JEFFERSON METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

James G. Zupka, CPA, Inc.
Certified Public Accountants

Dave Yost · Auditor of State

Members of the Board
Jefferson Metropolitan Housing Authority
815 N. Sixth St
Steubenville, OH 43952

We have reviewed the *Independent Auditor's Report* of the Jefferson Metropolitan Housing Authority, Jefferson County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2017 through December 31, 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 Jefferson Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

September 14, 2018

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

This page intentionally left blank.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

This page intentionally left blank.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Jefferson Metropolitan Housing Authority
Steubenville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Jefferson Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Jefferson Metropolitan Housing Authority as of December 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The Statement of Modernization Cost - Completed, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 24, 2018

The Jefferson Metropolitan Housing Authority ("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 activities, (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 year's activities, resulting changes and current known facts, please read it in conjunction with the Authority's financial statements.

Financial Highlights

- The Authority's net position increased by $405,709 (2.68 percent) due to results from operation. Net position was $15,516,420 at December 31, 2017 and $15,110,711 at December 31, 2016.

- Revenues of the Authority increased by $931,700 (10.76 percent) in 2017. Revenues were $8,659,053 in 2016 and $9,590,753 in 2017. The majority of the increase was due to increase in other income due to an award from a settlement of a law suit.

- Total expenses of the Authority decreased by $637,203 (6.49 percent) in 2017. Total expenses were $9,822,247 in 2016 and $9,185,044 in 2017.

The following graphic outlines the format of this report:

MD&A **- Management Discussion and Analysis**

Basic Financial Statements **- Authority-Wide Financial Statements**

Other Required Supplementary Information **- Required Supplementary Information** **(Other than MD&A)**

The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the individual programs. Both perspectives (Authority-wide and individual programs) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all 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 Statements of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as equity. 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 is 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), grantor, 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". This account resembles the old operating reserves account.

The Authority-wide financial statements also include a *Statement of Revenues, Expenses and Changes in Fund Net Position* (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, 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 Fund 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, and from capital and related financing 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.

Accounting balances for many of the programs maintained by the Authority are segregated as 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 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 percent of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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 percent of household income.

Section 8 New Construction - Gaylord Towers - Under the Section 8 New Construction Program, the Authority rents units that it owns to elderly households. The program is operated to allow the Authority to provide the housing at a rent based on 30 percent of household income.

Section 8 Moderate Rehabilitation - Single Room Only - The Authority administers Section 8 rental assistance programs where the department of Housing and Urban Development (HUD) enters into an annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

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.

AUTHORITY-WIDE STATEMENT

The following is a condensed **Statement of Net Position** compared to the prior year-end. The Authority is engaged only in business-type activities.

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	2017	2016
Current and Other Assets	$ 5,457,584	$ 4,433,610
Non-current Assets	17,156,322	18,199,206
Deferred Outflows of Resources	840,758	752,373
Total Assets and Deferred Outflow of Resources	$23,454,664	$23,385,189
Current Liabilities	$ 979,735	$ 981,036
Non-Current Liabilities	6,666,344	6,898,043
Total Liabilities	7,646,079	7,879,079
Deferred Inflows of Resources	292,165	395,399
Net Investment in Capital Assets	12,436,598	13,118,391
Restricted	295,781	296,801
Unrestricted	2,784,041	1,695,519
Total Net Position	15,516,420	15,110,711
Total Liabilities, Deferred Inflow of Resources and Net Position	$23,454,664	$23,385,189

For more detail information, see Statement of Net Position presented on page 12.

Major Factors Affecting the Statement of Net Position

During 2017 current assets and other assets increased by $1,023,974. The current and other assets, primarily cash and investments, increased due to results from operation. Current liabilities remain relatively unchanged with only a decrease of $1,301.

Long Term Liabilities decreased by $231,699. This is due to retirement of debt for the year and the change in net pension liability.

During 2017 Investment in Capital Assets decrease by $681,793 primarily due to depreciation and Unrestricted Net Position increased by $1,088,522 due to the result of current year activities.

The following is a condensed **Statement of Revenues, Expenses and Changes in Net Position.** The Authority is engaged only in business-type activities.

Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2017	2016
Revenues		
Total Tenant Revenues	$ 1,130,012	$ 1,157,988
Operating Subsidies	7,021,142	7,220,736
Capital Grants	400,826	0
Investment Income	1,065	868
Other Revenues	1,037,708	279,461
Total Revenues	9,590,753	8,659,053
Expenses		
Administrative	1,354,691	1,675,981
Tenant Services	0	25,218
Utilities	1,028,566	1,064,353
Maintenance	1,438,429	1,577,920
Protective Services	334,965	356,788
General, Insurance and Interest Expenses	487,367	490,130
Housing Assistance Payments	3,025,727	3,048,264
Depreciation	1,515,299	1,570,073
Loss on Disposal of Assets	0	13,520
Total Expenses	9,185,044	9,822,247
Net Increases (Decreases)	405,709	(1,163,194)
Beginning Net Position	15,110,711	16,273,905
Ending Net Position	$15,516,420	$15,110,711

For more detailed information see Combined Statement of Revenues, Expenses and Changes in Net Position presented elsewhere in this report.

