JACKSON METROPOLITAN HOUSING AUTHORITY

JACKSON COUNTY

SINGLE AUDIT

OCTOBER 1, 2016 – SEPTEMBER 30, 2017

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

# Dave Yost • Auditor of State

Board of Commissioners
Jackson Metropolitan Housing Authority
249 West 13th Street
PO Box 119
Wellston, Ohio 45692

We have reviewed the *Independent Auditor's Report* of the Jackson Metropolitan Housing Authority, Jackson County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2016 through September 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

April 13, 2018

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**JACKSON METROPOLITAN HOUSING AUTHORITY**
**JACKSON COUNTY**

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WILSON, SHANNON & SNOW
INC.
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# INDEPENDENT AUDITOR'S REPORT

Jackson Metropolitan Housing Authority
Jackson County
249 W 13th Street
P.O. Box 119
Wellston, Ohio 45692

To the Board of Commissioners:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Jackson Metropolitan Housing Authority, Jackson County, Ohio (the Authority), as of and for the fiscal 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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


10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson Metropolitan Housing Authority, Jackson County as of September 30, 2017, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the 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 this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary Information*

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

The Financial Data Schedules as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report March 16, 2018, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 16, 2018

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The Jackson Metropolitan Housing Authority's ("the Authority") 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, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

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

## FINANCIAL HIGHLIGHTS

- The Authority's Net Position decreased by $214,164 (or 6.02%) for the fiscal year ending September 30, 2017, resulting from the operations of the Authority. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position. Net Position was $3,344,705 and $3,558,869 for 2017 and 2016 respectively.
- Revenues increased by $213,564 (or 10.79%) during 2017, and were $2,193,380 and $1,979,816 for 2017 and 2016 respectively.
- The total expenses of all Authority programs increased by $178,352 (or 8.00%). Total expenses were $2,407,544 and $2,229,192 for 2017 and 2016 respectively.

## USING THIS ANNUAL REPORT

The following graphic outlines the format of this Report:

**MD&A**
~Management's Discussion and Analysis~

**Basic Financial Statements**
~Statement of Net Position~
~Statement of Revenues, Expenses and Changes in Net Position~
~Statement of Cash Flows~
~Notes to the Basic Financial Statements~

**Other Required Supplementary Information**
~Required Supplementary Information (Pension Schedules)~

**Supplementary and Other Information**
~Financial Data Schedules~
~ Schedule of Expenditures of Federal Awards ~

## Authority Financial Statements

The Authority financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements 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 and deferred outflows of resources minus liabilities and deferred inflows of resources, equals "Net Position". 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 (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position are reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes 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 Position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The Authority's financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenue, such as tenant revenue, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense.

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

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

## Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

## The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – This is the current primary funding source for the Authority's physical and management improvements to the Authority's properties. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocations and based on size and age of your units.

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

Economic Development and Supportive Services Program – This is a grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population. These programs are identified on the FDS schedules as the PIH Family Self-Sufficiency Program and the HOME Investment Partnerships Program.

Business Activity – Business activity represent other services that the PHA provides to Jackson Metropolitan Housing Authority for a fee and services that the PHA provides to the County. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

## AUTHORITY STATEMENTS

### STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position compared to prior fiscal year. The Authority is engaged only in Business-Type Activities.

**STATEMENT OF NET POSITION**

| | 2017 | 2016 |
|---|---|---|
| Current and Other Noncurrent Assets | $1,355,311 | $1,082,794 |
| Capital Assets | 3,326,587 | 3,411,651 |
| Total Assets | 4,681,898 | 4,494,445 |
| Deferred Outflows of Resources | 276,119 | 166,143 |
| Current Liabilities | 358,099 | 254,987 |
| Non-Current Liabilities | 1,251,219 | 824,250 |
| Total Liabilities | 1,609,318 | 1,079,237 |
| Deferred Inflows of Resources | 3,994 | 22,482 |
| Net Position | | |
| Net Investment in Capital Assets | 2,764,299 | 2,977,163 |
| Restricted | 16,536 | 20,105 |
| Unrestricted | 563,870 | 561,601 |
| Total Net Position | $3,344,705 | $3,558,869 |

For more detailed information see page 12 for the Statement of Net Position.

### Major Factors Affecting the Statement of Net Position

During 2017, current and other assets increased by $272,517 and total liabilities increased by $530,081. The current and other assets, primarily cash and investments, increased due to results from operation and a recording of an account receivable of $174,198 from a settlement of a law suit filed against U.S. Federal Government for wrongfully recapturing excess operating reserve from the housing authority. This funds from this settlement was received on January 22, 2018.

Total liabilities increase is due to the timing of vendor payments and debt issued to acquire additional properties, net by the amount of debt retired during the fiscal year.

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Capital assets also changed, decreasing from $3,411,651 to $3,326,587. The $85,064 decrease was contributed primarily to current fiscal year depreciation expense less purchase of current fiscal year assets.

**CHANGE IN UNRESTRICTED NET POSITION**

| | |
|---|---|
| Unrestricted Net Position September 30, 2016 | $561,601 |
| Results of Operations | (296,395) |
| Adjustments: | |
| Current Fiscal Year Depreciation (1) | 377,486 |
| Capital Expenditures (2) | (292,422) |
| New Debt Issued | 308,370 |
| Retirement of Debt | (94,770) |
| Unrestricted Net Position September 30, 2017 | $563,870 |

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures represent an outflow of Unrestricted Net Position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

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 change in financial well-being. The Following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only Business-Type Activities.

This space was intentionally left blank.

