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Certified Public Accountants, A.C.

**JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY
Single Audit
For the Year Ended September 30, 2015**

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Tax- Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Jackson Metropolitan Housing Authority, Jackson County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2014 through September 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 20, 2016

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**JACKSON METROPOLITAN HOUSING AUTHORITY
 JACKSON COUNTY
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

March 30, 2016

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Jackson Metropolitan Housing Authority**, Jackson County, Ohio (the Authority), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson Metropolitan Housing Authority, as of September 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended September 30, 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Employer Contributions, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Financial Data Schedule presented on pages 33-34 presents additional analysis as required by the United States Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

The Jackson Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's 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 years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's Net Position decreased by \$218,197 (or 5.42%) during 2015, resulting from the operations of the Authority. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position. Net Position was \$3,808,245 and \$4,026,442 for 2015 and 2014 respectively.
- Revenues decreased by \$165,076 (or 7.80%) during 2015, and were \$1,950,660 and \$2,115,736 for 2015 and 2014 respectively.
- The total expenses of all Authority programs decreased by \$56,770 (or 2.55%). Total expenses were \$2,168,857 and \$2,225,627 for 2015 and 2014 respectively.

USING THIS ANNUAL REPORT

This Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Supplementary Information":

MD&A ~Management's Discussion and Analysis~
Basic Financial Statement ~Authority Financial Statements~
Other Supplementary Information ~Supplementary Information~ (Other than the MD&A)

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

Authority Financial Statements

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets minus liabilities, equals "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 represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) 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), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The Authority's financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenue, such as 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 Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Fund Financial Statements

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

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

The Authority's Programs

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

Economic Development and Supportive Services Program – a grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

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

New GASB 68 Reporting

During 2015, the Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

New GASB 68 Reporting (Continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at September 30, 2014, from \$4,318,784 to \$4,026,442.

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

AUTHORITY STATEMENTS

Statement of Net Position

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

**TABLE 1
STATEMENT OF NET POSITION**

	<u>2015</u>	<u>Restated 2014</u>
Current and Other Assets	\$ 1,240,793	\$ 1,241,736
Capital Assets	3,209,563	3,349,554
Deferred Outflows	<u>29,741</u>	<u>35,030</u>
Total Assets	<u>\$ 4,480,097</u>	<u>\$ 4,626,320</u>
Current Liabilities	\$ 207,300	\$ 189,361
Long-Term Liabilities	458,668	410,517
Deferred Inflows	<u>5,884</u>	<u>-</u>
Total Liabilities	<u>671,852</u>	<u>599,878</u>
Net Position:		
Net Investment in Capital Assets	3,053,138	3,254,171
Restricted	14,539	17,718
Unrestricted	<u>740,568</u>	<u>754,553</u>
Total Net Position	<u>3,808,245</u>	<u>4,026,442</u>
Total Liabilities and Net Position	<u>\$ 4,480,097</u>	<u>\$ 4,626,320</u>

Major Factors Affecting the Statement of Net Position

During 2015, current and other assets decreased by \$943 and total liabilities increased by \$71,974. The current and other assets, primarily cash and investments, decreased due to results from operation. Total liabilities increase is due to the debt issued to acquire additional properties.

Capital assets also changed, decreasing from \$3,349,554 to \$3,209,563. The \$139,991 decrease was contributed primarily to current year depreciation expense less purchase of current year assets.

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

**TABLE 2
CHANGE OF UNRESTRICTED NET POSITION**

Beginning Balance - September 30, 2014 Restated	\$ 754,553
Results of Operation	(215,018)
Adjustments:	
Current year Depreciation Expense (1)	382,974
Capital Expenditure (2)	(242,983)
New Debt Issued	165,110
Retirement of Debt	<u>(104,068)</u>
Ending Balance - September 30, 2015	<u>\$ 740,568</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Capital expenditures represent an outflow of Unrestricted Net Position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

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

TABLE 3

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

<u>Revenues</u>	<u>2015</u>	<u>2014</u>
Tenant Revenues	\$ 351,380	\$ 345,424
Operating Subsidies	1,426,856	1,473,552
Capital Grants	127,124	249,931
Investment Income	2,494	2,581
Other Revenues	42,806	44,248
Total Revenues	<u>1,950,660</u>	<u>2,115,736</u>
 <u>Expenses</u>		
Administrative	396,532	408,951
Tenant Services	40,211	40,127
Utilities	165,504	160,121
Maintenance	341,597	371,585
General and Interest Expenses	115,501	118,426
Housing Assistance Payments	726,538	736,205
Depreciation	382,974	390,212
Total Expenses	<u>2,168,857</u>	<u>2,225,627</u>
 Net Increases (Decreases)	 \$ <u>(218,197)</u>	 \$ <u>(109,891)</u>

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

Total revenue decreased by \$165,076 in compared to the prior year. The decrease is due to the decrease in capital funded activities for the year.

