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PERRY & Associates

Certified Public Accountants, A.C.

**JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY
Single Audit
For the Year Ended September 30, 2014**

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Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



Dave Yost • Auditor of State

Board of Commissioners
Jackson Metropolitan Housing Authority
PO Box 619
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, 2013 through September 30, 2014. 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

April 23, 2015

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**JACKSON METROPOLITAN HOUSING AUTHORITY
 JACKSON COUNTY
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

March 18, 2015

Jackson Metropolitan Housing Authority
Jackson County
249 W. Thirteenth 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, 2014, 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, 2014, 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.

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*, 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 25-26 presents additional analysis as required by the United States Department of Housing and Urban Development and are 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 18, 2015, 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, 2014

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 \$109,891 (or 2.48%) during 2014, resulting from the operations of the Authority. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$4,318,784 and \$4,428,675 for 2014 and 2013 respectively.
- Revenues increased by \$411,133 (or 24.12%) during 2014, and were \$2,115,736 and \$1,704,603 for 2014 and 2013 respectively.
- The total expenses of all Authority programs increased by \$96,627 (or 4.54%). Total expenses were \$2,225,627 and \$2,129,000 for 2014 and 2013 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, 2014

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.

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

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.

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.

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

UNAUDITED

**TABLE 1
STATEMENT OF NET POSITION**

	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 1,241,736	\$ 1,209,766
Capital Assets	<u>3,349,554</u>	<u>3,483,648</u>
Total Assets	\$ <u>4,591,290</u>	\$ <u>4,693,414</u>
Current Liabilities	\$ 189,361	\$ 142,753
Long-Term Liabilities	<u>83,145</u>	<u>121,986</u>
Total Liabilities	<u>272,506</u>	<u>264,739</u>
Net Position:		
Net Investment in Capital Assets	3,254,171	3,356,423
Restricted	17,718	26,252
Unrestricted	<u>1,046,895</u>	<u>1,046,000</u>
Total Net Position	<u>4,318,784</u>	<u>4,428,675</u>
Total Liabilities and Net Position	\$ <u>4,591,290</u>	\$ <u>4,693,414</u>

Major Factors Affecting the Statement of Net Position

During 2014, current and other assets decreased by \$31,970 and total liabilities increased by \$7,767. The current and other assets, primarily cash and investments, decreased due to results from operation.

Capital assets also changed, decreasing from \$3,483,648 to \$3,349,554. The \$134,094 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, 2014

UNAUDITED

TABLE 2
CHANGE OF UNRESTRICTED NET POSITION

Beginning Balance - September 30, 2013	\$	1,046,000
Results of Operation		(109,891)
Adjustments:		
Current year Depreciation Expense (1)		390,212
Capital Expenditure (2)		(256,118)
Retirement of Debt		(31,842)
Transfer from Restricted Net Position		<u>8,534</u>
Ending Balance - September 30, 2013	\$	<u><u>1,046,895</u></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.
- (3) The Net Result of the Disposition of Assets is the combined effect of removing the value of an asset that is sold and its' associated Accumulated Depreciation. While this asset removal has a small effect on the Unrestricted Net Position, the large effect is seen in the Gain/Loss on the Sale of the asset in the Results of Operation in this instance.

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, 2014

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

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Tenant Revenues	\$ 345,424	\$ 322,515
Operating Subsidies	1,473,552	1,320,128
Capital Grants	249,931	31,169
Investment Income	2,581	3,340
Other Revenues	44,248	27,451
Total Revenues	<u>2,115,736</u>	<u>1,704,603</u>
<u>Expenses</u>		
Administrative	408,951	373,620
Tenant Services	40,127	40,634
Utilities	160,121	155,242
Maintenance	371,585	344,783
General and Interest Expenses	118,426	123,102
Housing Assistance Payments	736,205	693,559
Depreciation	390,212	398,060
Total Expenses	<u>2,225,627</u>	<u>2,129,000</u>
Net Increases (Decreases)	<u>\$ (109,891)</u>	<u>\$ (424,397)</u>

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

Total revenue increased by \$411,133 in compared to the prior year. The increase is due to the increase in capital funded activities for the year.

Total expenses increased by \$96,627 in comparison with prior year financials. The increase is due to increase in housing assistance payments for the city and county temporary housing assistance programs and increase in administration and maintenance staff costs.