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

| | 2017 | 2016 |
|---|---|---|
| Revenues | | |
| Tenant Revenue | $ 418,987 | $ 408,421 |
| Operating Subsidies | 1,414,240 | 1,349,227 |
| Capital Grants | 119,005 | 162,694 |
| Interest | 1,857 | 2,331 |
| Other Revenues | 239,291 | 57,143 |
| Total Revenue | 2,193,380 | 1,979,816 |
| Expenses | | |
| Administrative | 444,040 | 398,235 |
| Tenant Services | 40,640 | 40,900 |
| Utilities | 168,400 | 164,407 |
| Maintenance | 525,565 | 436,730 |
| General and Interest Expense | 129,905 | 137,136 |
| Housing Assistance Payments | 721,508 | 690,335 |
| Depreciation | 377,486 | 361,449 |
| Total Expenses | 2,407,544 | 2,229,192 |
| Change in Net Position | (214,164) | (249,376) |
| Net Position at October 1 | 3,558,869 | 3,808,245 |
| Net Position at September 30 | $ 3,344,705 | $ 3,558,869 |

## MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Total revenue increased by $213,564 compared to the prior fiscal year. The increase is due to the tenants rent earned and increase in grant revenue earned from HUD for the operation of the HUD funded programs. In addition, total revenue includes $174,198 settlement from a law suit that 350 housing authorities filed again the U.S. Federal Government for HUD wrongfully recapturing excess reserve from its 2012 fiscal year operating subsidies award. The $174,198 represent Jackson Metropolitan Housing Authority award amount.

Total expenses increased by $178,352 in comparison with prior fiscal year financials. The increase is due to maintenance expenses, administrative expenses and housing assistance payments. All other categories remain stable in comparison with prior fiscal year.

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## CAPITAL ASSETS

As of fiscal year end, the Authority had $3,326,587 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to current fiscal year additions less depreciation expense.

### CAPITAL ASSETS AT YEAR-END
### (NET OF DEPRECIATON)

| | Business-type Activities | |
|---|---|---|
| | 2017 | 2016 |
| Land | $ 240,826 | $ 231,426 |
| Building | 11,999,355 | 11,819,871 |
| Equipment | 332,157 | 326,957 |
| Construction in Progress | 99,038 | 700 |
| Accumulated Depreciation | (9,344,789) | (8,967,303) |
| Total | $ 3,326,587 | $ 3,411,651 |

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 5 of the notes to the basic financial statements:

### CHANGE IN CAPITAL ASSETS

| | |
|---|---|
| Beginning Balance | $3,411,651 |
| Current Fiscal Year Additions | 292,422 |
| Current Fiscal Year Depreciation | (377,486) |
| Ending Balance | $3,326,587 |

Current fiscal year additions are summarized as follows:

| | |
|---|---|
| - Land purchased with home | $ 9,400 |
| - 1 home purchased | 85,350 |
| - Rehab on homes | 52,575 |
| - HVAC work | 5,200 |
| - Sanitation sewer line replacement | 21,591 |
| - New rook on Cambrian shed | 19,968 |
| - Construction in progress | 98,338 |
| Ending Balance | $292,422 |

## DEBT OUTSTANDING

As of year-end, the Authority has $648,088 in debt (mortgages) outstanding compared to $434,488 in the prior year.

## CONDENSED STATEMENT OF CHANGE IN DEBT OUTSTANDING

| | | |
|---|---|---|
| Beginning Balance - September 30, 2016 | $ | 434,488 |
| Current Year Debt Issued | | 308,370 |
| Current Year Principal Payments | | (94,770) |
| Ending Balance - September 30, 2017 | $ | 648,088 |

See Note 8 for more information regarding Authority's long term debt.

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the 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 Gary Keller, Executive Director of the Jackson Metropolitan Housing Authority, at (740) 384-5627. Specific requests may be submitted to the Jackson Metropolitan Housing Authority at 249 W. Thirteenth Street PO Box 619, Wellston, Ohio 45692.

**JACKSON METROPOLITAN HOUSING AUTHORITY**
**JACKSON COUNTY**

**STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2017**

| | |
|---|---|
| **Assets** | |
| Current Assets: | |
| Cash and Cash Equivalents | $ 1,082,663 |
| Restricted Cash and Cash Equivalents | 75,290 |
| Receivable, net | 189,252 |
| Prepaid Items | 8,106 |
| Total Current Assets | 1,355,311 |
| Non-Current Assets: | |
| Capital Assets: | |
| Nondepreciable Capital Assets | 339,864 |
| Depreciable Capital Assets | 12,331,512 |
| Accumulated Depreciation | (9,344,789) |
| Total Capital Assets | 3,326,587 |
| Total Non-Current Assets | 3,326,587 |
| **Total Assets** | 4,681,898 |
| **Deferred Outflows of Resources** | 276,119 |
| **Liabilities** | |
| Current Liabilities: | |
| Accounts Payable | 71,588 |
| Accrued Wages and Payroll Taxes | 21,616 |
| Accrued Compensated Absences | 26,341 |
| Intergovernmental Payable | 43,076 |
| Tenant Security Deposits Payable | 20,773 |
| Unearned Revenue | 16,479 |
| Accrued Liabilities - Other | 32,998 |
| Notes and Loans Payable | 125,228 |
| Total Current Liabilities | 358,099 |
| Non-Current Liabilities: | |
| Notes and Loans Payable | 522,860 |
| Accrued Compensated Absences | 19,349 |
| Noncurrent Liabilities - Other | 37,981 |
| Net Pension Liability | 671,029 |
| Total Non-Current Liabilities | 1,251,219 |
| **Total Liabilities** | 1,609,318 |
| **Deferred Inflows of Resources** | 3,994 |
| **Net Position** | |
| Net Investment in Capital Assets | 2,764,299 |
| Restricted | 16,536 |
| Unrestricted | 563,870 |
| **Total Net Position** | $ 3,344,705 |