Total expenses decreased by \$56,770 in comparison with prior year financials. The decrease is due to change in administration, maintenance costs, and also due to decrease in housing assistance payments.

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

CAPITAL ASSETS

As of year-end, the Authority had \$3,209,563 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to depreciation expense. See table 5 for detail of current year change.

**TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	<u>2015</u>		<u>2014</u>
Land	\$ 196,185	\$	189,315
Buildings	11,299,495		11,073,432
Equipment	319,736		309,686
Accumulated Depreciation	<u>(8,605,853)</u>		<u>(8,222,879)</u>
 Total	 \$ <u>3,209,563</u>	 \$	 <u>3,349,554</u>

The following reconciliation summarizes the change in Capital Assets:

**TABLE 5
CHANGE IN CAPITAL ASSETS**

Beginning Balance - September 30, 2014	\$	3,349,554
Current year Additions		242,983
Current year Depreciation Expense		<u>(382,974)</u>
 Ending Balance - September 30, 2015	 \$	 <u>3,209,563</u>
 Current year Additions are summarized as follows:		
- Purchase of DD Homes	\$	108,251
- Capital Expenditure at Cambrian		46,382
- Capital Expenditure at Fairview		78,300
- Furniture at Cambrian		2,785
- Purchase of new server		<u>7,265</u>
 Total 2015 Additions	 \$	 <u>242,983</u>

**JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

UNAUDITED

DEBT OUTSTANDING

As of year-end, the Authority has \$156,425 in debt (mortgages) outstanding compared to \$95,383 in the prior year.

TABLE 6

CONDENSED STATEMENT OF CHANGE IN DEBT OUTSTANDING

Beginning Balance - September 30, 2014	\$	95,383
Current Year Debt Issued		165,110
Current Year Principal Payments		<u>(104,068)</u>
Ending Balance - September 30, 2015	\$	<u><u>156,425</u></u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Gary Keller, Executive Director of the Jackson Metropolitan Housing Authority, at (740) 384-5627. Specific requests may be submitted to the Jackson Metropolitan Housing Authority at 249 W. Thirteenth Street PO Box 619, Wellston, Ohio 45692.

**JACKSON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2015**

ASSETS

Current assets

Cash and cash equivalents	\$ 1,169,210
Restricted cash and cash equivalents	61,336
Receivables, net	2,614
Prepaid expenses and other assets	7,633
Total current assets	<u>1,240,793</u>

Noncurrent assets

Capital assets:	
Land	196,185
Building and equipment	11,619,231
Less accumulated depreciation	(8,605,853)
Total noncurrent assets	<u>3,209,563</u>
Total assets	<u>4,450,356</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<u>29,741</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

<u>\$ 4,480,097</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 16,999
Accrued liabilities	35,825
Accrued compensated absences, current	30,135
Intergovernmental payables	33,841
Tenant security deposits	18,409
Unearned revenue	3,402
Bonds, notes, and loans payable, current	68,689
Total current liabilities	<u>207,300</u>

Noncurrent liabilities

Bonds, notes, and loans payable	87,736
Accrued compensated absences non-current	7,608
Noncurrent liabilities - other	28,388
Net pension liability	334,936
Total noncurrent liabilities	<u>458,668</u>
Total liabilities	<u>665,968</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<u>5,884</u>
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NET POSITION

Net investment in capital assets	3,053,138
Restricted	14,539
Unrestricted	740,568
Total net position	<u>3,808,245</u>

TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

<u>\$ 4,480,097</u>

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

OPERATING REVENUES	
Tenant revenue	\$ 351,380
Government operating grants	1,426,856
Other revenue	42,806
Total operating revenues	<u>1,821,042</u>
OPERATING EXPENSES	
Administrative	396,532
Tenant services	40,211
Utilities	165,504
Maintenance	341,597
General	114,452
Housing assistance payments	726,538
Depreciation	382,974
Total operating expenses	<u>2,167,808</u>
Operating income (loss)	<u>(346,766)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	2,494
Interest expense	(1,049)
Total nonoperating revenues (expenses)	<u>1,445</u>
Income (loss) before capital contributions	(345,321)
Capital grants	127,124
Change in net position	(218,197)
Total net position - beginning, as restated	4,026,442
Total net position - ending	<u>\$ 3,808,245</u>