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

UNAUDITED

CAPITAL ASSETS

As of year-end, the Authority had \$3,349,554 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>2014</u>		<u>2013</u>
Land	\$ 189,315	\$	189,315
Buildings	11,073,432		10,787,403
Equipment	309,686		308,428
Construction in Progress	-		31,169
Accumulated Depreciation	<u>(8,222,879)</u>		<u>(7,832,667)</u>
 Total	 \$ <u>3,349,554</u>	 \$	 <u>3,483,648</u>

The following reconciliation summarizes the change in Capital Assets:

**TABLE 5
CHANGE IN CAPITAL ASSETS**

Beginning Balance - September 30, 2013	\$	3,356,423
Current year Additions		256,118
Current Year Debt Payments		31,842
Current year Depreciation Expense		<u>(390,212)</u>
 Ending Balance - September 30, 2014	 \$	 <u>3,254,171</u>
 Current year Additions are summarized as follows:		
- HVAC for Administrative Office & Cambrian	\$	70,080
- Sanitation Line Repairs & Storm Drain Repairs		76,666
- Fan Coil Replacement at Cambrian		23,700
- Concrete Replacement		22,070
- Sign		6,326
- Unit Repairs and Improvements		30,636
- Kitchen Replacements		<u>26,640</u>
 Total 2014 Additions	 \$	 <u>256,118</u>

JACKSON METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

UNAUDITED

DEBT OUTSTANDING

As of year-end, the Authority has \$95,383 in debt (mortgages) outstanding compared to \$127,225 in the prior year.

TABLE 6

CONDENSED STATEMENT OF CHANGE IN DEBT OUTSTANDING

Beginning Balance - September 30, 2013	\$	127,225
Current Year Principal Payments		<u>(31,842)</u>
Ending Balance - September 30, 2014	\$	<u><u>95,383</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
September 30, 2014

ASSETS

Current assets

Cash and cash equivalents	\$ 1,175,132
Restricted cash and cash equivalents	44,453
Receivables, net	1,439
Prepaid expenses and other assets	20,712
Total current assets	1,241,736

Noncurrent assets

Capital assets:	
Land	189,315
Building and equipment	11,383,118
Less accumulated depreciation	(8,222,879)
Total noncurrent assets	3,349,554
Total assets	\$ 4,591,290

LIABILITIES

Current liabilities

Accounts payable	\$ 24,808
Accrued liabilities	27,156
Accrued compensated absences, current	31,954
Intergovernmental payables	29,038
Tenant security deposits	14,725
Unearned revenue	28,362
Bonds, notes, and loans payable, current	33,318
Total current liabilities	189,361

Noncurrent liabilities

Bonds, notes, and loans payable	62,065
Accrued compensated absences non-current	9,070
Noncurrent liabilities - other	12,010
Total noncurrent liabilities	83,145
Total liabilities	272,506

NET POSITION

Net investment in capital assets	3,254,171
Restricted	17,718
Unrestricted	1,046,895
Total net position	\$ 4,318,784

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, 2014

OPERATING REVENUES

Tenant revenue	\$ 345,424
Government operating grants	1,473,552
Other revenue	44,248
Total operating revenues	1,863,224

OPERATING EXPENSES

Administrative	408,951
Tenant services	40,127
Utilities	160,121
Maintenance	371,585
General	113,308
Housing assistance payments	736,205
Depreciation	390,212
Total operating expenses	2,220,509
Operating income (loss)	(357,285)

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	2,581
Interest expense	(5,118)
Total nonoperating revenues (expenses)	(2,537)
Income (loss) before capital contributions	(359,822)

Capital grants	249,931
Change in net position	(109,891)
Total net position - beginning	4,428,675
Total net position - ending	\$ 4,318,784

