribal Council. All vacancies are filled for the unexpired term. Typically Commissioners are nominated by the Board of Commissioners and nominations are presented to the Coquille Tribal Council for appointment. Programs for which federal funding was received by the Authority include contracts with the U.S. Department of Housing and Urban Development (HUD). The Indian Housing Block Grant Program (IHBG) is the principle funding source for the Authority.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units and applies all relevant Government Accounting Standards Board (GASB) pronouncements.

**B. Financial Reporting Entity**

The Authority considered all potential component units in determining what organizations should be included in the financial statements. A decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The concept underlying the definition of the reporting entity is that the elected or appointed officials are accountable. The Coquille Indian Housing Authority has no component units to be included in these financial statements.

These standards also stipulate other considerations that the Coquille Indian Tribe must address regarding manifestation of oversight that were considered by the Tribe in its evaluation of the Tribe's organization and activities, including the nature and significance of the relationship with the Tribe. The economic resources of the Authority are held entirely, or almost entirely, for the direct benefit of the Tribe and/or the members of the Tribe, and those resources are significant to the Tribe.

The Tribe's management has determined the Authority meets the criteria as set forth above and, therefore, is considered a component unit of the Tribe.

**C. Basis of Presentation**

The accounts of the Authority are organized and operated on the basis of a single proprietary fund, which is categorized as an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. These activities are financed primarily by HUD grants and tenant rent charges. The measurement of financial activity focuses on net income measurement similar to the private sector.

#### **D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Proprietary funds utilize an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise funds are HUD grants and rent. Operating expenses for enterprise funds include the cost of services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **E. Cash and Cash Equivalents**

The Authority considers demand deposits and investments with an original maturity of three months or less to be cash and cash equivalents for purposes of the statement of cash flows. Unrestricted cash, as well as restricted cash available to pay current liabilities, are considered cash and cash equivalents for purposes of the statement of cash flows.

#### **F. Budgets and Budgetary Accounting**

Budgets for the Authority are established within its Indian Housing Plan, which is approved by the Coquille Indian Housing Authority's Board of Commissioners and Coquille Tribal Council, then submitted to the U.S. Department of Housing and Urban Development for approval.

#### **G. Accounts Receivable – Tenants**

Accounts receivable represent amounts due from tenants. It is the practice of the Authority to write off uncollectible receivables only upon approval of the Board of Commissioners after exhausting reasonable efforts to collect amounts due. No allowance for doubtful accounts is used in the valuation of receivables.

#### **H. Accounts Receivable - HUD**

The receivables from HUD pertaining to the housing program are shown as the amount for which reimbursement is requested for expenditures under the Indian Housing Block Grant program (IHBG).

#### **I. Capital Assets**

Capital assets are defined as assets with an initial cost of \$300 or more, and an estimated useful life of more than one year. Capital assets are carried at cost. Purchase of furniture and equipment, real property acquisition, and construction of low-income housing are capitalized in the financial statements. Maintenance and repair of a routine nature are charged to expenses as incurred and not capitalized. Depreciation is recorded over the estimated useful life of the asset: buildings and improvements 15 to 50 years, and furniture and equipment 3 to 7 years. Depreciation expense for the year ended September 30, 2017 was \$268,890.

#### J. Vested Compensated Absences and Extended Illness Benefits

Vested compensated absences and extended illness benefits are accrued in the amount of \$52,508 at September 30, 2017, with one half, each, reported as current and non-current liabilities, as follows:

	<u>Balance</u> <u>10/1/16</u>	<u>Additions</u>	<u>Used</u>	<u>Balance</u> <u>9/30/17</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences payable	\$ <u>49,848</u>	\$ <u>104,649</u>	\$ <u>101,990</u>	\$ <u>52,507</u>	\$ <u>26,253</u>

#### K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Authority does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate item for deferred inflows and resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority had \$51,519 that qualifies for reporting in this category (see Note 4).

#### M. Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following categories:

- Net Investment in Capital Assets – Consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – Consists of external constraints placed on the net position used by creditors, grantors, contributors, laws, or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority has deposits of \$72,563 in a debt service reserve account that is considered restricted (Note 6).
- Unrestricted Net Position – Consists of all other items that are not included in the above categories.

