

**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, 2019**

WITH

INDEPENDENT AUDITOR'S REPORT

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

Board of Commissioners
September 30, 2019

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Executive Director

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2678 Mexeye Loop
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COQUILLE INDIAN HOUSING AUTHORITY
(A Component Unit of the Coquille Indian Tribe)
Annual Financial Report
For the Year Ended September 30, 2019

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Coquille Indian Housing Authority
Coos Bay, Oregon

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, 2019, 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, 2019, 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, 2020, 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, 2020

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 \$224,341 during 2019. Net positions were \$7,083,045 and \$6,858,704 for 2018 and 2019, respectively.
- B. Operating revenue decreased by \$32,836, or 2%, during 2019 and was \$1,640,363 and \$1,607,527 for 2018 and 2019, respectively.
- C. The total operating expenses decreased by \$62,426, or 3.1%. Total expenses were \$2,043,696 and \$1,981,270 for 2018 and 2019, respectively.
- D. During the period, a non-residential unit (used as an interim maintenance facility in prior periods) was refurbished for use as an activities center for community elders. The Authority's RV and boat storage area for residents of the housing community was redesigned to expand capacity and improve safety, including traffic flow, surfacing, marking, fencing, and security upgrades.

The Authority applied for an FY 2018-2019 IHBG Competitive Grant to rehabilitate three existing low-income rentals and build three new low-income rentals to comply with HUD Section 504 accessibility standards. Notice of award was received subsequent to the period and work is scheduled to begin in FY 2020.

USING THIS ANNUAL REPORT

The following outlines the sections included in this report:

Required Supplemental Information

Management's Discussion and Analysis – pages 3-8

Basic Financial Statements

Basic Financial Statements – pages 9-11

Notes to the Financial Statements – pages 12-20

Supplemental Information

Supplementary Information (other than MD&A) – page 21

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.

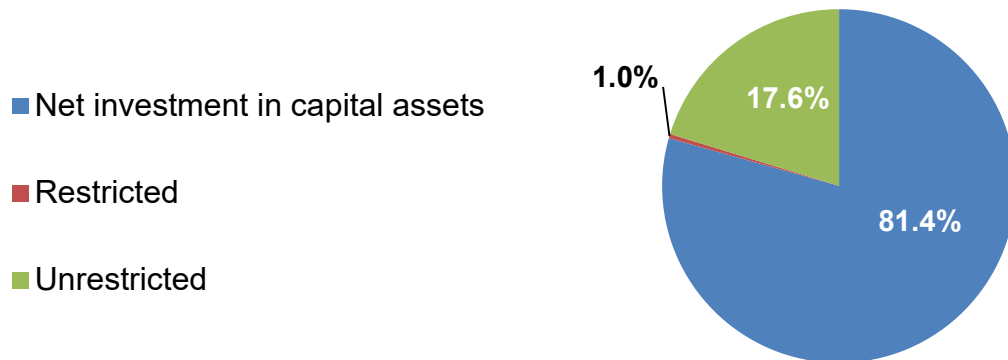
BASIC FINANCIAL STATEMENTS

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>9/30/2019</u>	<u>9/30/2018</u>
Assets		
Current and other assets	\$ 1,433,800	\$ 1,424,334
Non-current assets	72,563	72,563
Net capital assets	6,969,901	7,269,540
Total assets	<u>8,476,264</u>	<u>8,766,437</u>
Liabilities		
Current liabilities	259,984	268,101
Long-term liabilities	1,357,576	1,415,291
Total liabilities	<u>1,617,560</u>	<u>1,683,392</u>
Net position		
Net investment in capital assets	5,580,862	5,823,252
Restricted – debt reserve	72,563	72,563
Unrestricted	1,205,279	1,187,230
Total net position	<u>\$ 6,858,704</u>	<u>\$ 7,083,045</u>



Major Factors Affecting the Statement of Net Position

Current assets increased \$9,466. Liabilities decreased by \$65,832 as a result of the Authority's continued debt service and a decrease in Advanced CIT MHAP funds remaining at September 30, 2019.

Net capital assets also changed, decreasing from \$7,269,540 to \$6,969,901. The decrease is attributed to asset additions, net of current year equipment disposals, 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 years.