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

Total revenues increased by $931,700 (10.76 percent) in 2017. This increase was due to recording a settlement of a lawsuit filed against U.S. Federal Government for wrongfully recapturing excess operating reserve from the Housing Authority.

Total expenses decreased in 2017 $637,203 (6.49 percent), the main cause of the decrease was the reduction in administrative and maintenance costs due to belt-tightening efforts of management.

The following table shows the change in net position of the Authority for the fiscal year ended December 31, 2017:

Table 3 - Net Position (Equity)

	Unrestricted
Beginning Balance - December 31, 2016	$ 1,695,519
Results of Operation	405,709
Adjustments:	
Current Year Depreciation Expense	1,515,299
Capital Expenditure	(472,415)
Retirement of Debt	(361,091)
Changes in Restricted Net Position	1,020
Ending Balance - December 31, 2017	$ 2,784,041

Capital Assets

As of year end, the Authority had $17,156,322 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of $1,042,884 or 5.73 percent from the end of prior year.

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

Table 4 - Condensed Statement of Changes in Capital Assets at Year End (Net of Depreciation)

	2017	2016
Land and Land Rights	$ 2,697,982	$ 2,697,982
Buildings	44,480,067	44,480,067
Dwelling Equipment	1,138,550	1,099,776
Administration Equipment	855,346	851,844
Construction in Progress	872,387	442,248
Accumulated Depreciation	(32,888,010)	(31,372,711)
Total Capital Assets, Net	$17,156,322	$18,199,206

The following reconciliation summarizes the change in Capital Assets.

Table 5 - Capital Assets at Year-End

Beginning Balance - December 31, 2016	$18,199,206
Current Year Additions	472,415
Current Year Depreciation Expense	(1,515,299)
Ending Balance - December 31, 2017	$17,156,322

Current Year Additions represented various capital improvements such as: water heaters, sewer line replacement, security camera recorder and electric door operator.

Debt Outstanding

As of year-end, the Authority had debt of $4,719,724 for the Energy Performance Contract. This is a decrease of $361,091 from prior year.

Table 6 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance - December 31, 2016	$ 5,080,815
Current Year Debt Retired	(361,091)
Ending Balance - December 31, 2017	$4,719,724

Economic Factors

Significant economic factors affecting the Authority are as follows:

1. Federal funding provided by Congress to the Department of Housing and Urban Development

2. Local labor and demand, which can affect salary and wage rates.

3. Local inflationary, recessionary and employment trends, which can affect resident incomes, and therefore the amount of rental income

4. Inflationary pressure on utility rates, supplies and other costs.

5. Property condition.

Recommended

1. Keep expenses to a minimum.

2. Do not acquire any more debt.

3. Follow HUD recommendations for Security to extent possible financially, without incurring outlays.

4. Financial issues should become paramount to Authority.

Financial Contact

Questions concerning this report or requests for additional information should be directed to Debra Bailey, Executive Director of Jefferson Metropolitan Housing Authority, at (740) 282-0994.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 3,389,932
Restricted Cash and Cash Equivalents	539,264
Receivables, Net	1,013,769
Inventories, Net	31,827
Prepaid Expenses and Other Assets	482,792
Total Current Assets	5,457,584
Noncurrent Assets	
Non-depreciable Capital Assets	3,570,369
Depreciable Capital Assets, Net	13,585,953
Total Noncurrent Assets	17,156,322
DEFERRED OUTFLOW OF RESOURCES	840,758
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 23,454,664
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 221,845
Accrued Compensated Absences - Current	86,546
Accrued Liabilities	41,304
Tenant Security Deposits	142,124
Notes Payable - Current	386,194
Accrued Interest Payable	77,492
Other Current Liabilities	24,230
Total Current Liabilities	979,735
Noncurrent Liabilities	
Accrued Compensated Absences - Non-Current	74,620
Notes Payable - Net of Current Portion	4,333,530
Accrued Pension	2,156,835
Other Noncurrent Liabilities	101,359
Total Noncurrent Liabilities	6,666,344
TOTAL LIABILITIES	7,646,079
DEFERRED INFLOW OF RESOURCES:	
Pension	292,165
Total Deferred Inflow of Resources	292,165
NET POSITION	
Net Investment in Capital Assets	12,436,598
Restricted Net Position	295,781
Unrestricted	2,784,041
Total Net Position	15,516,420
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 23,454,664

See accompanying notes to the basic financial statements.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