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$ 1,426,856
Tenant revenue received	350,205
Other revenue received	42,806
General and administrative expenses paid	(1,028,996)
Housing assistance payments	(726,538)
	<hr/>
Net cash provided (used) by operating activities	64,333
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	2,494
	<hr/>
Net cash provided (used) by investing activities	2,494
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grant funds received	127,124
Proceeds from debt issued	165,110
Property and equipment purchased	(242,983)
Principal payments	(104,068)
Interest paid on debt	(1,049)
	<hr/>
Net cash provided (used) by capital and related financing activities	(55,866)
	<hr/>
Net increase (decrease) in cash	10,961
Cash and cash equivalents - beginning of year	1,219,585
	<hr/>
Cash and cash equivalents - end of year	\$ 1,230,546
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating income (loss)	\$ (346,766)
Adjustment to reconcile operating loss to net cash used by operating activities	
- Depreciation	382,974
- (Increases) decreases in accounts receivable	6,389
- (Increases) decreases in prepaid assets	13,079
- (Increases) Decreases in deferred outflows	5,289
- Increases (decreases) in accounts payable	(7,809)
- Increases (decreases) in accounts payable - intergovernmental	4,803
- Increases (decreases) in accrued compensated absence	(3,281)
- Increases (decreases) in accrued expenses payable	8,669
- Increases (decreases) in unearned revenue	(24,960)
- Increases (decreases) in tenant security deposits	3,684
- Increases (decreases) in other liabilities	16,378
- Increases (decreases) in deferred inflows	5,884
	<hr/>
Net cash provided (used) by operating activities	\$ 64,333
	<hr/> <hr/>

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

Basis of Presentation

The Authority's financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

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

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

Proprietary Fund Types

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

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

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.

Description of programs

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

A. Public Housing Program

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

B. Capital Fund Program

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

C. Housing Choice Voucher Program

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

D. Business Activity

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2015 totaled \$2,494.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

Net Position

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Accounting

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

Accounting and Reporting for Non-exchange Transactions

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

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

Estimates

The preparation of financial statements in conformity with 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 statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported September 30, 2014:

Net Position - September 30, 2014	\$ 4,318,784
Adjustments:	
Net Pension Liability	(327,372)
Deferred Outflows - Payments Subsequent to measurement date	35,030
Restated Net Postion - September 30, 2014	\$ 4,026,442

NOTE 3: 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 period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

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

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

At fiscal year-end September 30, 2015, the carrying amount of the Authority's deposits totaled \$1,230,546 and its bank balance was \$1,250,254. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2015, \$528,353 was exposed to custodial risk as discussed below, while \$721,901 was covered by the Federal Depository Insurance Corporation. Of the carrying amount, \$230 represents petty cash.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

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

NOTE 4: RESTRICTED CASH

Restricted cash as of September 30, 2015 represents money held that can only be used for specific purpose or money held on behalf of the tenants:

Cash advance by HUD that is to be used for the Housing Assistance Payments	\$	14,539
Tenant security deposit		18,409
Money held for Tenant FSS escrow		<u>28,388</u>
Total Restricted Cash Balance	\$	<u>61,336</u>

NOTE 5: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2015, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 6: CAPITAL ASSETS

This is a summary of the changes in Capital Assets:

	<u>Balance 9/30/2014</u>	<u>Adj.</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
Capital Assets Not Being Depreciated:					
Land	\$ 189,315	\$ -	\$ 6,870	\$ -	\$ 196,185
Total Capital Assets Not Being Depreciated	<u>189,315</u>	<u>-</u>	<u>6,870</u>	<u>-</u>	<u>196,185</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	11,074,690	(1,258)	226,063	-	11,299,495
Furniture, Machinery & Equipment	<u>308,428</u>	<u>1,258</u>	<u>10,050</u>	<u>-</u>	<u>319,736</u>
Total Capital Assets Being Depreciated	<u>11,383,118</u>	<u>-</u>	<u>236,113</u>	<u>-</u>	<u>11,619,231</u>
Accumulated Depreciation:					
Buildings and Improvements	(7,979,996)	-	(355,281)	-	(8,335,277)
Furniture, Machinery & Equipment	<u>(242,883)</u>	<u>-</u>	<u>(27,693)</u>	<u>-</u>	<u>(270,576)</u>
Total Accumulated Depreciation	<u>(8,222,879)</u>	<u>-</u>	<u>(382,974)</u>	<u>-</u>	<u>(8,605,853)</u>
Total Capital Assets Being Depreciated, Net	<u>3,160,239</u>	<u>-</u>	<u>(146,861)</u>	<u>-</u>	<u>3,013,378</u>
Total Capital Assets, Net	<u>\$ 3,349,554</u>	<u>\$ -</u>	<u>\$ (139,991)</u>	<u>\$ -</u>	<u>\$ 3,209,563</u>