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

	<u>9/30/2019</u>	<u>9/30/2018</u>
Operating revenue		
HUD grants	\$ 1,116,447	\$ 1,189,714
Rent income	271,965	242,815
Lease income	43,781	31,991
HomeGO income	48,120	46,329
Interest income	1,906	1,475
Other income	125,308	128,039
Total operating revenue	<u>1,607,527</u>	<u>1,640,363</u>
Operating expenses		
Modernization and rehabilitation	1,510	10,094
General operation	824,302	722,173
Housing services and management	621,747	598,864
Model activities	-	225,940
Planning and administration	212,974	205,467
Depreciation	320,737	281,158
Total operating expenses/expenditures	<u>1,981,270</u>	<u>2,043,696</u>
Less capital expenditures, reclassified	<u>(21,855)</u>	<u>(271,110)</u>
Net operating income (loss)	<u>(351,888)</u>	<u>(132,223)</u>
Non-operating revenue (expenses)		
Net book value of equipment disposed	(723)	(1,626)
Other income related to capital assets	-	4,707
Contributions from the Tribe	172,124	143,793
Interest expense	(43,854)	(23,432)
Total non-operating revenue (expenses)	<u>127,547</u>	<u>123,442</u>
Net decrease in net position	<u>\$ (224,341)</u>	<u>\$ (8,781)</u>

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

Revenue decreased moderately during the fiscal year. Non-routine maintenance performed on a non-residential unit, currently used as an elders activity center, and extensive prep for re-occupancy costs on several units, due to long term tenancy, comprise the increase in general operation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, the Authority had a net investment of \$6,969,901 in a variety of capital assets as reflected in the following schedule, which represents a net decrease (including additions, deletions, and depreciation) of \$299,639.

**TABLE 3
CAPITAL ASSETS AT YEAR END**

	9/30/2019	9/30/2018
Housing development	\$ 8,275,042	\$ 8,248,446
Land improvements	210,345	210,345
Dwelling equipment	54,179	50,486
Equipment/vehicles	232,861	230,805
Maintenance facility	2,250,360	2,250,360
Streets/sidewalks	173,051	173,051
Commercial rental	132,546	132,546
Construction in progress	12,087	24,466
	<u>11,340,471</u>	<u>11,320,505</u>
Accumulated depreciation	<u>(4,370,570)</u>	<u>(4,050,965)</u>
Net capital assets	<u>\$ 6,969,901</u>	<u>\$ 7,269,540</u>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

Beginning balance 10/1/2018	\$ 7,269,540
Additions	21,855
Deletions	(1,889)
Depreciation expense	(320,737)
Accumulated depreciation – assets deleted	1,132
Ending balance 9/30/2019	<u>\$ 6,969,901</u>
This year's major additions are:	
Dwelling improvements	12,647
Operations and office equipment purchases	2,056
Dwelling equipment purchases	5,583
Community facilities	1,569
Total additions	<u>\$ 21,855</u>
This year's deletions are:	
Dwelling equipment disposal	1,889
Total deletions	<u>\$ 1,889</u>

Long-term Debt

During fiscal year 2016, the Authority issued *Rental Revenue Bond 2016* to Banner Bank, in the principal amount of \$1,002,500, for construction of the new Projects and Maintenance Operations and Storage Facility. During fiscal year 2019, the Authority paid principal and interest payments totaling \$72,563.

The Authority entered into a loan agreement with the Coquille Indian Tribe during fiscal year 2017, in the principal amount of \$500,000, to provide low-interest financing for additional Projects and Maintenance Operations and Storage Facility construction costs. During fiscal year 2019, the Authority paid principal and interest payments totaling \$28,953.

See Note 6 for additional details.

**TABLE 5
CHANGE IN LONG-TERM DEBT**

	9/30/2019	9/30/2018
Rental revenue bond	\$ 925,221	\$ 960,653
CIT EDRLF loan	463,818	485,635
Compensated absences	54,846	52,097
Total long-term debt	<u>\$ 1,443,885</u>	<u>\$ 1,498,385</u>

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.