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, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$ 1,479,132
Tenant revenue received	346,730
Other revenue received	44,381
General and administrative expenses paid	(1,058,874)
Housing assistance payments	<u>(736,205)</u>
Net cash provided (used) by operating activities	<u>75,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>2,581</u>
Net cash provided (used) by investing activities	<u>2,581</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grant funds received	249,931
Property and equipment purchased	(256,118)
Principal payments	(31,842)
Interest paid on debt	<u>(5,118)</u>
Net cash provided (used) by capital and related financing activities	<u>(43,147)</u>
Net increase (decrease) in cash	34,598
Cash and cash equivalents - beginning of year	<u>1,184,987</u>
Cash and cash equivalents - end of year	<u>\$ 1,219,585</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating income (loss)	\$ (357,285)
Adjustment to reconcile operating loss to net cash used by operating activities	
- Depreciation	390,212
- (Increases) decreases in accounts receivable	6,346
- (Increases) decreases in prepaid assets	(3,718)
- Increases (decreases) in accounts payable	3,039
- Increases (decreases) in accounts payable - intergovernmental	15,533
- Increases (decreases) in accrued compensated absence	(149)
- Increases (decreases) in accrued expenses payable	16,955
- Increases (decreases) in unearned revenue	12,546
- Increases (decreases) in tenant security deposits	(2,658)
- Increases (decreases) in other liabilities	<u>(5,657)</u>
Net cash provided (used) by operating activities	<u>\$ 75,164</u>

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, 2014

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
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

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, 2014 totaled \$2,581.

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

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

Net Position

Net Position represent 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
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

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.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

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

B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two 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.

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

At fiscal year-end September 30, 2014, the carrying amount of the Authority’s deposits totaled \$1,219,355 and its bank balance was \$1,224,635. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of September 30, 2014, \$503,441 was exposed to custodial risk as discussed below, while \$721,194 was covered by the Federal Depository Insurance Corporation. Of the carrying amount, \$230 represents petty cash.

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

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

NOTE 3: RESTRICTED CASH

Restricted cash as of September 30, 2014 represent 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	\$	17,718
Tenant security deposit		14,725
Money held for Tenant FSS escrow		12,010
 Total Restricted Cash Balance	 \$	 <u>44,453</u>

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending September 30, 2014, 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
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 5: CAPITAL ASSETS

This is a summary of the changes in Capital Assets:

	Balance 9/30/2013	Adj.	Additions	Deletions	Balance 9/30/2014
Capital Assets Not Being					
Depreciated:					
Land	\$ 189,315	\$ -	\$ -	\$ -	\$ 189,315
Construction in process	31,169	(31,169)	-	-	-
Total Capital Assets Not Being Depreciated	220,484	(31,169)	-	-	189,315
Capital Assets Being Depreciated:					
Buildings	10,787,403	31,169	256,118	-	11,074,690
Furnt, Mach. and Equip.	308,428	-	-	-	308,428
Total Capital Assets Being Depreciated	11,095,831	31,169	256,118	-	11,383,118
Accumulated Depreciation:					
Buildings	(7,625,882)	(3)	(354,111)	-	(7,979,996)
Furnt, Mach. and Equip.	(206,785)	-	(36,098)	-	(242,883)
Total Accumulated Depreciation	(7,832,667)	(3)	(390,209)	-	(8,222,879)
Total Capital Assets Being Depreciated, Net	3,263,164	31,166	(134,091)	-	3,160,239
Total Capital Assets, Net	\$ 3,483,648	\$ (3)	\$ (134,091)	\$ -	\$ 3,349,554

NOTE 6: DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Authority participates in the Ohio Public Employees Retirement System (OPERS).

Ohio Public Employees Retirement System administers three separate pension plans.

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

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Public Employees Retirement System (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.0% and the employer contribution rate was 14.0%.

The Authority's required contributions to OPERS for the years ended September 30, 2014, 2013 and 2012 were \$48,641, \$48,621, and \$47,929, respectively. Ninety percent was contributed for fiscal year 2014. All contributions were made for the two years prior.

NOTE 7: 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 post-employment 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.

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

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.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

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 post-retirement health care benefits.

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 7: 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. 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.

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 portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for calendar year 2013. Effective January 1, 2014, the portion of the employer contributions allocated to health care was raised to 2.0 percent for both plans as recommended by the OPERS Actuary.

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, 2014, 2013 and 2012, which were used to fund post-employment benefits, were \$13,897, \$5,782 and \$13,694, respectively.

Changes to the health care plan were adopted by OPERS Board of Trustees on September 19, 2012, with transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contribution toward the health care fund after the end of the transition period.