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

**JACKSON METROPOLITAN HOUSING AUTHORITY**
**JACKSON COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

| | | |
|---|---|---|
| **Operating Revenues** | | |
| Tenant Revenue | | $ 418,987 |
| Government Operating Grants | | 1,414,240 |
| Other Revenues | | 239,291 |
| **Total Operating Revenues** | | 2,072,518 |
| **Operating Expenses** | | |
| Administrative | $ 444,040 | |
| Tenant Services | 40,640 | |
| Utilities | 168,400 | |
| Maintenance | 525,565 | |
| General | 129,491 | |
| Housing Assistance Payments | 721,508 | |
| Depreciation | 377,486 | |
| **Total Operating Expenses** | | 2,407,130 |
| Operating Loss | | (334,612) |
| **Nonoperating Revenues and (Expenses)** | | |
| Interest Revenue | | 1,857 |
| Capital Grants | | 119,005 |
| Interest Expense | | (414) |
| **Total Nonoperating Revenues and (Expenses)** | | 120,448 |
| Change in Net Position | | (214,164) |
| Net Position at October 1, 2016 | | 3,558,869 |
| **Net Position at September 30, 2017** | | $ 3,344,705 |

The notes to the basic financial statements are an integral part of this statement.

# STATEMENT OF CASH FLOWS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | | |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Operating grants received | $ | 1,414,240 |
| Tenant revenues received | | 406,599 |
| Other revenue received | | 65,093 |
| General and administrative expenses paid | | (1,118,304) |
| Housing assistance payments paid | | (721,508) |
| Net cash provided by operating activities | | 46,120 |
| **Cash flows from investing activities:** | | |
| Interest | | 1,857 |
| Net cash provided by investing activities | | 1,857 |
| **Cash flows from capital and related activities:** | | |
| Capital grant funds received | | 116,230 |
| Acquisition of capital assets | | (292,422) |
| Proceeds from debt issued | | 308,370 |
| Principal payments | | (94,770) |
| Interest paid on debt | | (414) |
| Net cash provided by capital and related activities | | 36,994 |
| Net change in cash | | 84,971 |
| Cash at October 1, 2016 | | 1,072,982 |
| **Cash at September 30, 2017** | $ | 1,157,953 |
| **Reconciliation of operating loss to net cash provided by operating activities:** | | |
| Operating loss | $ | (334,612) |
| Adjustments to reconcile operating loss to net cash provided by operating activities | | |
| Depreciation | | 377,486 |
| Changes in: | | |
| Accounts receivable, net | | (183,811) |
| Prepaid items | | (961) |
| Deferred outflows of resources | | (109,976) |
| Accounts payable | | 52,518 |
| Accrued wages and payroll taxes | | 2,116 |
| Compensated absences | | 8,152 |
| Unearned revenues | | 11,285 |
| Other liabilities | | 22,427 |
| Net pension liability | | 219,984 |
| Deferred inflows of resources | | (18,488) |
| **Net cash provided by operating activities** | $ | 46,120 |

The notes to the basic financial statements are an integral part of this statement.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Summary of Significant Accounting Policies

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

### Reporting Entity

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

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, 39 and 61, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

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

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

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

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

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

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

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

C. **Housing Choice Voucher Program**

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

D. **Business Activity**

Business activity represents other services that the PHA provides to Jackson Metropolitan Housing Authority for a fee and services that the PHA provides to the County. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

E. **Economic Development and Supportive Services Program**

The PIH Family Self-Sufficiency Program and the HOME Investment Partnerships Program are programs funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population and also needy families with temporary housing assistance throughout the county.

**Cash and Cash Equivalents**

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at fair value. The Authority categorizes its fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments. All investments of the Authority are reported at cost. Interest income earned in fiscal year ending September 30, 2017 totaled $1,857.

**Capital Assets**

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings | 40 year |
| Buildings Improvements | 15 years |
| Furniture, equipment and machinery | 3-15 years |

**Net Position**

Net Position represents the difference between all other elements of statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions. Unrestricted Net Position consists of all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**Unearned Revenues**

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

**Accounts Receivable**

Management considers all accounts receivable (excluding the tenant accounts receivable) to be collected in full.

**Prepaid Items**

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method.

**Compensated Absences**

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

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

**Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs is prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**Accounting and Reporting for Non-exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

**Estimates**

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

**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. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position.

## NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

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

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

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

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

At fiscal year-end September 30, 2017, the carrying amount of the Authority's deposits totaled $1,157,953 and its bank balance was $1,161,479. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2017, $558,277 was exposed to custodial risk as discussed below, while $603,202 was covered by the Federal Deposit Insurance Corporation. Of the carrying amount, $230 represents petty cash.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**NOTE 3: RESTRICTED CASH**

Restricted cash as of September 30, 2017 represent money held that can only be used for specific purpose or money held on behalf of the tenants:

| | |
|---|---|
| - Housing Assistance Payments | $16,536 |
| - FSS Escrow | 37,981 |
| - Tenant security deposit | 20,773 |
| Total Restricted Cash Balance | $75,290 |

**NOTE 4: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2017 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this coverage in any of the last three fiscal years. There has been no significant reduction in coverage from last fiscal year.

**NOTE 5: CAPITAL ASSETS**

This is a summary of the changes in Capital Assets:

| | Balance 10/1/16 | Increase | Transfers | Balance 9/30/17 |
|---|---|---|---|---|
| **Capital Assets Not Depreciated** | | | | |
| Land | $ 231,426 | $ 9,400 | $ - | $ 240,826 |
| Construction in progress | 700 | 98,338 | - | 99,038 |
| **Total Capital Assets Not Depreciated** | 232,126 | 107,738 | - | 339,864 |
| **Capital Assets Depreciated** | | | | |
| Building and Improvements | 11,819,871 | 179,484 | - | 11,999,355 |
| Furniture, Machinery & Equipment | 326,957 | 5,200 | - | 332,157 |
| **Total Capital Assets Depreciated** | 12,146,828 | 184,684 | - | 12,331,512 |
| **Accumulated Depreciation** | | | | |
| Building and Improvements | (8,696,727) | (363,887) | (17,781) | (9,078,395) |
| Furniture, Machinery & Equipment | (270,576) | (13,599) | 17,781 | (266,394) |
| **Total Accumulated Depreciation** | (8,967,303) | (377,486) | - | (9,344,789) |
| **Total Capital Assets Depreciated, Net** | 3,179,525 | (192,802) | - | 2,986,723 |
| **Total Capital Assets, Net** | $ 3,411,651 | $ (85,064) | $ - | $ 3,326,587 |

**NOTE 6: DEFINED BENEFIT PENSION PLANS**

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the fiscal year is included in *intergovernmental payable* on the statement of net position.