BASIC FINANCIAL STATEMENTS

COQUILLE INDIAN HOUSING AUTHORITY
(A Component Unit of the Coquille Indian Tribe)
Statement of Net Position
September 30, 2019

ASSETS

Current assets		
Cash and cash equivalents	\$ 1,140,641	
Restricted cash and cash equivalents	52,658	
Accounts receivable		
HUD	186,225	
Tenants - dwelling rents	24,809	
Other	988	
Inventories	2,862	
Prepaid expenses	25,617	
Total current assets		\$ 1,433,800
Non-current assets		
Restricted cash and cash equivalents	72,563	
		<u>72,563</u>
Capital assets		
Housing development	8,275,042	
Land improvements	210,345	
Dwelling equipment	54,179	
Equipment/vehicles	232,861	
Maintenance facility	2,250,360	
Streets/sidewalks	173,051	
Commercial rental	132,546	
Construction in progress	12,087	
Total capital assets	11,340,471	
Accumulated depreciation	(4,370,570)	
Net capital assets		<u>6,969,901</u>
Total non-current assets		<u>7,042,464</u>
Total assets		<u>8,476,264</u>

LIABILITIES

Current liabilities		
Accounts payable	\$ 14,997	
Accrued expenses	16,568	
Accrued compensated absences - current	27,423	
Tenant security deposits	52,842	
Interest payable	2,893	
Advanced tenant rents	7,082	
Advanced CIT MHAP funds	78,674	
Accounts payable from restricted assets	619	
CIT EDRLF loan payable - current	22,148	
Rental revenue bond payable - current	36,738	
Total current liabilities		259,984
Non-current liabilities		
Accrued compensated absences - non-current	27,423	
CIT EDRLF loan payable - non-current	441,670	
Rental revenue bond payable - non-current	888,483	
Total non-current liabilities		<u>1,357,576</u>
Total liabilities		<u>1,617,560</u>

NET POSITION

Net investment in capital assets	5,580,862	
Restricted net position - debt reserve	72,563	
Unrestricted net position	1,205,279	
Total net position		\$ <u>6,858,704</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, 2019

OPERATING REVENUE

HUD grants	\$ 1,116,447
Rent income	271,965
Lease income	43,781
HomeGO income	48,120
Interest income	1,906
Other income	<u>125,308</u>

Total operating revenue	<u>1,607,527</u>
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OPERATING EXPENSES/EXPENDITURES

Modernization and rehabilitation	1,510
General operation	824,302
Housing services and management	621,747
Planning and administration	212,974
Depreciation	<u>320,737</u>

Total operating expenses/expenditures	1,981,270
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Less capital expenditures, reclassified	<u>(21,855)</u>
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Net operating income (loss)	<u>(351,888)</u>
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NON-OPERATING REVENUE (EXPENSES)

Gain (loss) on disposal of equipment	(723)
Interest expense	(43,854)
CIT occupancy tax	31,870
CIT MHAP funds	<u>140,254</u>

Total net non-operating revenue (expenses)	<u>127,547</u>
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Change in net position	(224,341)
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TOTAL NET POSITION, BEGINNING	<u>7,083,045</u>
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TOTAL NET POSITION, ENDING	<u><u>\$ 6,858,704</u></u>
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COQUILLE INDIAN HOUSING AUTHORITY
(A Component Unit of the Coquille Indian Tribe)
Statement of Cash Flows
For the Year Ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 1,062,791
Rent received from tenants	301,122
Cash payments to suppliers for goods and services	(776,396)
Cash payments to employees for services and related costs	(830,831)
Other operating revenues	217,209
Interest income	1,906

Net cash provided by operating activities (24,199)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

CIT occupancy tax	31,870
CIT MHAP funds	117,000

Net cash provided by noncapital financing activities 148,870

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Gain from disposal of equipment	34
Modernization and acquisition of capital assets	(21,855)
Rental revenue bond principal paid	(35,432)
Rental revenue bond interest paid	(37,131)
CIT EDRLF loan principal paid	(21,818)
CIT EDRLF loan interest paid	(7,135)

Net cash (used) by capital and related financing activities (123,337)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 1,334

CASH AT BEGINNING OF YEAR 1,264,528

CASH AT END OF YEAR \$ 1,265,862

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

Net operating income (loss) \$ (351,888)

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

Depreciation	320,737
(Increase) Decrease in:	
Receivables	(28,152)
Prepaid expenses	21,295
Inventory	(1,275)
Increase (Decrease) in:	
Accounts payable	2,216
Accrued expenses	6,138
Deposits/payments	5,142
Advanced tenant rents	1,588
Total adjustments	<u>327,689</u>

Net cash provided by operating activities \$ (24,199)

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, 2019

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 low-income 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. The Authority 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, 2019 was \$320,737.