It is the Authority's policy to first use restricted net position prior to the use of unrestricted net positions when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

## N. Sale of Capital Assets

Proceeds from the sale/conveyance of real property to homebuyers for the period ended September 30, 2017 is recorded as non-program income, as the home was built under the 1937 Act and did not exceed the 40% cap in rehabilitation costs. Loss on the sale/conveyance of real property, which represents remaining book value (cost less depreciation), is recorded as a program non-cash expense, as the cost to acquire or develop the property was charged to a specific grant in previous years.

## NOTE 2 – CASH AND CASH EQUIVALENTS

**Deposits** – Cash balances on deposit with local banks are collateralized by FDIC Insurance and U.S. Government obligations under two sweep repurchase (REPO) agreements. The carrying value of the Authority's funds at September 30, 2017 was \$1,830,721. The bank balance was \$1,849,255 as of September 30, 2017.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy for custodial credit risk. All deposits are held in the name of the Authority and are collateralized by their local bank under REPO Investment Sweep Account Agreements starting May 12, 2015. The carrying value of cash and cash equivalents approximates fair value.

Cash is comprised of the following at September 30, 2017.

<u>Bank Account</u>	<u>Type</u>	<u>Institution</u>	<u>Balance</u>	<u>Interest</u>
Operating/General Fund	Checking	Banner Bank	\$ 27,931	0.00%
Operating Reserves	Money Market	Banner Bank	1,348,491	0.15%
Construction Advance	Money Market	Banner Bank	321,338	0.15%
Resident Deposits	Money Market	Banner Bank	48,256	0.15%
Debt Service Bond	Money Market	Banner Bank	8,571	0.10%
Debt Reserve Bond	Money Market	Banner Bank	<u>72,600</u>	0.15%
Total bank accounts			1,827,187	
Cash on hand	Cash		3,236	
Change fund	Cash		100	
Petty cash	Cash		<u>198</u>	
Total cash			<u>\$ 1,830,721</u>	

## NOTE 3 – RESTRICTED CASH

Restricted cash in the amount of \$442,194 at September 30, 2017 consists of amounts on deposit in separate bank accounts for security, pet, and lot deposits, bond proceeds held by the Banner Bank and released as the Authority's PMOSF project construction progresses, as well as deposits required under the Bond agreement described in Note 6.

## NOTE 4 – DEFERRED INFLOWS

Proprietary funds report deferred inflows in connection with resources that have been received but are not available for expenditure in the current fiscal year. In the basic financial statements these receipts are considered deferred inflows (Note 1 L). The Authority had \$51,519 in Advanced Intergovernmental Payments that qualify for reporting in this category.



**NOTE 5 – CAPITAL ASSETS**

A summary of changes in land improvements, structures, and equipment follows:

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/17
<b>Non-depreciable capital assets:</b>				
Construction in progress	\$ 244,683	\$ 1,326,128	\$ (25,307)	\$ 1,545,504
<b>Depreciable capital assets:</b>				
Housing development	8,395,680	26,300	(207,347)	8,214,633
Land improvements	210,345	-	-	210,345
Dwelling equipment	46,468	5,541	(1,330)	50,679
Equipment/vehicles	185,280	2,141	-	187,421
Maintenance facilities	25,350	11,316	-	36,666
Streets/sidewalks	173,051	-	-	173,051
Commercial rental	132,546	-	-	132,546
Total depreciable capital assets	<u>9,168,720</u>	<u>45,298</u>	<u>(208,677)</u>	<u>9,005,341</u>
Total capital assets	<u>9,413,403</u>	<u>1,371,426</u>	<u>(233,984)</u>	<u>10,550,845</u>
<b>Accumulated depreciation:</b>				
Housing development	3,192,906	216,315	86,346	3,322,875
Land improvements	93,956	14,068	-	108,024
Dwelling equipment	21,265	6,855	665	27,455
Equipment/vehicles	134,840	13,734	-	148,574
Maintenance facilities	-	9,951	-	9,951
Streets/sidewalks	102,715	4,653	-	107,368
Commercial rental	44,473	3,314	-	47,787
Total accumulated depreciation	<u>3,590,155</u>	<u>268,890</u>	<u>87,011</u>	<u>3,772,034</u>
Capital assets, net	<u>\$ 5,823,248</u>	<u>\$ 1,102,536</u>	<u>\$ (146,973)</u>	<u>\$ 6,778,811</u>

**NOTE 6 – LONG-TERM DEBT**

During fiscal year 2016, the Board of Commissioners approved the issuance of *Rental Revenue Bond 2016* (the Bond) to Banner Bank, in the principal amount of \$1,002,500, for the construction of the new Projects and Maintenance Operations and Storage Facility (PMOSF). Gross Rental Revenue is pledged by the Authority to pay the principal of and interest on the Bond.