***Plan Description - Public Employees Retirement System (PERS)***

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

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

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

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

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

| | State and Local |
|---|---|
| **2016 & 2017 Statutory Maximum Contribution Rates** | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| | |
| **2016 Actual Contribution Rates** | |
| Employer: | |
| Pension | 12.0 % |
| Post-employment Health Care Benefits | 2.0 % |
| | |
| Total Employer | 14.0 % |
| | |
| **2017 Actual Contribution Rates** | |
| Employer: | |
| Pension | 13.0 % |
| Post-employment Health Care Benefits | 1.0 % |
| | |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was $45,794 for the fiscal year ended September 30, 2017.

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

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | **Total** |
|---|---|
| Proportion Share of Net Pension Liability | $671,029 |
| Proportion of Net Pension Liability | .002955% |
| Change in Proportion from Prior Measurement Date | .000351% |
| Pension Expense | $99,208 |

At September 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Total |
|---|---|
| **DEFERRED OUTFLOWS:** | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | $99,932 |
| Assumption Changes | 106,434 |
| Difference Between Expected and Actual Experience | 909 |
| Change in Proportion Share | 37,499 |
| Contributions After Measurement Date | 31,345 |
| Total Deferred Outflows | $276,119 |
| **DEFERRED INFLOWS:** | |
| Difference Between Expected and Actual Experience | $3,994 |
| Total Deferred Inflows | $3,994 |

Amount of $31,345 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | | |
|---|---|---|
| | 2018 | $104,730 |
| | 2019 | 102,232 |
| | 2020 | 36,747 |
| | 2021 | (2,929) |
| | | $240,780 |

***Actuarial Assumptions – PERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Future Salary Increases, including inflation | 3.25 - 10.75 percent, including wage inflation of 3.25% |
| COLA or Ad Hoc COLA | Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent simple through 2018, then 2.8 percent, simple |
| Investment Rate of Return | 7.5 percent |
| Actuarial Cost Method | Individual entry age |

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return.

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Fixed Income | 23.00 % | 2.75 % |
| Domestic Equities | 20.70 | 6.34 |
| Real Estate | 10.00 | 4.75 |
| Private Equity | 10.00 | 8.97 |
| International Equities | 18.30 | 7.95 |
| Other investments | 18.00 | 4.92 |
| Total | 100.00 % | 5.66 % |

***Discount Rate:*** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | **1% Decrease (6.5%)** | **Current Discount Rate (7.5%)** | **1% Increase (8.5%)** |
|---|---|---|---|
| Authority's proportionate share of the net pension liability | $1,025,149 | $671,029 | $375,935 |

**NOTE 7 – POSTEMPLOYMENT BENEFITS**

**A. <u>Plan Description</u>**

The Ohio Public Employees Retirement System of Ohio (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. See the Plan Statement in OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare to its eligible benefit recipients. Authority to establish and amend healthcare coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 1-800-222-7377, or by visiting www.opers.org/investements/cafr.shtml.

**B. Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS healthcare plans.

Employer contribution rates are expressed as a percentage of the earnable salary payroll of active members. For the fiscal year ended September 30, 2017, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of earnable salary for state and local employers. Active member contributions do not fund health care.

OPERS maintains that cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for calendar year 2016. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for the Traditional Plan. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of actual Authority contributions for the fiscal year ended September 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were $4,585, $7,223, and $6,603, respectively.

## NOTE 8: LONG-TERM DEBT

Jackson Metropolitan Housing Authority entered into an energy performance contract with Chevron Energy Solution Company for $341,475. CitiMortgage, Inc. provides the financing source for the project. The term of the loan was 12 year with a fixed interest rate of 4.54%. The loan was paid back in monthly installments of $3,080.05. The loan was paid off during the fiscal year ended September 30, 2017.

On December 8, 2014, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 1672 Salem Road Wellston, Ohio to be rented to individuals with disabilities. In return the Authority received $67,905 from the Ohio Department of Developmental Disabilities to be used for the purchase of the property. The $67,905 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2017 is $58,851.

On August 24, 2015, the Authority signed a promissory note with Milton Banking Company in the amount of $29,300 to finance the renovation of the property located on 1672 Salem Road. The note matured on November 22, 2015 and bears a 2.750% interest rate. On December 9, 2015 the Authority entered into an agreement with that DD Board for a loan of $29,300 to cover the renovation costs at the 1672 Salem Road property and to pay-off the loan with Milton Bank. According to the Master Agreement signed with the DD Board the loan bears a 0% interest rate and is not paid back as long as the Authority is in compliance with the agreement. The loan balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2017 is $27,347.

On September 7, 2016, the Authority signed a bridge loan with Ohio Valley Bank in the amount of $45,955 to finance the renovation of the properties located on 4 Vine, 480 S Michigan and 518 E Six Street. The note bears a 3.750% interest rate. The loan was paid off during the fiscal year ended September 30, 2017.

On November 12, 2015, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) to finance the purchase of the follows properties:

| | | |
|---|---|---|
| - | Candlelight | $82,890 |
| - | 110 Florance | 53,739 |
| - | 480 S Michigan | 27,000 |
| - | 4 Vine | 66,150 |
| - | 518 E Six Street | 41,850 |
| | Total Amount | $271,629 |

The $271,629 loan amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. This entire balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2017 is $253,520.