Vested Compensated Absences and Extended Illness Benefits

Vested compensated absences and extended illness benefits are accrued in the amount of \$54,846 at September 30, 2019, with one half, each, reported as current and non-current liabilities, as follows:

	<u>Balance 10/1/2018</u>	<u>Additions</u>	<u>Used</u>	<u>Balance 9/30/2019</u>	<u>Due Within One Year</u>
Compensated absences payable	<u>\$ 52,097</u>	<u>\$ 94,129</u>	<u>\$ 91,380</u>	<u>\$ 54,846</u>	<u>\$ 27,423</u>

J. 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.

K. 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/expenditures) 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 does not have an item that qualifies for reporting in this category. See Note 4 for additional information.

L. 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. In compliance with the terms of Rental Revenue Bond 2016, the Authority has deposits of \$72,563 in a debt service reserve account that is considered restricted. See 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.

M. New Accounting Pronouncements and Standards

In March 2018, GASB issued Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which amends Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, paragraph 119, and Statement No. 38, *Certain Financial Statement Note Disclosures*, paragraphs 10 and 12. The amendments clarify certain provisions that, in retrospect, may not be sufficiently clear for consistent application. Statement No. 88 requires additional information related to debt be disclosed in the notes to the financial statements, including assets pledged as collateral, specific terms in debt agreements related to significant events of default and termination with finance-related consequences, and acceleration clauses. The Statement's requirements are in effect for financial statements for periods beginning after June 15, 2018. The Authority elected to adopt its provisions beginning September 30, 2018.

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 a sweep repurchase (REPO) agreement. The carrying value of the Authority's funds at September 30, 2019 was \$1,265,861. The bank balance was \$1,265,045 as of September 30, 2019.

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 a REPO Investment Sweep Account Agreement starting May 12, 2015. The carrying value of cash and cash equivalents approximates fair value.

Cash is comprised of the following at September 30, 2019.

<u>Bank Account</u>	<u>Type</u>	<u>Institution</u>	<u>Balance</u>	<u>Interest</u>
Operating/General Fund	Checking	Banner Bank	\$ 38,910	0.00%
Operating Reserves	Money Market	Banner Bank	1,088,713	0.15%
Resident Deposits	Money Market	Banner Bank	52,658	0.36%
Debt Service Bond	Money Market	Banner Bank	12,106	0.25%
Debt Reserve Bond	Money Market	Banner Bank	<u>72,658</u>	0.36%
Total bank accounts			1,265,045	
Cash on hand	Cash		560	
Change fund	Cash		100	
Petty cash	Cash		<u>157</u>	
Total cash			<u>\$ 1,265,862</u>	

NOTE 3 – RESTRICTED CASH

Restricted cash in the amount of \$125,221 at September 30, 2019 consists of amounts on deposit in separate bank accounts for security, pet, and lot deposits, and deposits required under the Rental Revenue Bond 2016 agreement described in Note 6.

NOTE 4 – DEFERRED INFLOWS

Proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. In the basic financial statements these unearned revenues are considered deferred inflows (Note 1 L). These financial statements report deferred inflows (revenue) only for those amounts that have been received but not yet earned. The Authority does not have an item that qualifies for reporting in this category.

NOTE 5 – CAPITAL ASSETS

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

	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019
Non-depreciable capital				
Construction in progress	\$ 24,466	\$ 1,510	\$ (13,889)	\$ 12,087
Depreciable capital assets:				
Housing development	8,248,446	26,596	-	8,275,042
Land improvements	210,345	-	-	210,345
Dwelling equipment	50,486	5,582	(1,889)	54,179
Equipment/vehicles	230,805	2,056	-	232,861
Maintenance facility	2,250,360	-	-	2,250,360
Streets/sidewalks	173,051	-	-	173,051
Commercial rental	132,546	-	-	132,546
Total depreciable capital	11,296,039	34,234	(1,889)	11,328,384
Total capital assets	11,320,505	35,744	(15,778)	11,340,471
Accumulated depreciation:				
Housing development	3,548,314	228,881	-	3,777,195
Land improvements	121,958	13,933	-	135,891
Dwelling equipment	32,340	5,948	1,132	37,156
Equipment/vehicles	161,278	14,606	-	175,884
Maintenance facility	23,953	49,402	-	73,355
Streets/sidewalks	112,021	4,653	-	116,674
Commercial rental	51,101	3,314	-	54,415
Total accumulated	4,050,965	320,737	1,132	4,370,570
Capital assets, net	<u>\$ 7,269,540</u>	<u>\$ (284,993)</u>	<u>\$ (14,646)</u>	<u>\$ 6,969,901</u>