NOTE 8: LONG-TERM DEBT

Jackson Metropolitan Housing Authority entered into an energy performance contract with Chevron Energy Solution Company for \$341,475. CitiMortgage, Inc. provides the financing source for the project. The term of the loan 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, 2014 is \$95,383.

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

DESCRIPTION	BALANCE 09/30/13	ISSUED	RETIRED	BALANCE 09/30/14	Due Within One Year
Loan Payable	\$127,225	\$0	\$31,842	\$95,383	\$33,318

Debt maturities for the period after September 30, 2014 are as follows:

<u>Years – September 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	33,318	3,643
2016	34,862	2,099
2017	27,203	517
Total	<u>\$95,383</u>	<u>\$6,259</u>

JACKSON METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (CONTINUED)

NOTE 9: COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of September 30, 2014, the compensated absences liability is \$41,024.

The following is a summary of changes in compensated absence for the year ended September 30, 2014:

Description	Balance 09/30/13	Net Decrease	Balance 09/30/14	Due Within One Year
Compensated Absence	\$41,173	(\$149)	\$41,024	\$31,954

NOTE 10: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying Schedule of Expenditure of Federal Awards is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

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, 2014.

Litigations and Claims

In the normal course of operations the Authority may be subject to litigation and claims. At September 30, 2014 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: CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, the Authority adopted the following GASB statements.

For 2014, the Authority has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*, and GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012, and have been implemented by the Authority.

JACKSON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 12: CHANGE IN ACCOUNTING PRINCIPLES (Continued)

The objective of GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*, is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. This implementation of this Statement had no effect on the financial statements of the Authority.

The objective of GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority.

Jackson Metropolitan Housing Authority
 Financial Data Schedules
 Proprietary Fund Type - Enterprise Fund
 September 30, 2014