On July 28, 2017, the Authority signed a bridge loan with Ohio Valley Bank in the amount of $85,800 to finance the purchase of the property on 154 W 13st Street. The note bears a 4.50% interest rate and was scheduled to mature on October 28, 2017. The note was extended to cover the purchase of the property at 414 Broadway and the maturity date was extended to January 28, 2018. The outstanding balance as of September 30, 2017 is $85,800.

On March 15, 2017, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to renovate the properties located on Candlelight and Florance. In return the Authority received $38,700 from the Ohio Department of Developmental Disabilities to be used for the renovations. The $38,700 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2017 is $38,700.

On November 7, 2016, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to renovate the properties located on Vine Street, S Michigan and E Six Street. In return the Authority received $45,855 from the Ohio Department of Developmental Disabilities to be used for the renovations. The $45,855 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2017 is $45,855.

On November 28, 2016, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 132 W 13th St to be rented to individuals with disabilities. In return the Authority received $52,515 from the Ohio Department of Developmental Disabilities to purchase the property. The $52,515 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2017 is $52,515.

On August 30, 2017, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 154 W 13th St to be rented to individuals with disabilities. In return the Authority received $85,500 from the Ohio Department of Developmental Disabilities to purchase the property. The $85,500 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2017 is $85,500.

The following is a summary of changes in long-term debt for the fiscal year ended September 30, 2017:

| Description | Balance 9/30/16 | Additions | Deletions | Balance 9/30/17 | Due Within One Year |
|---|---|---|---|---|---|
| **Notes and Loans Payable:** | | | | | |
| CitiMortgage – Energy Improv Loan | $ 24,226 | $ - | $(24,226) | $ - | $ - |
| Ohio Valley Bank – Rehab Bridge Loan | 45,955 | - | (45,955) | - | - |
| Ohio Valley Bank – Broadway Bridge Loan | - | 85,800 | - | 85,800 | 85,800 |
| Ohio Department of Develop Disabilities | 364,307 | 222,570 | (24,589) | 562,288 | 39,428 |
| **Net Pension Liability** | 451,045 | 219,984 | - | 671,029 | - |
| **Total Long-Term Liabilities** | $ 885,533 | $ 528,354 | $(94,770) | $1,319,117 | $ 125,228 |

Debt maturities for the period after September 30, 2017 are as follows:

| Years – September 30, | Principal | Interest |
|---|---|---|
| 2018 | $125,228 | $292 |
| 2019 | 39,428 | 0 |
| 2020 | 39,428 | 0 |
| 2021 | 39,428 | 0 |
| 2022 | 39,428 | 0 |
| 2023-2032 | 365,148 | 0 |
| Total | $648,088 | $292 |

## NOTE 9: COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2017, the compensated absences liability is $45,690.

The following is a summary of changes in compensated absence for the fiscal year ended September 30, 2017:

| Description | Balance 09/30/16 | Additions | Deletions | Balance 09/30/17 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated Absence | $37,538 | $63,677 | ($55,525) | $45,690 | $26,341 |

## NOTE 10: CONTINGENCIES

### Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2017.

### Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At September 30, 2017 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

On January 3, 2013, 350 public housing authorities brought a lawsuit against the federal government challenging HUD’s reduction of their Fiscal Year 2012 Operating Fund Subsidies. The President fiscal year 2012 budget included a $1 billion short of the amount needed to pay the eligible amount of operating subsidies to the PHAs. To make up for this deficit, HUD made an allocation adjustment based on the level of savings PHAs had accumulated in their operating reserves. On January 18, 2017, the U.S. Court of Federal Claims found in favor of those housing authorities, stating that HUD breached its contractual obligations under the ACCs when it applied the excess operating reserves offsets against those PHAs and order almost $136 million in compensatory damages. Jackson Metropolitan Housing Authority portion of the awarded damages is $174,198. On January 22, 2018, the housing authority received this amount. The September 30, 2017 financial statements reflect a receivable in the amount of $174,198 to account for these funds.

Jackson Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share
of the Net Pension Liability
Fiscal Years Available

| **Traditional Plan** | **2017** | **2016** | **2015** | **2014** |
|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability / Asset | 0.002955% | 0.002604% | 0.002777% | 0.002777% |
| Authority's Proportionate Share of the Net Pension Liability | $671,029 | $451,046 | $334,937 | $327,373 |
| Authority's Covered-Employee Payroll | $359,851 | $361,307 | $330,150 | $277,952 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 186.47% | 124.84% | 101.45% | 117.78% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77.25% | 81.08% | 86.45% | 86.36% |

(1) Information prior to 2014 is not available.

(2) The amounts presented for each fiscal year were determined as of the calendar year-ended that occurred within the fiscal year.

Jackson Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Contributions
Last Ten Fiscal Years

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $45,794 | $43,361 | $39,618 | $34,744 | $42,839 | $34,235 | $36,021 | $23,776 | $21,579 | $18,799 |
| Contributions in Relation to the Contractually Required Contribution | (45,794) | (43,361) | (39,618) | (34,744) | (42,839) | (34,235) | (36,021) | (23,776) | (21,579) | (18,799) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's Covered-Employee Payroll | $359,851 | $361,307 | $330,150 | $277,952 | $372,837 | $342,350 | $391,959 | $271,726 | $278,439 | $253,015 |
| Contributions as a Percentage of Covered-Employee Payroll | 12.73% | 12.00% | 12.00% | 12.50% | 11.49% | 10.00% | 9.19% | 8.75% | 7.75% | 7.43% |

***Ohio Public Employees' Retirement System***

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for the fiscal years presented.