NOTE 6 – LONG-TERM DEBT**A. Rental Revenue Bond 2016**

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. The direct borrowing was issued for construction of the new Projects and Maintenance Operations and Storage Facility (PMOSF). The Authority pledged gross rental revenue to pay the principal and interest payments on the Bond. Terms of the Bond contain a provision in the event any monthly installment is not paid when due, the Authority is obligated to pay interest on the principal portion of the installment at the same rate provided in the Bond from and after its payment date until the installment, both principal and interest, is paid in full. As of September 30, 2019, the unpaid balance of the Bond was \$925,221.

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%.

For as long as any principal amount is outstanding, terms of the Bond require the Authority to maintain a Debt Service Reserve bank account. The amount on deposit must equal the lesser of (i) 10% of the initial principal amount of the Bond \$100,250, (ii) the maximum annual debt service on the Bond \$72,563, or (iii) 125% of the average annual debt service on the Bond \$90,704. Accordingly, the debt service amount on deposit at September 30, 2019 was \$72,563.

Future bond principal and interest payments at September 30, 2019 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
Beginning rental revenue bond balance			925,221
2020	\$ 36,738	\$ 35,825	888,483
2021	38,012	34,551	850,471
2022	39,750	32,813	810,721
2023	41,664	30,899	769,057
2024	42,924	29,639	726,133
2025-2029	242,289	120,527	483,844
2030-2034	295,033	67,783	188,811
2035-2037	188,811	28,878	-
Totals	<u>\$ 925,221</u>	<u>\$ 380,915</u>	

Total interest paid in the year ended September 30, 2019 was \$37,132.

B. Coquille Indian Tribe – Economic Development Revolving Loan Fund (EDRLF)

The Authority entered into a loan agreement with the Coquille Indian Tribe (the Tribe) on June 28, 2017 to provide low-interest financing for additional PMOSF construction costs. The direct borrowing of \$500,000 was received on January 22, 2018. The 20-year loan repayment period commenced on February 20, 2018. The loan agreement contains a provision that in the event of default, outstanding amounts become immediately due and payable. As of September 30, 2019, the unpaid balance of the loan was \$463,818.

The interest rate of 1.5% is fixed for the first five years. The Tribe, in its sole discretion, may adjust the interest rate on the fifth, tenth, and fifteenth anniversary dates of the loan, provided that any adjustments to the interest rate do not exceed the average annual rate of return, net of fees, of the Tribe's most conservative investment portfolio during the previous five-year period.

Future loan principal and interest payments at September 30, 2019 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
Beginning loan balance			463,818
2020	\$ 22,148	\$ 6,805	441,670
2021	22,481	6,472	419,189
2022	22,822	6,131	396,367
2023	23,166	5,787	373,201
2024	23,516	5,437	349,685
2025-2029	123,016	21,748	226,669
2030-2034	132,590	12,174	94,079
2035-2038	94,079	2,427	-
Totals	<u>\$ 463,818</u>	<u>\$ 66,981</u>	

Total interest paid in the year ended September 30, 2019 was \$7,135.