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$919,940	\$183,008	\$28,362	\$43,822	\$1,175,132		\$1,175,132
113 Cash - Other Restricted		\$29,728			\$29,728		\$29,728
114 Cash - Tenant Security Deposits	\$14,725				\$14,725		\$14,725
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$934,665	\$212,736	\$28,362	\$43,822	\$1,219,585		\$1,219,585
126 Accounts Receivable - Tenants	\$2,839				\$2,839		\$2,839
126.1 Allowance for Doubtful Accounts - Tenants	(\$1,400)				(\$1,400)		(\$1,400)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,439	\$0	\$0	\$0	\$1,439		\$1,439
142 Prepaid Expenses and Other Assets	\$16,284	\$4,428			\$20,712		\$20,712
150 Total Current Assets	\$952,388	\$217,164	\$28,362	\$43,822	\$1,241,736		\$1,241,736
161 Land	\$189,315				\$189,315		\$189,315
162 Buildings	\$11,073,432				\$11,073,432		\$11,073,432
163 Furniture, Equipment & Machinery - Dwellings	\$1,258				\$1,258		\$1,258
164 Furniture, Equipment & Machinery - Administration	\$396,858	\$1,570			\$398,428		\$398,428
166 Accumulated Depreciation	(\$8,221,686)	(\$1,193)			(\$8,222,879)		(\$8,222,879)
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,349,177	\$377	\$0	\$0	\$3,349,554		\$3,349,554
180 Total Non-Current Assets	\$3,349,177	\$377	\$0	\$0	\$3,349,554		\$3,349,554
190 Total Assets	\$4,301,565	\$217,541	\$28,362	\$43,822	\$4,591,290		\$4,591,290
312 Accounts Payable <= 90 Days	\$23,908	\$900			\$24,808		\$24,808
321 Accrued Wage/Payroll Taxes Payable	\$11,511	\$1,390			\$12,901		\$12,901
322 Accrued Compensated Absences - Current Portion	\$24,997	\$6,957			\$31,954		\$31,954
333 Accounts Payable - Other Government	\$29,038				\$29,038		\$29,038
341 Tenant Security Deposits	\$14,725				\$14,725		\$14,725
342 Unearned Revenue			\$28,362		\$28,362		\$28,362
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$33,318				\$33,318		\$33,318
346 Accrued Liabilities - Other	\$14,255				\$14,255		\$14,255
310 Total Current Liabilities	\$151,752	\$9,247	\$28,362	\$0	\$189,361		\$189,361
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$62,065				\$62,065		\$62,065
353 Non-current Liabilities - Other		\$12,010			\$12,010		\$12,010
354 Accrued Compensated Absences - Non Current	\$7,095	\$1,975			\$9,070		\$9,070
350 Total Non-Current Liabilities	\$69,160	\$13,985	\$0	\$0	\$83,145		\$83,145
300 Total Liabilities	\$220,912	\$23,232	\$28,362	\$0	\$272,506		\$272,506
508.4 Net Investment in Capital Assets	\$3,253,794	\$377			\$3,254,171		\$3,254,171
511.4 Restricted Net Position		\$17,718			\$17,718		\$17,718
512.4 Unrestricted Net Position	\$826,895	\$176,214	\$0	\$43,822	\$1,046,895		\$1,046,895
513 Total Equity - Net Assets / Position	\$4,080,653	\$194,309	\$0	\$43,822	\$4,318,784		\$4,318,784
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$4,301,565	\$217,541	\$28,362	\$43,822	\$4,591,290		\$4,591,290
70300 Net Tenant Rental Revenue	\$345,424				\$345,424		\$345,424
70400 Tenant Revenue - Other							
70500 Total Tenant Revenue	\$345,424	\$0	\$0	\$0	\$345,424	\$0	\$345,424
70600 HUD PHA Operating Grants	\$61,403	\$738,294			\$1,355,197		\$1,355,197
70610 Capital Grants	\$248,951				\$248,951		\$248,951
70720 Asset Management Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants			\$118,355		\$118,355		\$118,355
71100 Investment Income - Unrestricted	\$2,345	\$145		\$73	\$2,563		\$2,563
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		\$5,242			\$5,242		\$5,242
71500 Other Revenue	\$9,642	\$14,777		\$14,587	\$39,006		\$39,006
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted		\$18			\$18		\$18
70000 Total Revenue	\$1,223,245	\$759,476	\$118,355	\$14,660	\$2,115,736	\$0	\$2,115,736
91100 Administrative Salaries	\$147,622	\$31,721	\$2,500	\$8,868	\$190,711		\$190,711
91200 Auditing Fees	\$4,881	\$2,074			\$6,955		\$6,955
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing		\$584			\$584		\$584
91500 Employee Benefit Contributions - Administrative	\$67,750	\$12,360	\$6,260	\$129	\$80,299		\$80,299
91600 Office Expenses	\$18,114	\$4,511		\$209	\$22,834		\$22,834
91700 Legal Expense	\$6,195	\$57			\$6,252		\$6,252
91800 Travel	\$9,261	\$3,172			\$12,433		\$12,433
91900 Other	\$53,409	\$16,965		\$346	\$83,460		\$83,460
91000 Total Operating - Administrative	\$317,201	\$71,438	\$10,760	\$9,552	\$408,951	\$0	\$408,951

Jackson Metropolitan Housing Authority
 Financial Data Schedules
 Proprietary Fund Type - Enterprise Fund
 September 30, 2014