*Changes in assumptions:* In 2016, actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions with most notable being a reduction in the actuarially assumed rate of return from 8.0% to 7.5% for the defined benefits investments. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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Jackson Metropolitan Housing Authority

Financial Data Schedules

Fiscal Year End September 30, 2017

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Elimination | Total |
|---|---|---|---|---|---|---|---|---|
| **ENTITY WIDE BALANCE SHEET SUMMARY** | | | | | | | | |
| 111 Cash - Unrestricted | $661,041 | $0 | $213,507 | $16,479 | $191,636 | $1,082,663 | $0 | $1,082,663 |
| 113 Cash - Other Restricted | $0 | $0 | $54,517 | $0 | $0 | $54,517 | $0 | $54,517 |
| 114 Cash - Tenant Security Deposits | $17,573 | $0 | $0 | $0 | $3,200 | $20,773 | $0 | $20,773 |
| 100 Total Cash | $678,614 | $0 | $268,024 | $16,479 | $194,836 | $1,157,953 | $0 | $1,157,953 |
| | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | $2,775 | $0 | $0 | $0 | $0 | $2,775 | $0 | $2,775 |
| 125 Accounts Receivable - Miscellaneous | $7,261 | $0 | $334 | $0 | $174,198 | $181,793 | $0 | $181,793 |
| 126 Accounts Receivable - Tenants | $6,107 | $0 | $0 | $0 | $1,200 | $7,307 | $0 | $7,307 |
| 126.1 Allowance for Doubtful Accounts -Tenants | ($2,623) | $0 | $0 | $0 | $0 | ($2,623) | $0 | ($2,623) |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $13,520 | $0 | $334 | $0 | $175,398 | $189,252 | $0 | $189,252 |
| | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | $5,717 | $0 | $2,095 | $0 | $295 | $8,106 | $0 | $8,106 |
| 150 Total Current Assets | $697,851 | $0 | $270,453 | $16,479 | $370,528 | $1,355,311 | $0 | $1,355,311 |
| | | | | | | | | |
| 161 Land | $189,315 | $0 | $0 | $0 | $51,511 | $240,826 | $0 | $240,826 |
| 162 Buildings | $7,089,449 | $0 | $0 | $0 | $476,476 | $7,565,925 | $0 | $7,565,925 |
| 163 Furniture, Equipment & Machinery - Dwellings | $5,200 | $0 | $0 | $0 | $1,017 | $6,217 | $0 | $6,217 |
| 164 Furniture, Equipment & Machinery - Administration | $319,538 | $0 | $6,122 | $0 | $280 | $325,940 | $0 | $325,940 |
| 165 Leasehold Improvements | $4,314,175 | $0 | $0 | $0 | $119,255 | $4,433,430 | $0 | $4,433,430 |
| 166 Accumulated Depreciation | ($9,313,008) | $0 | ($3,656) | $0 | ($28,125) | ($9,344,789) | $0 | ($9,344,789) |
| 167 Construction in Progress | $99,038 | $0 | $0 | $0 | $0 | $99,038 | $0 | $99,038 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $2,703,707 | $0 | $2,466 | $0 | $620,414 | $3,326,587 | $0 | $3,326,587 |

Jackson Metropolitan Housing Authority

Financial Data Schedules

Fiscal Year End September 30, 2017

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Elimination | Total |
|---|---|---|---|---|---|---|---|---|
| 180 Total Non-Current Assets | $2,703,707 | $0 | $2,466 | $0 | $620,413 | $3,326,586 | $0 | $3,326,586 |
| | | | | | | | | |
| 200 Deferred Outflow of Resources | $216,781 | $0 | $38,848 | $0 | $20,490 | $276,119 | $0 | $276,119 |
| | | | | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | $3,618,339 | $0 | $311,767 | $16,479 | $1,011,432 | $4,958,017 | $0 | $4,958,017 |
| | | | | | | | | |
| 312 Accounts Payable <= 90 Days | $70,576 | $0 | $0 | $0 | $1,012 | $71,588 | $0 | $71,588 |
| 321 Accrued Wage/Payroll Taxes Payable | $16,868 | $0 | $3,661 | $0 | $1,087 | $21,616 | $0 | $21,616 |
| 322 Accrued Compensated Absences - Current Portion | $23,413 | $0 | $2,058 | $0 | $870 | $26,341 | $0 | $26,341 |
| 333 Accounts Payable - Other Government | $42,710 | $0 | $0 | $0 | $366 | $43,076 | $0 | $43,076 |
| 341 Tenant Security Deposits | $17,573 | $0 | $0 | $0 | $3,200 | $20,773 | $0 | $20,773 |
| 342 Unearned Revenue | $0 | $0 | $0 | $16,479 | $0 | $16,479 | $0 | $16,479 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | $0 | $0 | $0 | $0 | $39,428 | $39,428 | $0 | $39,428 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | $0 | $0 | $0 | $0 | $85,800 | $85,800 | $0 | $85,800 |
| 346 Accrued Liabilities - Other | $29,789 | $0 | $3,136 | $0 | $73 | $32,998 | $0 | $32,998 |
| 310 Total Current Liabilities | $200,929 | $0 | $8,855 | $16,479 | $131,836 | $358,099 | $0 | $358,099 |
| | | | | | | | | |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | $0 | $0 | $0 | $0 | $522,860 | $522,860 | $0 | $522,860 |
| 353 Non-current Liabilities - Other | $0 | $0 | $37,981 | $0 | $0 | $37,981 | $0 | $37,981 |
| 354 Accrued Compensated Absences - Non Current | $17,199 | $0 | $1,511 | $0 | $639 | $19,349 | $0 | $19,349 |
| 357 Accrued Pension and OPEB Liabilities | $526,826 | $0 | $94,408 | $0 | $49,795 | $671,029 | $0 | $671,029 |
| 350 Total Non-Current Liabilities | $544,025 | $0 | $133,900 | $0 | $573,294 | $1,251,219 | $0 | $1,251,219 |
| | | | | | | | | |