Operating Revenues	
Tenant Revenue	$ 1,130,012
Government Operating Grants	7,021,142
Other Revenue	1,037,708
Total Operating Revenues	9,188,862
Operating Expenses	
Administrative	1,354,691
Utilities	1,028,566
Maintenance	1,438,429
Protection Services	334,965
General and Insurance	359,823
Housing Assistance Payment	3,025,727
Total Operating Expenses Before Depreciation	7,542,201
Income (Loss) Before Depreciation	1,646,661
Depreciation	1,515,299
Operating Income (Loss)	131,362
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	1,065
Interest Expense	(127,544)
Capital Grant Revenue	400,826
Total Non-Operating Revenues (Expenses)	274,347
Change in Net Position	405,709
Total Net Position, Beginning of Year	15,110,711
Net Position, End of Year	$ 15,516,420

See accompanying notes to the basic financial statements.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities	
Operating Grants Received	$ 7,021,387
Tenant Revenue Received	1,137,906
Other Revenue Received	885,168
General and Administrative Expenses Paid	(5,430,461)
Housing Assistance Payments	(3,025,727)
Net Cash Provided (Used) by Operating Activities	588,273
Cash Flows from Investing Activities	
Interest Income	1,065
Net Cash Provided (Used) by Investing Activities	1,065
Cash Flows from Capital and Related Activities	
Capital Grant Funds Received	400,826
Capital Assets Purchased	(472,415)
Debt Principal Payments	(361,091)
Interest Payments	(133,473)
Net Cash Provided (Used) by Capital and Related Activities	(566,153)
Net Increase (Decrease) in Cash	23,185
Cash and Cash Equivalents, Beginning of Year	3,906,011
Cash and Cash Equivalents, Ending of Year	$ 3,929,196
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ 131,362
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	1,515,299
(Increase) Decrease in:	
Accounts Receivable	(975,383)
Prepaid Assets	(19,477)
Deferred Outflows	(88,385)
Increase (Decrease) in:	
Accounts Payable	(16,017)
Accrued Liabilities	(4,868)
Tenants’ Security Deposits	484
Net Pension Liability	133,551
Accrued Compensated Absences	(1,336)
Deferred Inflows	(103,234)
Accrued Interest Payable	(5,929)
Other Current Liabilities	(4,832)
Non-Current Liabilities - Other	27,038
Net Cash Provided by Operating Activities	$ 588,273

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Jefferson 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 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 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 burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

Basis of Presentation
The financial statements of 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.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Authority follows GASB guidance as applicable to enterprise funds.

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

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.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)
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.

Description of Programs
The Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various programs which are included in the enterprise fund:

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

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

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.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Description of Programs (Continued)

D. ***New Construction***
Gaylord Tower is an apartment building owned by the Authority. The units are rented to elderly households. The building is operated under a Housing Assistance Payment (HAP) contract with HUD, and HUD provides subsidy to allow the Authority to provide the housing at a rent based on 30 percent of household income.

E. ***Section 8 Moderate Rehabilitation Program***
The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contribution contracts with a private owner. The owner rents housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the private owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

F. ***Business Activity***
Washington Square - Washington Square is an apartment building owned by the Authority. The apartments are rented to moderate income individuals for a set low income rent.

Investments
The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2017 totaled $1,065.

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 $2,000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment and Machinery	3-7 years

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 operations. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

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

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

Compensated Absences
The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences 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; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Position

Net position represents the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources. 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.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. Budgets are adopted by the Board of the Housing Authority and is submitted to the Department of Housing and Urban Development when required.

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements 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 government-wide 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 applied to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include pension. The deferred inflows of resources related to pension are explained in Note 6.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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 two periods 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's 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.

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)
At fiscal year end December 31, 2017, the carrying amount of the Authority's deposits totaled $3,929,196 (including $100 petty cash) and its bank balance was $4,298,385. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2017, $3,548,385 was exposed to custodial risk as discussed below, while $750,000 was covered by the Federal Depository Insurance Corporation.

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 percent 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.

Investments
In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposits. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically required compliance with HUD requirements.

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority had no investments December 31, 2017.

NOTE 3: **RESTRICTED CASH**

The restricted cash balance as of December 31, 2017 of $539,264 represents cash on hand for the following:

- FSS Escrow Funds Held for Tenants	$ 101,359
- Housing Assistance Funds on Hand	43,672
- Tenant Security Deposits	142,124
- Insurance Proceeds	252,109
Total Restricted Cash	$ 539,264

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2017 by class is as follows:

	Balance 01/01/2017	Adjustments	Additions	Deletions	Balance 12/31/2017
Capital Assets Not Being Depreciated					
Land	$ 2,697,982	$ 0	$ 0	$ 0	$ 2,697,982
Construction in Progress	442,248	0	430,139	0	872,387
Total Capital Assets Not Being Depreciated	3,140,230	0	430,139	0	3,570,369
Capital Assets Being Depreciated					
Buildings and Improvements	44,480,067	0	0	0	44,480,067
Furniture, Machinery and Equipment					
- Dwelling	1,099,776	0	38,774	0	1,138,550
- Administration	851,844	0	3,502	0	855,346
Subtotal Capital Assets Being Depreciated	46,431,687	0	42,276	0	46,473,963
Accumulated Depreciation					
Buildings & Improvements	(29,716,705)	0	(1,405,669)	0	(31,122,374)
Furniture, Machinery and Equipment					
- Dwelling	(886,494)	0	(79,775)	0	(966,269)
- Administration	(769,512)	0	(29,855)	0	(799,367)
Total Accumulated Depreciation	(31,372,711)	0	(1,515,299)	0	(32,888,010)
Capital Assets Being Depreciated, Net	15,058,976	0	(1,473,023)	0	13,585,953
Total Capital Assets, Net	$ 18,199,206	$ 0	$ (1,042,884)	$ 0	$ 17,156,322

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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 year is included in *intergovernmental payable* on the accrual basis of accounting.

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Net Pension Liability (Continued)

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 Pension 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 Pension 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 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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Net Pension Liability (Continued)

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 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
2017 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
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 $136,871 for 2017.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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:

	Traditional Plan
Proportionate Share of the Net Pension Liability/Asset Prior Measurement Date	0.011681%
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.009498%
Change in Proportion Share	(0.002183)%
Proportionate Share of the Net Pension Liability/(Asset)	$ 2,156,835
Pension Expense	$ 457,901

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 358,864
Change in assumptions	342,100
Difference between expected and actual expenses	2,923
Authority contributions subsequent to the measurement date	136,871
Total Deferred Outflows of Resources	$ 840,758
Deferred Inflows of Resources	
Net differences between project and actual earnings on pension plan investments	$ 37,661
Differences between expected and actual experience	12,836
Change in proportionate share and difference between employer contributions and proportionate share of contributions	241,668
Total Deferred Inflows of Resources	$ 292,165

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

$136,871 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 year ending December 31, 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:

Year Ending December 31:	
2017	$ 132,410
2018	182,156
2019	106,571
2020	(9,415)
Total	$ 411,722

Actuarial Assumptions - OPERS

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:

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

	Traditional Plan
Valuation Date	December 31, 2016
Experience Study	5 year ended 12/31/15
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Return	7.50%
Wage Inflation	3.25%
Projected salary increase	3.25%-10.75% (includes wage inflation at 3.75%)
Cost-of-living adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS (Continued)

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 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 percent for 2016.

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

NOTE5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
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 Investements	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 investment was applied to all period of projected 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 - Traditional Pension Plan	$ 3,295,046	$ 2,156,835	$ 1,208,336

NOTE 6: POST-EMPLOYMENT BENEFITS

A. Plan Description

Ohio Public Employees Retirement System (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 benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board 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 Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0 percent. The portion of actual Authority contributions for the fiscal years ending 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were \$10,529, \$25,196, and \$29,404, respectively.

NOTE 7: LONG-TERM DEBT

Change in long-term liabilities:

	Balance 01/01/2017	Additions	Deletions	Balance 12/31/2017	Current Portion
Long-Term Debt	$ 5,080,815	$ 0	$ (361,091)	$ 4,719,724	$ 386,194
Compensated Absences	162,502	67,600	(68,936)	161,166	86,546
Other - FSS Escrow	74,321	36,192	(9,154)	101,359	0
Net Pension Liability	2,023,284	133,551	0	2,156,835	0
Total	$ 7,340,922	$ 237,343	$ (439,181)	$ 7,139,084	$ 472,740

On August 26, 2013, the Authority entered into an equipment lease-purchase agreement to acquire equipment under an energy performance contract in order to upgrade the heating and energy efficiency of several properties in the amount of $5,869,771. Annual principal payments began on May 15, 2014. The annual rate of interest is 2.267 percent with the agreement maturing on August 26, 2026.

The following is a summary of the Authority's future debt service requirements for debt payable as of December 31, 2017:

For the Year Ended December 31,	Principal	Interest	Total Payments
2018	$ 386,194	$ 123,987	$ 510,181
2019	412,424	113,842	526,266
2020	439,826	103,007	542,833
2021	468,445	91,453	559,898
2022	498,328	79,147	577,475
2023-2026	2,514,507	178,772	2,693,279
Totals	$ 4,719,724	$ 690,208	$ 5,409,932

NOTE 8: NET INVESTMENT IN CAPITAL ASSETS

Capital Assets	$ 17,156,322
Less Related Debt	(4,719,724)
Net Investment in Capital Assets	$ 12,436,598

NOTE 9: 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 December 31, 2017 the Authority maintained comprehensive insurance coverage with private carriers for general liability, real property, building contents, and vehicles through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance pool comprised of thirty-nine (39) Ohio Housing Authorities, of which The Authority is one. Vehicle policies include liability coverage for bodily injury and property damage.

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

The Authority provides health care benefits to its employees via participation in a partially self-funded healthcare plan, OME-RESA Health Benefits Program. The Authority makes monthly payments to the Plan Administrator for claims paid by the plan in the previous month. An estimated asset of $142,061 for excess funding for unpaid claims was accrued at December 31, 2017.