C. Changes in Long-term Debt

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Rental revenue bond	\$ 960,653	\$ -	\$ 35,432	\$ 925,221	\$ 36,738
CIT EDRLF loan	485,635	-	21,817	463,818	22,148
Compensated absences	52,097	94,129	91,380	54,846	27,423
Total long-term debt	<u>\$ 1,498,385</u>	<u>\$ 94,129</u>	<u>\$ 148,629</u>	<u>\$ 1,443,885</u>	<u>\$ 86,309</u>

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 69.5% 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, 2019 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, 2019, the Authority contributed approximately \$69,301 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, 2019</u>
The Mill Casino-Hotel (food, lodging, and transportation)	*	\$ 3,004
Coquille Indian Tribe	Note 1 A	
Police Department		30,000
Reimbursements		1,855
Donations		250
EDRLF loan principal and interest payments		28,953
CIT transit tax		568
Lease arrangements (see Note 12, below)		
Maintenance shop		(19,200)
Police office		(2,400)
Police garage		(1)
791A-E Miluk Drive		(23,580)
Elders activity center		(2,800)
Reimbursements		
To expedite availability of elders activity center		(35,365)
Contributions		
CIT occupancy tax	Note 1 A	(31,870)
CIT MHAP funds	Note 1 A	(117,000)

* 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, 2019.

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, by either party to terminate. The lease fee is \$2,400 per year.

Another business sublease (also with the Authority as sublessor) between the Authority and the Tribe entails five rental spaces located at the Authority's Project and Maintenance Operations and Storage Facility, which are used for various Tribal governmental purposes. The current lease term began April 1, 2018 and automatically renews for succeeding 1- year terms thereafter, unless action is taken in accordance with the provisions of the lease by either party to terminate. The lease fee is \$23,580 per year.

During the period, the Authority, as sublessor, entered into another business sublease with the Coquille Indian Tribe for an elders activity center located within the housing community on Coquille Tribal Lands. The current lease term began June 1, 2019 and automatically renews for subsequent 1-year terms on the execution date unless action is taken to terminate the lease by either party. 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 fiscal year ended September 30, 2019. At the date of this report, the Authority is anticipating economic changes related to public health measures associated with COVID-19. Many businesses nationwide have reduced or suspended operations, which may affect participant income, and consequently the Authority's rental revenue and rental assistance expenditures.

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, 2019

<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>
1901	Conversion of Rental Units to Homebuyer Units	\$ 1,510	\$ -	\$ 1,510	\$ -
1902	Operation and Maintenance of 1937 Housing Act Units	400,062	271,477	671,539	29,990
1909.1	Tenant Based Rental Assistance	197,426	172,124	369,550	-
1909.2	Housing Services	12,294	-	12,294	-
1910.1	Housing Management Services	239,903	-	239,903	-
1910.2	Operation and Maintenance of NAHASDA Units	22,278	-	22,278	-
1911	Crime Prevention and Safety	30,000	-	30,000	-
1913	Planning and Administration	212,974	-	212,974	-
	Loan Repayment	-	101,516	101,516	-
Total		<u>\$ 1,116,447</u>	<u>\$ 545,117</u>	<u>\$ 1,661,564</u>	<u>\$ 29,990</u>
Depreciation expense				320,737	
Leave payable				2,749	
Bond Principal payments				(35,432)	
Loan Principal payments				(21,818)	
Bond Interest payments				(37,131)	
Loan Interest payments				(7,135)	
Non-program expense				97,736	
Total operating expenses/expenditures				<u>\$ 1,981,270</u>	

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, 2019, 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, 2020.

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, 2020



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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, 2019. 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, 2019.

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, 2020

COQUILLE INDIAN HOUSING AUTHORITY
(A Component Unit of the Coquille Indian Tribe)
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

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 subsection 200.516 of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*?

_____ 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, 2019

<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>
U.S. Department of Housing and Urban Development			
Office of Native American Programs			
Indian Housing Block Grants Cluster			
Indian Housing Block Grant	14.867	55IH4102770	\$ <u>1,146,437</u>
Total Awards			\$ <u><u>1,146,437</u></u>

Accounts Payable (Receivable) Oct. 1	Federal Receipts	Federal Expenditures	Accounts Payable (Receivable) Sept. 30
\$ <u>(132,569)</u>	\$ <u>1,062,791</u>	\$ <u>1,116,447</u>	\$ <u>(186,225)</u>
\$ <u><u>(132,569)</u></u>	\$ <u><u>1,062,791</u></u>	\$ <u><u>1,116,447</u></u>	\$ <u><u>(186,225)</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, 2019

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, 2019. 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, 2019.

**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, 2019**

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

March 26, 2020

Date



Denise L. Hunter, Vice Chairperson

March 26, 2020

Date

Employer Identification Number
93-1133051