Jackson Metropolitan Housing Authority
Financial Data Schedules
Fiscal Year End September 30, 2017

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Elimination | Total |
|---|---|---|---|---|---|---|---|---|
| 300 Total Liabilities | $744,954 | $0 | $142,755 | $16,479 | $705,130 | $1,609,318 | $0 | $1,609,318 |
| | | | | | | | | |
| 400 Deferred Inflow of Resources | $3,136 | $0 | $562 | $0 | $296 | $3,994 | $0 | $3,994 |
| | | | | | | | | |
| 508.4 Net Investment in Capital Assets | $2,703,707 | $0 | $2,466 | $0 | $58,125 | $2,764,298 | $0 | $2,764,298 |
| 511.4 Restricted Net Position | $0 | $0 | $16,536 | $0 | $0 | $16,536 | $0 | $16,536 |
| 512.4 Unrestricted Net Position | $166,542 | $0 | $149,448 | $0 | $247,881 | $563,871 | $0 | $563,871 |
| 513 Total Equity - Net Assets / Position | $2,870,249 | $0 | $168,450 | $0 | $306,006 | $3,344,705 | $0 | $3,344,705 |
| | | | | | | | | |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | $3,618,339 | $0 | $311,767 | $16,479 | $1,011,432 | $4,958,017 | $0 | $4,958,017 |
| | | | | | | | | |
| **ENTITY WIDE REVENUE AND EXPENSE SUMMARY** | | | | | | | | |
| 70300 Net Tenant Rental Revenue | $373,662 | $0 | $0 | $0 | $45,325 | $418,987 | $0 | $418,987 |
| 70500 Total Tenant Revenue | $373,662 | $0 | $0 | $0 | $45,325 | $418,987 | $0 | $418,987 |
| | | | | | | | | |
| 70600 HUD PHA Operating Grants | $548,786 | $40,640 | $771,470 | $0 | $0 | $1,360,896 | $0 | $1,360,896 |
| 70610 Capital Grants | $119,005 | $0 | $0 | $0 | $0 | $119,005 | $0 | $119,005 |
| 70800 Other Government Grants | $0 | $0 | $0 | $53,344 | $0 | $53,344 | $0 | $53,344 |
| 71100 Investment Income - Unrestricted | $1,597 | $0 | $159 | $0 | $101 | $1,857 | $0 | $1,857 |
| 71500 Other Revenue | $10,548 | $0 | $3,004 | $0 | $225,739 | $239,291 | $0 | $239,291 |
| 70000 Total Revenue | $1,053,598 | $40,640 | $774,633 | $53,344 | $271,165 | $2,193,380 | $0 | $2,193,380 |
| | | | | | | | | |
| 91100 Administrative Salaries | $100,467 | $0 | $18,776 | $10,527 | $14,382 | $144,152 | $0 | $144,152 |
| 91200 Auditing Fees | $3,098 | $0 | $3,793 | $0 | $378 | $7,269 | $0 | $7,269 |

# Jackson Metropolitan Housing Authority
## Financial Data Schedules
## Fiscal Year End September 30, 2017

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Elimination | Total |
|---|---|---|---|---|---|---|---|---|
| 91400 Advertising and Marketing | $8,962 | $0 | $4,368 | $0 | $357 | $13,687 | $0 | $13,687 |
| 91500 Employee Benefit contributions - Administrative | $114,795 | $0 | $9,967 | $0 | $25,906 | $150,668 | $0 | $150,668 |
| 91600 Office Expenses | $11,500 | $0 | $3,794 | $0 | $1,247 | $16,541 | $0 | $16,541 |
| 91700 Legal Expense | $6,605 | $0 | $785 | $0 | $5 | $7,395 | $0 | $7,395 |
| 91800 Travel | $8,382 | $0 | $1,826 | $0 | $358 | $10,566 | $0 | $10,566 |
| 91900 Other | $60,614 | $0 | $26,743 | $0 | $6,405 | $93,762 | $0 | $93,762 |
| 91000 Total Operating - Administrative | $314,423 | $0 | $70,052 | $10,527 | $49,038 | $444,040 | $0 | $444,040 |
| | | | | | | | | |
| 92100 Tenant Services - Salaries | $0 | $35,000 | $0 | $0 | $0 | $35,000 | $0 | $35,000 |
| 92300 Employee Benefit Contributions - Tenant Services | $0 | $5,640 | $0 | $0 | $0 | $5,640 | $0 | $5,640 |
| 92500 Total Tenant Services | $0 | $40,640 | $0 | $0 | $0 | $40,640 | $0 | $40,640 |
| | | | | | | | | |
| 93100 Water | $32,472 | $0 | $116 | $0 | $23 | $32,611 | $0 | $32,611 |
| 93200 Electricity | $72,801 | $0 | $481 | $0 | $96 | $73,378 | $0 | $73,378 |
| 93300 Gas | $15,462 | $0 | $193 | $0 | $40 | $15,695 | $0 | $15,695 |
| 93600 Sewer | $46,543 | $0 | $144 | $0 | $29 | $46,716 | $0 | $46,716 |
| 93000 Total Utilities | $167,278 | $0 | $934 | $0 | $188 | $168,400 | $0 | $168,400 |
| | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | $174,174 | $0 | $0 | $0 | $4,024 | $178,198 | $0 | $178,198 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $133,845 | $0 | $0 | $0 | $745 | $134,590 | $0 | $134,590 |
| 94300 Ordinary Maintenance and Operations Contracts | $127,646 | $0 | $0 | $0 | $6,363 | $134,009 | $0 | $134,009 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | $78,712 | $0 | $0 | $0 | $56 | $78,768 | $0 | $78,768 |
| 94000 Total Maintenance | $514,377 | $0 | $0 | $0 | $11,188 | $525,565 | $0 | $525,565 |
| | | | | | | | | |