NOTE 10: CONTINGENCIES

The Office of Inspector General, U.S. Department of Housing and Urban Development issued three reports in the prior audit period and subsequent to it an Intercompany Repayment Agreement in the current year (2015-CH-1004, 2015-CH-1007 and 2016-CH-1005) of audits it has completed of certain activities of the Authority. The reports contained audit findings that resulted in disallowed costs. On September 29, 2017, the Authority signed a repayment agreement whereas the Authority is to make repayment of $463,885 to the Operating Fund Reserves, $375,336 to the Housing Assistance Payment Reserve, and $39,445 to the Housing Assistance Administrative Fee Reserve over a period of no more than forty years.

The agreed repayment terms are as follows:

1. Reimburse the Operating Fund Reserves $463,885 from non-federal funds in thirty-nine equal installments of $11,598 and $11,563 in the fortieth year. Payment is due no later than November 30th of each year.

2. Reimburse the Housing Assistance Payment Reserve $375,336 from non-federal funds in thirty-nine equal installments of $9,385 and $9,321 in the fortieth year. Payment is due no later than November 30th of each year.

NOTE 10: **CONTINGENCIES** (Continued)

3. Reimburse the Administrative Fee Reserve $39,445 from non-federal funds in thirty-nine equal installments of $987 and $952 in the fortieth year. Payment is due no later than November 30th of each year.

The amount repaid and outstanding balance as of December 31, 2017 are as follows:

	Initial Balance	Liability to Non-Federal Programs	Payments to Federal Programs	Balance as of 12/31/2017
Operating Reserves	$ 463,885	$ 41,599	$ 11,598	$ 410,688
Housing Assistance Reserve	375,336	0	9,385	365,951
Admin. Fee Reserve	39,445	0	987	38,458
Total	$ 878,666	$ 41,599	$ 21,970	$ 815,097

These intercompany balances are eliminated from the consolidated financial statements.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)

Traditional Plan	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability/Asset - Traditional Plan	.009498%	0.011681%	0.012994%	0.012994%
Authority's Proportionate Share of the Net Pension Liability/(Asset) - Traditional Plan	$ 2,156,835	$ 2,023,296	$ 1,567,218	$ 1,531,820
Authority's Covered-Employee Payroll	$ 1,260,376	$ 1,593,071	$ 1,531,414	$ 1,603,290
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	171.13%	127.10%	102.34%	95.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Assets) - Traditional Plan	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as it becomes available.

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

JEFFERSON METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS (1)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contributions	$ 136,871	$ 151,245	$ 176,422	$ 191,169	$ 199,084	$ 160,329	$ 161,687	$ 139,793	$ 121,125	$ 92,060
Contribution In Relation to the Contractually Contractually Required Contribution	$ 136,871	$ 151,245	$ 176,422	$ 191,169	$ 199,084	$ 160,329	$ 161,687	$ 139,793	$ 121,125	$ 92,060
Authority's Covered-Employee Payroll	$ 1,052,853	$ 1,260,376	$ 1,593,071	$ 1,531,414	$ 1,603,290	$ 1,616,870	$ 1,553,256	$ 1,459,340	$ 1,315,146	$ 1,321,200
Contributions as a Percentage of Covered-Employee - Payroll	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.30%	7.00%

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, © the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) 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.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2017

1. The total amount of modernization costs of the Capital Fund Housing Program grants are shown below:

OH12P014501-12	
Funds Approved	$ 790,974
Funds Expended	790,974
Excess of Funds Approved	$ 0
Funds Advanced	$ 790,974
Funds Expended	790,974
Excess of Funds Advanced	$ 0
OH12P014501-13	
Funds Approved	$ 834,834
Funds Expended	834,834
Excess of Funds Approved	$ 0
Funds Advanced	$ 834,834
Funds Expended	834,834
Excess of Funds Advanced	$ 0

2. All modernization work in connection with the Capital Fund Program has been completed.

3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.