During fiscal year 2017, the Authority entered into the Bond 20-year repayment period, paying the first principal and interest payment of \$6,047 on July 3, 2017. The interest rate of 3.89% is fixed for the first ten years and was based upon the Des Moines Federal Home Loan Bank (FHLB) ten-year Fixed-Rate Advances – Regular Advance Rate plus 0.85%. At the start of the eleventh and sixteenth amortization years, interest rates will be adjusted based upon the then current FHLB five-year Fixed-Rate Advances – Regular Advance Rate plus 1.39%.

Terms of the bond require the Authority to maintain a Debt Service Reserve bank account for as long as any principal is outstanding. The amount on deposit must equal the lesser of (i) 10% of the initial principal amount of the bond, (ii) the maximum annual debt service on the Bond, or (iii) 125% of the average annual debt service on the Bond. The maximum annual debt service on deposit at September 30, 2017 was \$72,563.

A summary of activity in bond payable follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Revenue Bond	\$ <u>57,921</u>	\$ <u>944,579</u>	\$ <u>8,201</u>	\$ <u>994,299</u>	\$ <u>33,646</u>

Future bond principal and interest payments at September 30, 2017 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
Beginning bond balance			994,299
2018	\$ 33,646	\$ 38,915	960,653
2019	35,324	37,240	925,329
2020	36,643	35,921	888,686
2021	38,215	34,349	850,471
2022	39,750	32,814	810,721
2023-2027	223,924	138,896	586,797
2028-2032	272,630	90,190	314,167
2033-2037	<u>314,167</u>	<u>38,697</u>	-
Totals	\$ <u>994,299</u>	\$ <u>447,022</u>	

Total interest paid and capitalized in the year ended September 30, 2017, was \$14,097.

#### **NOTE 7 – 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. The Authority carries commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

#### **NOTE 8 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, local, and Tribal regulatory agencies. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD or other governing body. Such changes may occur with little notice or inadequate funds to pay for the related cost, including the additional administrative burden, to comply with a change. HUD funding represents 73% of the Authority's operating revenue.

#### **NOTE 9 – CONTINGENCIES**

Costs charged to the grant programs are subject to audit and adjustment by the grantor agency. Therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any funds received may be required and the collectability of any related receivable at September 30, 2017 may be impaired. In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying Financial Statements for such contingencies. The Authority is subject to examination by federal authorities that determine compliance with terms, conditions, laws, and regulations governing grants given to the Authority in the current and prior years.

**NOTE 10 – PENSION PLAN**

On April 1, 2007, the Authority began participation in the Coquille Indian Tribe Governmental 401(k) Plan. Eligibility in the plan is available to all employees over the age of 18, regularly scheduled to work 20 or more hours per week, after a 90-day probationary period. The Authority expends a basic contribution of 10% of eligible employees' gross income on each payroll date. Employees are allowed to participate by making separate pre-tax contributions at each payroll date. On behalf of participating employees, the Authority expends a matching contribution, dollar for dollar, up to 2.5% of participating employees' wages. All basic and matching contributions made by the Authority to the Plan on behalf of eligible employees are fully vested and non-forfeitable. For the year ended September 30, 2017, the Authority contributed approximately \$61,891 to the 401(k) Plan retirement program.