92000 Asset Management Fee								
92100 Tenant Services - Salaries		\$35,250			\$35,250		\$35,250	
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services		\$4,877			\$4,877		\$4,877	
92400 Tenant Services - Other								
92500 Total Tenant Services	\$0	\$40,127	\$0	\$0	\$40,127	\$0	\$40,127	
93100 Water	\$27,900	\$170			\$28,070		\$28,070	
93200 Electricity	\$64,177	\$403			\$64,580		\$64,580	
93300 Gas	\$28,783	\$197			\$28,980		\$28,980	
93400 Fuel								
93500 Labor								
93600 Sewer	\$38,491				\$38,491		\$38,491	
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93900 Total Utilities	\$159,351	\$770	\$0	\$0	\$160,121	\$0	\$160,121	
94100 Ordinary Maintenance and Operations - Labor	\$106,828				\$106,828		\$106,828	
94200 Ordinary Maintenance and Operations - Materials and Other	\$108,980				\$108,980		\$108,980	
94300 Ordinary Maintenance and Operations Contracts	\$97,915	\$78			\$97,993		\$97,993	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$57,784				\$57,784		\$57,784	
94000 Total Maintenance	\$371,507	\$78	\$0	\$0	\$371,585	\$0	\$371,585	
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
96110 Property Insurance	\$17,057				\$17,057		\$17,057	
96120 Liability Insurance	\$10,992	\$3,483			\$14,475		\$14,475	
96130 Workers's Compensation	\$3,945				\$3,945		\$3,945	
96140 All Other Insurance								
96100 Total Insurance Premiums	\$31,995	\$3,483	\$0	\$0	\$35,478	\$0	\$35,478	
96200 Other General Expenses				\$345	\$345		\$345	
96210 Compensated Absences	\$48,979	\$11,410			\$60,389		\$60,389	
96300 Payments in Lieu of Taxes	\$15,563				\$15,563		\$15,563	
96400 Bad debt - Tenant Rents	\$1,533				\$1,533		\$1,533	
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$66,075	\$11,410	\$0	\$345	\$77,830	\$0	\$77,830	
96710 Interest of Mortgage (or Bonds) Payable	\$5,118				\$5,118		\$5,118	
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$5,118	\$0	\$0	\$0	\$5,118	\$0	\$5,118	
96900 Total Operating Expenses	\$851,247	\$127,306	\$10,760	\$9,897	\$1,099,210	\$0	\$1,099,210	
97000 Excess of Operating Revenue over Operating Expenses	\$271,998	\$632,170	\$107,595	\$4,763	\$1,016,526	\$0	\$1,016,526	
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments		\$628,610	\$107,595		\$736,205		\$736,205	
97350 HAP Portability-In								
97400 Depreciation Expense	\$389,895	\$314			\$390,209		\$390,209	
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$1,341,142	\$756,230	\$118,355	\$9,897	\$2,225,624	\$0	\$2,225,624	
10010 Operating Transfer In	\$114,337				\$114,337	(\$114,337)	\$0	
10020 Operating Transfer Out	(\$114,337)				(\$114,337)	\$114,337	\$0	
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$117,897)	\$3,246	\$0	\$4,763	(\$109,888)	\$0	(\$109,888)	
11020 Required Annual Debt Principal Payments	\$33,318	\$0	\$0	\$0	\$33,318		\$33,318	
11030 Beginning Equity	\$4,198,550	\$191,063	\$0	\$39,059	\$4,428,672		\$4,428,672	
11040 Prior Period Transfers, Equity Transfers and Correction of Errors	\$0				\$0		\$0	
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity		\$176,591			\$176,591		\$176,591	
11180 Housing Assistance Payments Equity		\$17,718			\$17,718		\$17,718	
11190 Unit Months Available	1,980	2,496	347		4,823		4,823	
11210 Number of Unit Months Leased	1,931	2,423	347		4,701		4,701	

**JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH NUMBER	2014 FEDERAL EXPENDITURES
<i>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			
<i>Direct Programs</i>			
Low Rent Public Housing	14.850	N/A	\$ 501,566
Section 8 Housing Choice Vouchers	14.871	N/A	739,294
Public Housing Capital Fund	14.872	N/A	<u>364,268</u>
Total Direct Programs			<u>1,605,128</u>
<i>Pass-Through Programs:</i>			
<i>Jackson County</i>			
Home Investment Partnership Program	14.239	B-C-10-1BK-2	61,068
<i>City of Wellston</i>			
Home Investment Partnership Program	14.239	A-C-10-2EN-2	<u>57,287</u>
Total Pass-Through Programs			<u>118,355</u>
Total U.S. Department of Housing and Urban Development			<u>1,723,483</u>
TOTAL - FEDERAL AWARDS EXPENDITURES			<u>\$ 1,723,483</u>

See the notes to the financial statements.



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

March 18, 2015

Jackson Metropolitan Housing Authority
Jackson County
249 W. Thirteenth 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 State 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, 2014, 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 18, 2015.

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
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



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.



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



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

March 18, 2015

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

To the Board of Commissioners:

Report on Compliance for Each 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 each of the Jackson Metropolitan Housing Authority's major federal programs for the year ended September 30, 2014. The Summary of Auditor's Results in the accompanying schedule of audit findings identifies the Authority's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs 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.

... "bringing more to the table"

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Opinion on Each 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 each of its major federal programs for the year ended September 30, 2014.

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, 2014**

**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):	Section 8 Housing Choice Vouchers – CFDA # 14.871 Public Housing Capital Fund – CFDA # 14.872
(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.

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Dave Yost • Auditor of State

JACKSON COUNTY 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 23, 2015**