NOTE 7: DEFINED BENEFIT PENSION PLANS

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

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

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

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 both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide retirement, disability and survivor benefits, and annual costs-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during FY 2015. The contribution rates are determined actuarially. The Authority's contractual required contribution for the year ended September 30, 2015 was \$39,618. Of this amount \$3,561 was reported as an intergovernmental payable.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7: 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, 2014, 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:

Proportionate Share of Net Pension Liability	\$ 334,936
Percentage for Proportionate Share of Net Pension Liability	0.002777%
Pension Expense	\$ 47,242

At September 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional</u>
Deferred Outflows of Resources	
Difference between expected and actual experience	\$ 17,871
Authority contributions subsequent to the measurement date	11,870
Total Deferred Outflows of Resources	<u>\$ 29,741</u>
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ <u>5,884</u>

Amounts 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 September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>Traditional</u>
2016	\$ 1,753
2017	1,753
2018	4,013
2019	<u>4,468</u>
Total	<u>\$ 11,987</u>

Actuarial Assumptions – OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2014, are presented below:

	<u>Traditional</u>
Wage Inflation	3.75%
Future Salary Increases, including inflation	4.25% – 10.05%
Cost-of-Living Adjustment	3% Simple
Actuarial Cost Method	Individual entry age

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed December 31, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building block approach and assumes a time horizon, as defined in OPERs' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation for 2014</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
TOTAL	100.00%	5.28%

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability was calculated using the discount rate of 8.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (8.0 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

<u>Net Pension Liability</u>	<u>1% Decrease 7.0%</u>	<u>Current Discount Rate 8.0%</u>	<u>1% Increase 9.0%</u>
Traditional Plan	\$ 616,189	\$ 334,936	\$ 98,056

NOTE 8: POSTEMPLOYMENT BENEFITS

A. Plan Description

The 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 postemployment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8: POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit, with an effective retired date of December 1, 2014. With recent changes to the plan, members with an effective retirement date after December 1, 2014 must have 20 years of qualifying service and be at least age 60 to receive benefits. Members retiring at any age with 30 or more years of qualifying service are eligible for coverage. 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.

In 2014, OPERS established the 115 Health Care Trust (115 Trust) under Section 115 of the Internal Revenue Code. This trust will provide health care in much the same manner as the 401(h) health care fund and similarly, will be for the benefit of members of the Traditional Pension and Combined plans. On January 1, 2016, OPERS will launch the OPERS Medicare Connector (Connector), a program whereby eligible enrolled retirees over the age of 65 may have an allowance deposited to a health reimbursement account (HRA) to apply toward the health care program of their choice selected with the assistance of an OPERS vendor. As OPERS prepares to change the manner of funding health care for Medicare-eligible retirees, OPERS needed a vehicle that could accommodate such reimbursement mechanisms as the HRA. Employer contributions to this trust began in September 2014, with the initial health care disbursements from this trust to commence with January 2016 premiums. OPERS will use both the 401(h) and the 115 Trust to fund health care expenses.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. Plan changes can be seen in OPERS stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

B. Funding Policy

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

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The employer contributions allocated to health care was raised to 2.00 percent for both plans for calendar year 2014 as recommended by the OPERS Actuary. Effective January 1, 2015, the portion of the employer contributions allocated to healthcare remains at 2.00 percent for both plans, as recommended by the OPERS Actuary. While this 401(h) health care plan will continue to be used to fund health care expenses, employer contributions to this plan ceased in September 2014 upon the establishment of the 115 Health Care Trust.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8: POSTEMPLOYMENT BENEFITS (Continued)

B. Funding Policy (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll, 2.00 percent was used to fund health care for the Traditional and Combined Plans, and 4.50 percent was used to fund the VEBA for the Member-Directed Plan. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended September 30, 2015, 2014, and 2013, which were used to fund post-employment benefits were \$6,603, \$13,897, and \$5,782, respectively.

NOTE 9: LONG-TERM DEBT

Jackson Metropolitan Housing Authority entered into an energy performance contract with Chevron Energy Solution Company for \$341,475. CitiMortgage, Inc. provides the financing source for the project. The term of the loan is 12 year with a fixed interest rate of 4.54%. The loan is paid back in monthly installments of \$3,080.05. The outstanding loan balance as of September 30, 2015 is \$59,220.

On December 16, 2014, the Authority signed a three month promissory note with Milton Banking Company in the amount of \$67,905 to finance the purchase of the property located on 1674 Salem Road. The note was repaid in full on February 3, 2015 with the funds from the Ohio Department of Developmental Disabilities, plus accrued interest of \$250.69.

On December 8, 2014, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 1674 Salem Road Wellston, Ohio to be rented to individuals with disabilities. In return the Authority received \$67,905 from the Ohio Department of Developmental Disabilities to be used for the purchase of the property. The \$67,905 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2015 is \$67,905.