**NOTE 11 – IDENTITY AND NATURE OF INTEREST AND RELATED PARTIES**

<u>Name</u>	<u>Relationship</u>	<u>Amount Paid(Received) During the Year Ended September 30, 2017</u>
The Mill Casino-Hotel (food, lodging, and transportation)	*	\$ 925
Coquille Indian Tribe	Note 1 A	
Police Department		30,000
Reimbursements		2,585
Donations		150
Lease arrangements (see Note 12, below)		
Police Office		(2,400)
Police Garage		(1)
Maintenance Shop		(19,200)
Contributions		
CIT Occupancy Tax	Note 1 A	(26,285)
CIT MHAP funds - general	Note 1 A	(50,000)
CIT MHAP funds - OSA	Note 1 A	(50,000)

\* The Mill Casino-Hotel is owned and operated by the Coquille Economic Development Corporation, a component unit of the Coquille Indian Tribe.

**NOTE 12 – LEASES**

On March 31, 2008, the Coquille Indian Housing Authority, as sublessor, entered into a sublease agreement with the Coquille Indian Tribe for a Commercial Rental premises on Coquille Tribal Lands for a \$1,600 per month operating lease (\$19,200 annually). The premises consist of a 4,000 square foot building space constructed by the Authority with total associated grounds comprised of approximately 19,220 square feet. The fixed lease term expired March 31, 2009, at which time it converted to a month to month lease.

Another operating lease (also with the Authority as sublessor) between the Authority and the Tribe entails office space for use by the Coquille Indian Tribal Police Department. The current lease term began October 1, 2008 and automatically renews for succeeding 1-year terms thereafter unless one of the parties takes action to terminate. The lease fee is \$2,400 per year. The agreement remained in effect during the fiscal year ended September 30, 2017.

The Authority is also party to an operating lease (with the Authority as sublessor) between the Authority and the Tribe for the land upon which the Tribe has constructed a garage for the Coquille Indian Tribal Police Department. The lease is dated August 28, 2010 and is for a term of 20 years. The lease fee is \$1 per year.

On May 1, 2015, the Authority (as sublessor) entered into a business sublease with Coos County for office space for use by the South Coast Interagency Narcotics Team. The lease renews automatically for succeeding 1-year terms on July 1st of each year unless action is taken to terminate. The lease fee is \$2,400 per year.

#### **NOTE 13 – SUBSEQUENT EVENTS**

Professional standards require evaluation and disclosures of significant events affecting the Authority that take place subsequent to the current fiscal year ended September 30, 2017. The Authority entered into a loan agreement with the Coquille Indian Tribe on June 28, 2017 to provide low-interest financing for additional Projects and Maintenance Operations and Storage Facility construction costs. The Authority received the full proceeds of \$500,000 on January 22, 2018 and issued the first principal and interest payment, in the amount of \$2,413, on February 15, 2018 at an interest rate of 1.5%.

The loan is to be repaid over twenty years through monthly payments of \$2,413 including interest. The interest rate and monthly payment are subject to adjustment at five-year intervals based on the average rate earned by the Tribe on its most conservative investment during the prior 5-year period.

## **SUPPLEMENTAL INFORMATION**



**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Reconciliation Schedule**  
**Annual Performance Report to Financial Statements - IHBG 55IH4102770**  
**For the Year Ended September 30, 2017**

<u>Activity</u>	<u>IHBG Funds Charged in Current Year</u>	<u>Other Funds Expended</u>	<u>Total Funds Expended From All Sources</u>	<u>IHBG Funds Remaining</u>
1701.1 Accessibility Modifications to 1937 Housing Act Units	\$ -	\$ -	\$ -	-
1701.2 Conversion of Rental Units to Homebuyer Units	12,912	-	12,912	-
1702 Operation and Maintenance of 1937 Housing Act Units	273,699	259,333	533,032	-
1709.1 Tenant Based Rental Assistance	162,206	111,050	273,256	-
1709.2 Housing Services	15,044	-	15,044	-
1710.1 Housing Management Services	203,998	25,000	228,998	-
1710.2 Operation and Maintenance of NAHASDA Units	12,345	-	12,345	-
1711 Crime Prevention and Safety	30,000	-	30,000	-
1712 Model Activities: Replacement of Projects and Maintenance Operations and Storage Facility	122,785	1,184,346	1,307,131	173,810
1713 Planning and Administration	201,883	-	201,883	-
Loan Repayment	<u>-</u>	<u>22,593</u>	<u>22,593</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>1,034,872</u></b>	<b>\$ <u>1,602,322</u></b>	<b>2,637,194</b>	<b>\$ <u>173,810</u></b>
			Depreciation expense 268,890	
			Bond Principal payments (8,201)	
			Bond Interest payments (14,391)	
			Non-program expense 37,006	
			Bond activity (854,601)	
			Loan activity (105,243)	
			<u>1,960,654</u>	
			Total operating expenses/expenditures \$	