4. There are no discharged mechanics, laborers, contractors, or material liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.182 N/C S/R Section 8 Programs	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,963,438	21,701	64,239	26,616	876,295	49,961	387,682	3,389,932	-	3,389,932
113 Cash - Other Restricted	252,109	-	145,031	-	-	-	-	397,140	-	397,140
114 Cash - Tenant Security Deposits	108,929	-	-	-	22,636	10,559	-	142,124	-	142,124
100 Total Cash	2,324,476	21,701	209,270	26,616	898,931	60,520	387,682	3,929,196	-	3,929,196
122 Accounts Receivable - HUD Other Projects	-	-	-	2,047	-	-	-	2,047	-	2,047
125 Accounts Receivable - Miscellaneous	400	-	-	-	-	974,062	14,400	988,862	-	988,862
126 Accounts Receivable - Tenants	36,032	-	-	-	6,109	907	-	43,048	-	43,048
126.1 Allowance for Doubtful Accounts -Tenants	-21,478	-	-	-	-3,830	-670	-	-25,978	-	-25,978
126.2 Allowance for Doubtful Accounts - Other	-8,539	-	-	-	-1,132	-128	-	-9,799	-	-9,799
127 Notes, Loans, & Mortgages Receivable - Current	13,496	-	-	-	1,805	288	-	15,589	-	15,589
120 Total Receivables, Net of Allowances for Doubtful Accounts	19,911	-	-	2,047	2,952	974,459	14,400	1,013,769	-	1,013,769
142 Prepaid Expenses and Other Assets	182,769	-	1,652	69	16,344	4,723	277,235	482,792	-	482,792
143 Inventories	29,567	-	-	-	5,082	714	-	35,363	-	35,363
143.1 Allowance for Obsolete Inventories	-2,957	-	-	-	-508	-71	-	-3,536	-	-3,536
150 Total Current Assets	2,553,766	21,701	210,922	28,732	922,801	1,040,345	679,317	5,457,584	-	5,457,584
161 Land	2,581,882	-	-	-	70,000	41,100	5,000	2,697,982	-	2,697,982
162 Buildings	40,008,410	-	-	-	3,778,380	558,900	134,377	44,480,067	-	44,480,067
163 Furniture, Equipment & Machinery - Dwellings	1,015,291	-	-	-	123,259	-	-	1,138,550	-	1,138,550
164 Furniture, Equipment & Machinery - Administration	425,991	-	35,059	-	94,975	4,253	295,068	855,346	-	855,346
166 Accumulated Depreciation	-28,699,178	-	-34,839	-	-3,789,584	-64,152	-300,257	-32,888,010	-	-32,888,010
167 Construction in Progress	843,075	-	-	-	29,312	-	-	872,387	-	872,387
160 Total Capital Assets, Net of Accumulated Depreciation	16,175,471	-	220	-	306,342	540,101	134,188	17,156,322	-	17,156,322
171 Notes, Loans and Mortgages Receivable - Non-Current	398,593	-	416,504	-	-	-	-	815,097	-815,097	-
180 Total Non-Current Assets	16,574,064	-	416,724	-	306,342	540,101	134,188	17,971,419	-815,097	17,156,322
200 Deferred Outflow of Resources	427,814	-	87,343	7,514	82,016	12,759	223,312	840,758	-	840,758
290 Total Assets and Deferred Outflow of Resources	19,555,644	21,701	714,989	36,246	1,311,159	1,593,205	1,036,817	24,269,761	-815,097	23,454,664
312 Accounts Payable <= 90 Days	130,118	-	17,316	4	46,195	1,906	3,264	198,803	-	198,803
321 Accrued Wage/Payroll Taxes Payable	10,382	-	1,648	161	2,094	422	26,597	41,304	-	41,304
322 Accrued Compensated Absences - Current Portion	62,228	-	-	877	4,846	400	18,195	86,546	-	86,546
325 Accrued Interest Payable	77,492	-	-	-	-	-	-	77,492	-	77,492
331 Accounts Payable - HUD PHA Programs	-	21,701	-	1,341	-	-	-	23,042	-	23,042
333 Accounts Payable - Other Government	13,259	-	-	-	8,262	2,709	-	24,230	-	24,230
341 Tenant Security Deposits	108,929	-	-	-	22,636	10,559	-	142,124	-	142,124
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	386,194	-	-	-	-	-	-	386,194	-	386,194
310 Total Current Liabilities	788,602	21,701	18,964	2,383	84,033	15,996	48,056	979,735	-	979,735
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	4,333,530	-	-	-	-	-	-	4,333,530	-	4,333,530

JEFFERSON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.182 N/C S/R Section 8 Programs	1 Business Activities	COCC	Subtotal	ELIM	Total
353 Non-current Liabilities - Other	-	-	101,359	-	-	404,409	410,688	916,456	-815,097	101,359
354 Accrued Compensated Absences - Non Current	25,950	-	11,322	802	16,358	2,422	17,766	74,620	-	74,620
357 Accrued Pension and OPEB Liabilities	1,092,161	-	225,511	19,166	209,104	32,227	578,666	2,156,835	-	2,156,835
350 Total Non-Current Liabilities	5,451,641	-	338,192	19,968	225,462	439,058	1,007,120	7,481,441	-815,097	6,666,344
300 Total Liabilities	6,240,243	21,701	357,156	22,351	309,495	455,054	1,055,176	8,461,176	-815,097	7,646,079
400 Deferred Inflow of Resources	155,318	-	28,546	2,750	30,120	5,061	70,370	292,165	-	292,165
508.4 Net Investment in Capital Assets	11,455,747	-	220	-	306,342	540,101	134,188	12,436,598	-	12,436,598
511.4 Restricted Net Position	252,109	-	43,672	-	-	-	-	295,781	-	295,781
512.4 Unrestricted Net Position	1,452,227	-	285,395	11,145	665,202	592,989	-222,917	2,784,041	-	2,784,041
513 Total Equity - Net Assets / Position	13,160,083	-	329,287	11,145	971,544	1,133,090	-88,729	15,516,420	-	15,516,420
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	19,555,644	21,701	714,989	36,246	1,311,159	1,593,205	1,036,817	24,269,761	-815,097	23,454,664