# Jackson Metropolitan Housing Authority
## Financial Data Schedules
## Fiscal Year End September 30, 2017

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Elimination | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 96110 Property Insurance | $28,445 | $0 | $0 | $0 | $1,745 | $30,190 | $0 | $30,190 |
| 96120 Liability Insurance | $0 | $0 | $3,384 | $0 | $0 | $3,384 | $0 | $3,384 |
| 96130 Workmen's Compensation | $4,731 | $0 | $397 | $0 | $75 | $5,203 | $0 | $5,203 |
| 96100 Total insurance Premiums | $33,176 | $0 | $3,781 | $0 | $1,820 | $38,777 | $0 | $38,777 |
| | | | | | | | | |
| 96200 Other General Expenses | $200 | $0 | $0 | $0 | $192 | $392 | $0 | $392 |
| 96210 Compensated Absences | $55,907 | $0 | $5,459 | $0 | $2,310 | $63,676 | $0 | $63,676 |
| 96300 Payments in Lieu of Taxes | $20,638 | $0 | $0 | $0 | $3,385 | $24,023 | $0 | $24,023 |
| 96400 Bad debt - Tenant Rents | $2,623 | $0 | $0 | $0 | $0 | $2,623 | $0 | $2,623 |
| 96000 Total Other General Expenses | $79,368 | $0 | $5,459 | $0 | $5,887 | $90,714 | $0 | $90,714 |
| | | | | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | $414 | $0 | $0 | $0 | $0 | $414 | $0 | $414 |
| 96700 Total Interest Expense and Amortization Cost | $414 | $0 | $0 | $0 | $0 | $414 | $0 | $414 |
| | | | | | | | | |
| 96900 Total Operating Expenses | $1,109,036 | $40,640 | $80,226 | $10,527 | $68,121 | $1,308,550 | $0 | $1,308,550 |
| | | | | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | ($55,438) | $0 | $694,407 | $42,817 | $203,044 | $884,830 | $0 | $884,830 |
| | | | | | | | | |
| 97300 Housing Assistance Payments | $0 | $0 | $678,388 | $42,817 | $0 | $721,205 | $0 | $721,205 |
| 97350 HAP Portability-In | $0 | $0 | $303 | $0 | $0 | $303 | $0 | $303 |
| 97400 Depreciation Expense | $359,095 | $0 | $1,224 | $0 | $17,167 | $377,486 | $0 | $377,486 |
| 90000 Total Expenses | $1,468,131 | $40,640 | $760,141 | $53,344 | $85,288 | $2,407,544 | $0 | $2,407,544 |
| | | | | | | | | |

Jackson Metropolitan Housing Authority

Financial Data Schedules

Fiscal Year End September 30, 2017

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Elimination | Total |
|---|---|---|---|---|---|---|---|---|
| 10010 Operating Transfer In | $39,000 | $0 | $0 | $0 | $0 | $39,000 | ($39,000) | $0 |
| 10020 Operating transfer Out | ($39,000) | $0 | $0 | $0 | $0 | ($39,000) | $39,000 | $0 |
| 10100 Total Other financing Sources (Uses) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | | | | | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | ($414,533) | $0 | $14,492 | $0 | $185,877 | ($214,164) | $0 | ($214,164) |
| | | | | | | | | |
| 11030 Beginning Equity | $3,284,782 | $0 | $153,958 | $0 | $120,129 | $3,558,869 | $0 | $3,558,869 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | | | | | | | | |
| Ending Equity | $2,870,249 | $0 | $168,450 | $0 | $306,006 | $3,344,705 | $0 | $3,344,705 |

**JACKSON METROPOLITAN HOUSING AUTHORITY**
**JACKSON COUNTY**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

| **Federal Grantor / Pass Through Grantor Program Title** | **Pass-Through Number** | **CFDA Number** | **Federal Expenditures** |
|---|---|---|---|
| **U.S. Department of Housing and Urban Development** | | | |
| ***Direct Funding:*** | | | |
| Housing Voucher Cluster: | | | |
| Section 8 Housing Choice Vouchers | N/A | 14.871 | $ 771,470 |
| Total Housing Voucher Cluster | | | 771,470 |
| Public and Indian Housing - Low Rent Public Housing | N/A | 14.850 | 501,786 |
| Public Housing Capital Fund | N/A | 14.872 | 166,005 |
| Family Self-Sufficiency Program | N/A | 14.896 | 40,640 |
| ***Passed through Jackson County:*** | | | |
| Home Investment Partnerships Program | N/A | 14.239 | 53,344 |
| Total Federal Award Expenditures | | | $ 1,533,245 |

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Jackson Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended September 30, 2017. The information on this Schedule is prepared 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 Auhtority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Jackson Metropolitan Housing Authority
Jackson County
249 W 13th Street
P.O. Box 119
Wellston, Ohio 45692

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Jackson Metropolitan Housing Authority, Jackson County, (the Authority) as of and for the fiscal 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 16, 2018.

***Internal Control Over Financial Reporting***

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

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

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


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***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 16, 2018

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Jackson Metropolitan Housing Authority
Jackson County
249 W 13th Street
P.O. Box 119
Wellston, Ohio 45692

To the Board of Commissioners:

***Report on Compliance for the Major Federal Program***

We have audited the Jackson Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Jackson Metropolitan Housing Authority's major federal program for the fiscal year ended September 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

***Management's Responsibility***

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

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

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



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***Opinion on the Major Federal Program***

In our opinion, the Jackson Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended September 30, 2017.

***Report on Internal Control Over Compliance***

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 16, 2018

**SCHEDULE OF FINDINGS**
**2 CFR § 200.515**
**SEPTEMBER 30, 2017**

## 1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

## 3. FINDINGS FOR FEDERAL AWARDS

None.

**JACKSON METROPOLITAN HOUSING AUTHORITY**

**JACKSON COUNTY**

**CLERK'S CERTIFICATION**

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

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**MAY 10, 2018**

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