On August 24, 2015, the Authority signed a promissory note with Milton Banking Company in the amount of \$29,300 to finance the renovation of the property located on 1674 Salem Road. The note matures on November 22, 2015 and bears a 2.750% interest rate.

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9: LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015	Due within One Year
Notes Payable:					
CitiMortgage - Energy Improv Loan	\$ 95,383	\$ -	\$ (36,163)	\$ 59,220	\$ 34,862
Milton Bank - 1672 Salem Rd	-	67,905	(67,905)	-	-
Milton Bank - 1672 Salem Rd	-	29,300	-	29,300	29,300
Ohio Depart of Develop Disabilities	-	67,905	-	67,905	4,527
Net Pension Liability	327,372	7,564	-	334,936	-
Total Note Payable	\$ 422,755	\$ 172,674	\$ (104,068)	\$ 491,361	\$ 68,689

Debt maturities for the period after September 30, 2015 are as follows:

<u>Years – September 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 68,689	\$ 2,299
2017	28,885	517
2018	4,527	-
2019	4,527	-
2020	4,527	-
2021-2025	22,635	-
2026-2030	22,635	-
Total	<u>\$156,425</u>	<u>\$ 2,816</u>

NOTE 10: COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2015, the compensated absences liability is \$37,743.

The following is a summary of changes in compensated absence for the year ended September 30, 2015:

<u>Description</u>	<u>Balance 9/30/2014</u>	<u>Net Increase</u>	<u>Balance 9/30/2015</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 31,954	\$ 5,789	\$ 37,743	\$ 30,135

**JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 11: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2015.

Litigations and Claims

In the normal course of operations the Authority may be subject to litigation and claims. At September 30, 2015 the Authority was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

NOTE 12: SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through March 30, 2016, the date on which the financial statements were available to be issued.

**JACKSON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
SEPTEMBER 30, 2015**

**Ohio Public Employees Retirement System
Last 10 Fiscal Years***

<u>Traditional Plan</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability / Asset	0.002777%	0.002777%
Authority's Proportionate Share of the Net Pension Liability	\$ 334,937	\$ 327,372
Authority's Covered-Employee Payroll	\$ 330,150	\$ 277,952
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	101.45%	117.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

*Information prior to 2014 is not available.

*The amounts in this schedule are as of the December 31, 2014 measurement date.

**JACKSON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2015**

**Ohio Public Employees Retirement System
Last 10 Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually Required Contribution	\$ 39,618	\$ 34,744	\$ 42,839	\$ 34,235	\$ 36,021	\$ 23,776	\$ 21,579	\$ 18,799	\$ 19,106	\$ 28,814
Contributions in Relation to the Contractually Required Contribution	(39,618)	(34,744)	(42,839)	(34,235)	(36,021)	(23,776)	(21,579)	(18,799)	(19,106)	(28,814)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 330,150	\$ 277,952	\$ 372,837	\$ 342,350	\$ 391,959	\$ 271,726	\$ 278,439	\$ 253,015	\$ 205,884	\$ 299,522
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%	9.28%	9.62%

**Jackson Metropolitan Housing Authority
Financial Data Schedules
Proprietary Fund Type - Enterprise Funds
September 30, 2015**