JEFFERSON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.182 N/C S/R Section 8 Programs	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	737,263	-	-	-	266,817	123,252	-	1,127,332	-	1,127,332
70400 Tenant Revenue - Other	2,016	-	-	-	664	-	-	2,680	-	2,680
70500 Total Tenant Revenue	739,279	-	-	-	267,481	123,252	-	1,130,012	-	1,130,012
70600 HUD PHA Operating Grants	3,196,931	-	3,236,265	105,316	482,630	-	-	7,021,142	-	7,021,142
70610 Capital Grants	400,826	-	-	-	-	-	-	400,826	-	400,826
70710 Management Fee	-	-	-	-	-	-	448,205	448,205	-448,205	-
70720 Asset Management Fee	-	-	-	-	-	-	80,160	80,160	-80,160	-
70730 Book Keeping Fee	-	-	-	-	-	-	91,201	91,201	-91,201	-
70700 Total Fee Revenue	-	-	-	-	-	-	619,566	619,566	-619,566	-
71100 Investment Income - Unrestricted	949	-	65	10	-	-	41	1,065	-	1,065
71400 Fraud Recovery	-	-	11,845	-	-	-	-	11,845	-	11,845
71500 Other Revenue	439,944	-	437,727	225	3,419	976,102	5,513	1,862,930	-837,067	1,025,863
70000 Total Revenue	4,777,929	-	3,685,902	105,551	753,530	1,099,354	625,120	11,047,386	-1,456,633	9,590,753
91100 Administrative Salaries	222,368	-	92,120	8,404	59,822	14,154	217,017	613,885	-	613,885
91200 Auditing Fees	13,470	-	1,750	1,200	1,750	300	509	18,979	-	18,979
91300 Management Fee	371,898	-	76,307	-	-	-	-	448,205	-448,205	-
91310 Book-keeping Fee	53,047	-	38,154	-	-	-	-	91,201	-91,201	-
91400 Advertising and Marketing	387	-	-	-	-	-	1,066	1,453	-	1,453
91500 Employee Benefit contributions - Administrative	133,789	-	56,116	5,464	36,083	8,697	131,812	371,961	-	371,961
91600 Office Expenses	19,648	-	24,439	109	2,916	4,638	60,853	112,603	-	112,603
91700 Legal Expense	-	-	249	1	2,259	100	14,781	17,390	-	17,390
91800 Travel	7,748	-	36	-	314	-	523	8,621	-	8,621
91900 Other	80,984	-	55,355	731	34,643	34	60,022	231,769	-21,970	209,799
91000 Total Operating - Administrative	903,339	-	344,526	15,909	137,787	27,923	486,583	1,916,067	-561,376	1,354,691
92000 Asset Management Fee	80,160	-	-	-	-	-	-	80,160	-80,160	-
93100 Water	232,711	-	-	-	54,957	10,816	1,046	299,530	-	299,530
93200 Electricity	406,897	-	-	-	89,418	22,871	3,609	522,795	-	522,795
93300 Gas	27,211	-	-	-	8,509	-	586	36,306	-	36,306
93600 Sewer	132,010	-	-	-	31,683	5,698	544	169,935	-	169,935
93000 Total Utilities	798,829	-	-	-	184,567	39,385	5,785	1,028,566	-	1,028,566
94100 Ordinary Maintenance and Operations - Labor	364,380	-	-	-	55,550	5,635	-	425,565	-	425,565
94200 Ordinary Maintenance and Operations - Materials and Other	207,732	-	-	-	17,819	3,646	2,639	231,836	-	231,836
94300 Ordinary Maintenance and Operations Contracts	405,254	-	-	-	98,242	16,428	4,969	524,893	-	524,893
94500 Employee Benefit Contributions - Ordinary Maintenance	219,167	-	-	-	33,506	3,462	-	256,135	-	256,135
94000 Total Maintenance	1,196,533	-	-	-	205,117	29,171	7,608	1,438,429	-	1,438,429
95100 Protective Services - Labor	14,419	-	-	-	1,276	181	-	15,876	-	15,876
95200 Protective Services - Other Contract Costs	217,489	-	-	-	92,791	-	-	310,280	-	310,280
95500 Employee Benefit Contributions - Protective Services	8,001	-	-	-	708	100	-	8,809	-	8,809
95000 Total Protective Services	239,909	-	-	-	94,775	281	-	334,965	-	334,965