**SINGLE AUDIT REPORTS AND SCHEDULES**





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**INDEPENDENT AUDITOR'S 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 Commissioners  
Coquille Indian Housing Authority  
Coos Bay, Oregon

We have audited, in accordance with the 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, the financial statements of the Coquille Indian Housing Authority (Authority), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 19, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Isler CPA". The signature is written in a cursive, flowing style.

Isler CPA  
Eugene, Oregon  
March 19, 2018



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners  
Coquille Indian Housing Authority  
Coos Bay, Oregon

### Report on Compliance for Each Major Federal Program

We have audited the Coquille Indian Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Coquille Indian Housing Authority's major federal programs for the year ended September 30, 2017. The Coquille Indian Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Coquille Indian Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 Coquille Indian Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Coquille Indian Housing Authority's compliance.

### Opinion on Each Major Federal Program

In our opinion, Coquille Indian Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

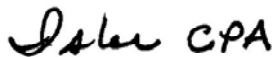
## Report on Internal Control over Compliance

Management of the Coquille Indian Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Coquille Indian Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coquille Indian Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Isler CPA

Eugene, Oregon  
March 19, 2018

**COQUILLE INDIAN HOUSING AUTHORITY  
(A Component Unit of the Coquille Indian Tribe)  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2017**

**SECTION I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? \_\_\_\_\_ Yes  None reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.867	Indian Housing Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  Yes \_\_\_\_\_ No

**SECTION II – Financial Statement Findings**

No matters were reported.

**SECTION III – Federal Award Findings and Questioned Costs**

No matters were reported.

**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2017**

<u>Federal Grantor/Pass-through Program Title or Cluster</u>	<u>Federal CFDA Number</u>	<u>Grant or Program Number</u>	<u>Program or Award Amount</u>
<b>U.S. Department of Housing and Urban Development</b>			
Office of Native American Programs			
Indian Housing Block Grants Cluster			
Indian Housing Block Grant	14.867	55IH4102770	\$ <u>1,208,682</u>
Total Awards			\$ <u><u>1,208,682</u></u>



<b>IHBG Grant (Receivable) Oct. 1</b>	<b>Federal Receipts</b>	<b>Federal Expenditures</b>	<b>IHBG Grant (Receivable) Sept. 30</b>
\$ <u>(149,009)</u>	\$ <u>1,105,704</u>	\$ <u>1,034,872</u>	\$ <u>(78,177)</u>
\$ <u><u>(149,009)</u></u>	\$ <u><u>1,105,704</u></u>	\$ <u><u>1,034,872</u></u>	\$ <u><u>(78,177)</u></u>

**COQUILLE INDIAN HOUSING AUTHORITY**  
**(A Component Unit of the Coquille Indian Tribe)**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2017**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Coquille Indian Housing Authority under programs of the federal government for the year ended September 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Coquille Indian Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Coquille Indian Housing Authority.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING**

Expenses reported on the schedule are reported on the accrual basis of accounting, modified to include capital asset expenditures. Such expenses are recognized following the cost principles contained in the Uniform Guidance.

**NOTE 3 – INDIRECT COST RATE**

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

**NOTE 4 – SUBRECIPIENTS**

No awards were passed through to sub-recipients in the year ended September 30, 2017.

**COQUILLE INDIAN HOUSING AUTHORITY  
(A Component Unit of the Coquille Indian Tribe)  
Coos Bay, Oregon**

**HUD PROJECT NO. 55IH4102770  
For the Fiscal Year Ended September 30, 2017**

**CERTIFICATION OF PROJECT OWNER**

We hereby certify that we have examined the accompanying financial statements and supplemental data of the Coquille Indian Housing Authority HUD Project as shown above and, to the best of our knowledge and belief, the same are accurate and complete.

\_\_\_\_\_  
Anne F. Cook, Executive Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Toni Ann Brend, Chairperson

\_\_\_\_\_  
Date

Employer Identification Number  
93-1133051