	Project Total	14,871 Housing Choice Vouchers	14,239 HOME Investment Partnerships Program	1 Business Activities	14,896 PIH Family Self- Sufficiency Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$888,833	\$153,984	\$3,402	\$122,991	\$0	\$1,169,210	\$0	\$1,169,210
113 Cash - Other Restricted	\$0	\$42,927	\$0	\$0	\$0	\$42,927	\$0	\$42,927
114 Cash - Tenant Security Deposits	\$17,909	\$0	\$0	\$500	\$0	\$18,409	\$0	\$18,409
100 Total Cash	\$906,742	\$196,911	\$3,402	\$123,491	\$0	\$1,230,546	\$0	\$1,230,546
126 Accounts Receivable - Tenants	\$5,059	\$0	\$0	\$0	\$0	\$5,059	\$0	\$5,059
126.1 Allowance for Doubtful Accounts - Tenants	(\$2,445)	\$0	\$0	\$0	\$0	(\$2,445)	\$0	(\$2,445)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,614	\$0	\$0	\$0	\$0	\$2,614	\$0	\$2,614
142 Prepaid Expenses and Other Assets	\$6,881	\$752	\$0	\$0	\$0	\$7,633	\$0	\$7,633
150 Total Current Assets	\$916,237	\$197,663	\$3,402	\$123,491	\$0	\$1,240,793	\$0	\$1,240,793
161 Land	\$189,315	\$0	\$0	\$6,870	\$0	\$196,185	\$0	\$196,185
162 Buildings	\$11,198,114	\$0	\$0	\$71,081	\$0	\$11,269,195	\$0	\$11,269,195
163 Furniture, Equipment & Machinery - Dwellings	\$1,258	\$0	\$0	\$0	\$0	\$1,258	\$0	\$1,258
164 Furniture, Equipment & Machinery - Administration	\$314,874	\$3,604	\$0	\$0	\$0	\$318,478	\$0	\$318,478
165 Leasehold Improvements	\$0	\$0	\$0	\$30,300	\$0	\$30,300	\$0	\$30,300
166 Accumulated Depreciation	(\$8,602,267)	(\$1,710)	\$0	(\$1,876)	\$0	(\$8,605,853)	\$0	(\$8,605,853)
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,101,294	\$1,894	\$0	\$106,375	\$0	\$3,209,563	\$0	\$3,209,563
180 Total Non-Current Assets	\$3,101,294	\$1,894	\$0	\$106,375	\$0	\$3,209,563	\$0	\$3,209,563
200 Deferred Outflow of Resources	\$24,137	\$4,953	\$0	\$651	\$0	\$29,741	\$0	\$29,741
290 Total Assets and Deferred Outflow of Resources	\$4,041,668	\$204,510	\$3,402	\$230,517	\$0	\$4,480,097	\$0	\$4,480,097
312 Accounts Payable <= 90 Days	\$15,427	\$1,454	\$0	\$118	\$0	\$16,999	\$0	\$16,999
321 Accrued Wage/Payroll Taxes Payable	\$13,238	\$1,623	\$0	\$0	\$0	\$14,861	\$0	\$14,861
322 Accrued Compensated Absences - Current Portion	\$23,096	\$7,039	\$0	\$0	\$0	\$30,135	\$0	\$30,135
333 Accounts Payable - Other Government	\$33,841	\$0	\$0	\$0	\$0	\$33,841	\$0	\$33,841
341 Tenant Security Deposits	\$17,909	\$0	\$0	\$500	\$0	\$18,409	\$0	\$18,409
342 Unearned Revenue	\$0	\$0	\$3,402	\$0	\$0	\$3,402	\$0	\$3,402
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$34,862	\$0	\$0	\$33,827	\$0	\$68,689	\$0	\$68,689
346 Accrued Liabilities - Other	\$20,964	\$0	\$0	\$0	\$0	\$20,964	\$0	\$20,964
310 Total Current Liabilities	\$159,337	\$10,116	\$3,402	\$34,445	\$0	\$207,300	\$0	\$207,300
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$24,358	\$0	\$0	\$63,378	\$0	\$87,736	\$0	\$87,736
353 Non-current Liabilities - Other	\$0	\$28,388	\$0	\$0	\$0	\$28,388	\$0	\$28,388
354 Accrued Compensated Absences - Non Current	\$5,831	\$1,777	\$0	\$0	\$0	\$7,608	\$0	\$7,608
357 Accrued Pension and OPEB Liabilities	\$271,818	\$55,784	\$0	\$7,334	\$0	\$334,936	\$0	\$334,936
350 Total Non-Current Liabilities	\$302,007	\$85,949	\$0	\$70,712	\$0	\$458,668	\$0	\$458,668
300 Total Liabilities	\$461,344	\$96,065	\$3,402	\$105,157	\$0	\$665,968	\$0	\$665,968
400 Deferred Inflow of Resources	\$4,776	\$980	\$0	\$128	\$0	\$5,884	\$0	\$5,884
508.4 Net Investment in Capital Assets	\$3,042,074	\$1,894	\$0	\$9,170	\$0	\$3,053,138	\$0	\$3,053,138
511.4 Restricted Net Position	\$0	\$14,539	\$0	\$0	\$0	\$14,539	\$0	\$14,539
512.4 Unrestricted Net Position	\$533,474	\$91,032	\$0	\$116,062	\$0	\$740,568	\$0	\$740,568
513 Total Equity - Net Assets / Position	\$3,575,548	\$107,465	\$0	\$125,232	\$0	\$3,808,245	\$0	\$3,808,245
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,041,668	\$204,510	\$3,402	\$230,517	\$0	\$4,480,097	\$0	\$4,480,097

Jackson Metropolitan Housing Authority
Financial Data Schedules
Proprietary Fund Type - Enterprise Funds
September 30, 2015

	Project Total	14,871 Housing Choice Vouchers	14,239 HOME Investment Partnerships Program	1 Business Activities	14,896 PIH Family Self-Sufficiency Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$347,380	\$0	\$0	\$4,000	\$0	\$351,380	\$0	\$351,380
70400 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70500 Total Tenant Revenue	\$347,380	\$0	\$0	\$4,000	\$0	\$351,380	\$0	\$351,380
70600 HUD PHA Operating Grants	\$542,880	\$772,770	\$0	\$0	\$30,222	\$1,345,872	\$0	\$1,345,872
70610 Capital Grants	\$127,124	\$0	\$0	\$0	\$0	\$127,124	\$0	\$127,124
70800 Other Government Grants	\$0	\$0	\$80,984	\$0	\$0	\$80,984	\$0	\$80,984
71100 Investment Income - Unrestricted	\$2,284	\$125	\$0	\$57	\$0	\$2,466	\$0	\$2,466
71400 Fraud Recovery	\$0	\$179	\$0	\$0	\$0	\$179	\$0	\$179
71500 Other Revenue	\$15,432	\$3,256	\$0	\$23,939	\$0	\$42,627	\$0	\$42,627
72000 Investment Income - Restricted	\$0	\$28	\$0	\$0	\$0	\$28	\$0	\$28
70000 Total Revenue	\$1,035,100	\$776,358	\$80,984	\$27,996	\$30,222	\$1,950,660	\$0	\$1,950,660
91100 Administrative Salaries	\$138,339	\$11,093	\$0	\$9,701	\$0	\$159,133	\$0	\$159,133
91200 Auditing Fees	\$6,208	\$2,657	\$0	\$0	\$0	\$8,865	\$0	\$8,865
91400 Advertising and Marketing	\$9,973	\$647	\$0	\$585	\$0	\$11,205	\$0	\$11,205
91500 Employee Benefit Contributions - Administrative	\$73,947	\$11,457	\$0	\$1,032	\$0	\$86,436	\$0	\$86,436
91600 Office Expenses	\$0	\$5,152	\$0	\$1,383	\$0	\$6,535	\$0	\$6,535
91700 Legal Expense	\$6,799	\$124	\$0	\$0	\$0	\$6,923	\$0	\$6,923
91800 Travel	\$10,362	\$3,278	\$0	\$43	\$0	\$13,683	\$0	\$13,683
91900 Other	\$71,549	\$12,226	\$12,978	\$0	\$0	\$96,753	\$0	\$96,753
91000 Total Operating - Administrative	\$317,176	\$53,644	\$12,978	\$12,734	\$0	\$396,532	\$0	\$396,532
92100 Tenant Services - Salaries	\$0	\$8,762	\$0	\$0	\$28,000	\$36,762	\$0	\$36,762
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$1,227	\$0	\$0	\$2,222	\$3,449	\$0	\$3,449
92500 Total Tenant Services	\$0	\$9,989	\$0	\$0	\$30,222	\$40,211	\$0	\$40,211
93100 Water	\$28,805	\$208	\$0	\$0	\$0	\$29,013	\$0	\$29,013
93200 Electricity	\$75,037	\$490	\$0	\$0	\$0	\$75,527	\$0	\$75,527
93300 Gas	\$20,028	\$215	\$0	\$0	\$0	\$20,243	\$0	\$20,243
93600 Sewer	\$40,721	\$0	\$0	\$0	\$0	\$40,721	\$0	\$40,721
93000 Total Utilities	\$164,591	\$913	\$0	\$0	\$0	\$165,504	\$0	\$165,504
94100 Ordinary Maintenance and Operations - Labor	\$100,963	\$0	\$0	\$0	\$0	\$100,963	\$0	\$100,963
94200 Ordinary Maintenance and Operations - Materials and Other	\$98,838	\$0	\$0	\$0	\$0	\$98,838	\$0	\$98,838
94300 Ordinary Maintenance and Operations Contracts	\$88,091	\$0	\$0	\$0	\$0	\$88,091	\$0	\$88,091
94500 Employee Benefit Contributions - Ordinary Maintenance	\$53,705	\$0	\$0	\$0	\$0	\$53,705	\$0	\$53,705
94000 Total Maintenance	\$341,597	\$0	\$0	\$0	\$0	\$341,597	\$0	\$341,597
96110 Property Insurance	\$19,352	\$0	\$0	\$13	\$0	\$19,365	\$0	\$19,365
96120 Liability Insurance	\$9,531	\$4,497	\$0	\$0	\$0	\$14,028	\$0	\$14,028
96100 Total Insurance Premiums	\$28,883	\$4,497	\$0	\$13	\$0	\$33,393	\$0	\$33,393
96200 Other General Expenses	\$0	\$0	\$0	\$183	\$0	\$183	\$0	\$183
96210 Compensated Absences	\$60,007	\$11,519	\$0	\$0	\$0	\$71,526	\$0	\$71,526
96300 Payments in Lieu of Taxes	\$18,279	\$0	\$0	\$26	\$0	\$18,305	\$0	\$18,305
96400 Bad Debt - Tenant Rents	\$1,045	\$0	\$0	\$0	\$0	\$1,045	\$0	\$1,045
96000 Total Other General Expenses	\$69,331	\$11,519	\$0	\$209	\$0	\$81,059	\$0	\$81,059
96710 Interest of Mortgage (or Bonds) Payable	\$798	\$0	\$0	\$251	\$0	\$1,049	\$0	\$1,049
96700 Total Interest Expense and Amortization Cost	\$798	\$0	\$0	\$251	\$0	\$1,049	\$0	\$1,049
96900 Total Operating Expenses	\$922,376	\$80,562	\$12,978	\$13,207	\$30,222	\$1,059,345	\$0	\$1,059,345
97000 Excess of Operating Revenue over Operating Expenses	\$112,724	\$695,796	\$68,006	\$14,789	\$0	\$891,315	\$0	\$891,315
97300 Housing Assistance Payments	\$0	\$658,532	\$68,006	\$0	\$0	\$726,538	\$0	\$726,538
97400 Depreciation Expense	\$380,581	\$517	\$0	\$1,876	\$0	\$382,974	\$0	\$382,974
90000 Total Expenses	\$1,302,957	\$739,611	\$80,984	\$15,083	\$30,222	\$2,168,857	\$0	\$2,168,857
10010 Operating Transfer In	\$39,635	\$0	\$0	\$0	\$0	\$39,635	(\$39,635)	\$0
10020 Operating Transfer Out	(\$39,635)	\$0	\$0	\$0	\$0	(\$39,635)	\$39,635	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$267,857)	\$36,747	\$0	\$12,913	\$0	(\$218,197)	\$0	(\$218,197)
11030 Beginning Equity	\$4,080,794	\$194,309	\$0	\$43,822	\$0	\$4,318,794	\$0	\$4,318,794
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$237,248)	(\$123,591)	\$0	\$68,497	\$0	(\$292,342)	\$0	(\$292,342)
11020 Required Annual Debt Principal Payments	\$34,062	\$0	\$0	\$33,827	\$0	\$67,889	\$0	\$67,889
11170 Administrative Fee Equity	\$0	\$93,567	\$0	\$0	\$0	\$93,567	\$0	\$93,567
11180 Housing Assistance Payments Equity	\$0	\$14,539	\$0	\$0	\$0	\$14,539	\$0	\$14,539
11190 Unit Months Available	\$1,980	\$2,496	\$0	\$8	\$0	\$4,484	\$0	\$4,484
11210 Number of Unit Months Leased	\$1,934	\$2,474	\$0	\$8	\$0	\$4,416	\$0	\$4,416
11270 Excess Cash	\$675,988	\$0	\$0	\$0	\$0	\$675,988	\$0	\$675,988
11650 Leasehold Improvements Purchases	\$124,682	\$0	\$0	\$0	\$0	\$124,682	\$0	\$124,682

**JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH NUMBER	2015 FEDERAL EXPENDITURES
<i>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			
<i>Direct Programs</i>			
Low Rent Public Housing	14.850	N/A	\$ 503,246
Section 8 Housing Choice Vouchers	14.871	N/A	772,770
Public Housing Capital Fund	14.872	N/A	166,758
PIH Family Self-Sufficiency Program	14.896	N/A	<u>30,222</u>
Total Direct Programs			<u>1,472,996</u>
<i>Pass-Through Programs:</i>			
Jackson County			
Home Investment Partnership Program	14.239	B-C-10-1BK-2	76,180
City of Wellston			
Home Investment Partnership Program	14.239	A-C-10-2EN-2	<u>4,804</u>
Total Pass-Through Programs			<u>80,984</u>
Total U.S. Department of Housing and Urban Development			<u>1,553,980</u>
TOTAL - FEDERAL AWARDS EXPENDITURES			<u>\$ 1,553,980</u>

**JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the fiscal year ending September 30, 2015.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended September 30, 2015.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended September 30, 2015.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

March 30, 2016

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

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Jackson Metropolitan Housing Authority**, Jackson County, Ohio, (the Authority) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 30, 2016, wherein we noted the Authority implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Report for Pensions – an amendment to GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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



...*"bringing more to the table"*
Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

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

Purpose of this Report

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



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

March 30, 2016

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

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Jackson Metropolitan Housing Authority's** (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that could directly and materially affect the Jackson Metropolitan Housing Authority's major federal program for the year ended September 30, 2015. The Summary of Auditor's Results in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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Opinion on the Major Federal Program

In our opinion, the Jackson Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2015.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Low Rent Public Housing – CFDA # 14.850
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**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.



Dave Yost • Auditor of State

JACKSON METROPOLITAN HOUSING AUTHORITY

JACKSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 2, 2016**