JEFFERSON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.182 N/C S/R Section 8 Programs	1 Business Activities	COCC	Subtotal	ELIM	Total
96110 Property Insurance	120,356	-	-	-	6,117	2,588	470	129,531	-	129,531
96120 Liability Insurance	60,288	-	1,513	-	9,903	2,058	6,269	80,031	-	80,031
96100 Total insurance Premiums	180,644	-	1,513	-	16,020	4,646	6,739	209,562	-	209,562
96200 Other General Expenses	-	-	-	-	-	404,409	421,060	825,469	-815,097	10,372
96300 Payments in Lieu of Taxes	14,033	-	-	-	8,291	2,719	10	25,053	-	25,053
96400 Bad debt - Tenant Rents	86,649	-	-	-	1,716	871	-	89,236	-	89,236
96800 Severance Expense	14,898	-	2,318	344	470	172	7,398	25,600	-	25,600
96000 Total Other General Expenses	115,580	-	2,318	344	10,477	408,171	428,468	965,358	-815,097	150,261
96720 Interest on Notes Payable (Short and Long Term)	127,544	-	-	-	-	-	-	127,544	-	127,544
96700 Total Interest Expense and Amortization Cost	127,544	-	-	-	-	-	-	127,544	-	127,544
96900 Total Operating Expenses	3,642,538	-	348,357	16,253	648,743	509,577	935,183	6,100,651	-1,456,633	4,644,018
97000 Excess of Operating Revenue over Operating Expenses	1,135,391	-	3,337,545	89,298	104,787	589,777	-310,063	4,946,735	-	4,946,735
97300 Housing Assistance Payments	-	-	2,935,009	82,552	-	-	-	3,017,561	-	3,017,561
97350 HAP Portability-In	-	-	8,166	-	-	-	-	8,166	-	8,166
97400 Depreciation Expense	1,361,239	-	440	-	126,329	14,823	12,468	1,515,299	-	1,515,299
90000 Total Expenses	5,003,777	-	3,291,972	98,805	775,072	524,400	947,651	10,641,677	-1,456,633	9,185,044
10010 Operating Transfer In	42,308	-	-	-	-	-	-	42,308	-42,308	-
10020 Operating transfer Out	-42,308	-	-	-	-	-	-	-42,308	42,308	-
10091 Inter Project Excess Cash Transfer In	70,000	-	-	-	-	-	-	70,000	-70,000	-
10092 Inter Project Excess Cash Transfer Out	-70,000	-	-	-	-	-	-	-70,000	70,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-225,848	-	393,930	6,746	-21,542	574,954	-322,531	405,709	-	405,709
11020 Required Annual Debt Principal Payments	193,679	-	-	-	-	-	-	193,679	-	193,679
11030 Beginning Equity	13,385,931	-	-64,643	4,399	993,086	558,136	233,802	15,110,711	-	15,110,711
11170 Administrative Fee Equity	-	-	285,615	-	-	-	-	285,615	-	285,615
11180 Housing Assistance Payments Equity	-	-	43,672	-	-	-	-	43,672	-	43,672
11190 Unit Months Available	8,016	-	7,516	-	1,200	312	-	17,044	-	17,044
11210 Number of Unit Months Leased	7,073	-	6,940	-	1,046	305	-	15,364	-	15,364

JEFFERSON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public and Indian Housing Program	14.850	$ 3,121,866
Housing Choice Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	3,236,265
Total Housing Choice Vouchers		3,236,265
Public Housing Capital Fund	14.872	475,891
Section 8 Project Based Program Cluster		
Section 8 New Construction	14.182	482,630
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	105,316
Total Section 8 Project Based Program Cluster		587,946
Total U.S. Department of Housing and Urban Development		7,421,968
Total Expenditures of Federal Awards		$ 7,421,968

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Jefferson Metropolitan Housing Authority under programs of the Federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jefferson Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Jefferson Metropolitan Housing Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: **INDIRECT COST RATE**

Jefferson Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Jefferson Metropolitan Housing Authority
Steubenville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Jefferson Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 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 July 24, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 24, 2018

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Jefferson Metropolitan Housing Authority
Steubenville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Jefferson Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2017. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Jefferson Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 24, 2018

JEFFERSON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

2017(i)	Type of Financial Statement Opinion	Unmodified
2017(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2017(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2017(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2017(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2017(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2017(v)	Type of Major Programs' Compliance Opinion	Unmodified
2017(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2017(vii)	Major Programs (list): Housing Choice Voucher Cluster: Section 8 Voucher Choice Program - CFDA #14.871	
2017(viii)	Dollar Threshold: Type A\B Programs	Type A: >$750,000 Type B: all others
2017(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

JEFFERSON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

The prior audit report, as of December 31, 2016, did not include any findings. Management letter comments have been corrected or repeated.

This page intentionally left blank.

Dave Yost • Auditor of State

JEFFERSON COUNTY METROPOLITAN HOUSING AUTHORITY

JEFFERSON 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
SEPTEMBER, 27 2018

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov