JACKSON METROPOLITAN HOUSING AUTHORITY

JACKSON COUNTY

SINGLE AUDIT

OCTOBER 1, 2017 – SEPTEMBER 30, 2018

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

Board of Directors
Jackson Metropolitan Housing Authority
PO Box 619
Wellston, OH 45692

We have reviewed the *Independent Auditor's Report* of the Jackson Metropolitan Housing Authority, Jackson County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2017 through September 30, 2018. 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.

Keith Faber
Auditor of State
Columbus, Ohio

April 8, 2019

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JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Jackson Metropolitan Housing Authority, Jackson County, Ohio (the Authority), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson Metropolitan Housing Authority, Jackson County as of September 30, 2018, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

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

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

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

The schedules and certifications 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, this information is 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 15, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 15, 2019

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The Jackson Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current 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 $311,288 (or 10.14%) for the fiscal year ending September 30, 2018, 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 $2,757,902 and $3,069,190 for 2018 and 2017 (as restated) respectively.

- Revenues decreased by $200,273 (or 9.13%) during 2018, and were $1,993,107 and $2,193,380 for 2018 and 2017 respectively.

- The total expenses of all Authority programs decreased by $103,149 (or 4.28%). Total expenses were $2,304,395 and $2,407,544 for 2018 and 2017 respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this Report:

MD&A
~Management's Discussion and Analysis~

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

Other Required Supplementary Information
~Required Supplementary Information (Pension and OPEB Schedules)~

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

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Authority Financial Statements

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources, equals "Net Position". Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), 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 Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenues and Expenses, such as capital grant revenue, interest income and interest expense.

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

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

Fund Financial Statements

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

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

The Authority's Programs

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

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

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

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

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.

NEW GASB 75 REPORTING

The net pension liability (NPL) is the largest single liability reported by the Authority at September 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pension—an Amendment of GASB Statement 27." For fiscal year 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. The approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability.* GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employee's past service.

2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are cabbed 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 knowing there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operated 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 retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick leave and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability of the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 payments, State statute does not assign/identify the responsible part for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at September 30, 2017 from $3,344,705 to $3,069,190.

AUTHORITY STATEMENTS

STATEMENT OF NET POSITION

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

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STATEMENT OF NET POSITION

	2018	Restated 2017
Current and Other Noncurrent Assets	$1,142,419	$1,355,310
Capital Assets	3,241,518	3,326,588
Total Assets	4,383,937	4,681,898
Deferred Outflows of Resources	158,987	279,777
Current Liabilities	225,279	358,099
Non-Current Liabilities	1,421,454	1,530,392
Total Liabilities	1,646,733	1,888,491
Deferred Inflows of Resources	138,289	3,994
Net Position		
Net Investment in Capital Assets	2,527,960	2,764,300
Restricted	18,618	16,536
Unrestricted	211,324	288,354
Total Net Position	$2,757,902	$3,069,190

Major Factors Affecting the Statement of Net Position

During 2018, current and other assets decreased by $212,891 and total liabilities decreased by $241,758. The current and other assets, primarily cash and investments, mainly due to change in cash resulting from current fiscal year activities. The decrease in current liabilities of $132,820 was due to change in outstanding vendor payable at fiscal year end. The decrease in non-current liabilities of $108,938 was due to change in accrued Pension and OPEB liability at fiscal year end.

Capital assets also changed, decreasing from $3,326,588 to $3,241,518. The $85,070 decrease was contributed primarily to current fiscal year depreciation expense less purchase of current fiscal year capital assets.

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CHANGE IN UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2017 - Restated	$288,354
Results of Operations	(227,570)
Adjustments:	
Current Fiscal Year Depreciation (1)	389,363
Capital Expenditures (2)	(304,293)
New Debt Issued	197,975
Retirement of Debt	(132,505)
Unrestricted Net Position September 30, 2018	$211,324

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

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

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being. The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only Business-Type Activities.

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UNAUDITED

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2018	2017
Revenues		
Tenant Revenue	$ 426,784	$ 418,987
Operating Subsidies	1,351,450	1,414,240
Capital Grants	89,995	119,005
Interest	2,583	1,857
Other Revenues	122,295	239,291
Total Revenue	1,993,107	2,193,380
Expenses		
Administrative	382,734	444,040
Tenant Services	40,721	40,640
Utilities	183,691	168,400
Maintenance	420,631	525,565
General and Interest Expense	133,494	129,905
Housing Assistance Payments	753,761	721,508
Depreciation	389,363	377,486
Total Expenses	2,304,395	2,407,544
Change in Net Position	(311,288)	(214,164)
Net Position at October 1 - Restated	3,069,190	N/A
Net Position at September 30	$ 2,757,902	$ 3,069,190

The information necessary to restate the 2017 beginning balance and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available.

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

Total revenue decreased by $200,273 compared to the prior fiscal year. The decrease is due to grant revenue earned from HUD for the operation and capital activities funded by HUD.

Total expenses decreased by $103,149 in comparison with prior fiscal year financials. The decrease is due to changes in maintenance expenses, and administrative expenses. All other categories remain stable in comparison with prior fiscal year.

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CAPITAL ASSETS

As of fiscal year-end, the Authority had $3,241,518 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to current fiscal year additions less depreciation expense.

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

	Business-type Activities	
	2018	2017
Land	$ 257,876	$ 240,826
Building	12,385,636	11,999,355
Equipment	305,462	332,157
Construction in Progress	-	99,038
Accumulated Depreciation	(9,707,456)	(9,344,788)
Total	$ 3,241,518	$ 3,326,588

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 6 of the notes to the basic financial statements:

CHANGE IN CAPITAL ASSETS

Beginning Balance	$3,326,588
Current Fiscal Year Additions	304,293
Current Fiscal Year Depreciation	(389,363)
Ending Balance	$3,241,518

Current year Additions are summarized as follows:		
- Property purchased	$	171,483
- Rehab on Homes Owned		42,813
- Improvements on Cambrian		89,997
Total 2018 Additions	$	304,293

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DEBT OUTSTANDING

As of fiscal year-end, the Authority has $713,558 in debt (mortgages) outstanding compared to $648,088 in the prior fiscal year.

CONDENSED STATEMENT OF CHANGE IN DEBT OUTSTANDING

Beginning Balance - September 30, 2017	$	648,088
Current Year Debt Issued		197,975
Current Year Principal Payments		(132,505)
Ending Balance - September 30, 2018	$	713,558

See Note 9 for more information regarding Authority's long term debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 1,064,331
Restricted Cash and Cash Equivalents	68,599
Receivable, net	1,508
Prepaid Items	7,981
Total Current Assets	1,142,419
Non-Current Assets:	
Capital Assets:	
Nondepreciable Capital Assets	257,876
Depreciable Capital Assets	12,691,098
Accumulated Depreciation	(9,707,456)
Total Capital Assets	3,241,518
Total Non-Current Assets	3,241,518
Total Assets	4,383,937
Deferred Outflow of Resources	
Pension	126,400
OPEB	32,587
Total Deferred Outflow of Resources	158,987
Liabilities	
Current Liabilities:	
Accounts Payable	43,139
Accrued Wages and Payroll Taxes	21,411
Accrued Compensated Absences	24,251
Intergovernmental Payable	19,504
Tenant Security Deposits Payable	20,769
Unearned Revenue	16,480
Accrued Liabilities - Other	27,099
Notes and Loans Payable	52,626
Total Current Liabilities	225,279
Non-Current Liabilities:	
Notes and Loans Payable	660,932
Accrued Compensated Absences	15,654
Noncurrent Liabilities - Other	29,212
Net Pension Liability	434,401
Net OPEB Liability	281,255
Total Non-Current Liabilities	1,421,454
Total Liabilities	1,646,733
Deferred Inflow of Resources	
Pension	117,337
OPEB	20,952
Total Deferred Inflow of Resources	138,289
Net Position	
Net Investment in Capital Assets	2,527,960
Restricted	18,618
Unrestricted	211,324
Total Net Position	$ 2,757,902

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

JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Operating Revenues		
Tenant Revenue		$ 426,784
Government Operating Grants		1,351,450
Other Revenues		122,295
Total Operating Revenues		1,900,529
Operating Expenses		
Administrative	$ 382,734	
Tenant Services	40,721	
Utilities	183,691	
Maintenance	420,631	
General	131,092	
Housing Assistance Payments	753,761	
Depreciation	389,363	
Total Operating Expenses		2,301,993
Operating Loss		(401,464)
Nonoperating Revenues and (Expenses)		
Interest Revenue		2,583
Capital Grants		89,995
Interest Expense		(2,402)
Total Nonoperating Revenues and (Expenses)		90,176
Change in Net Position		(311,288)
Net Position at October 1, 2017, Restated		3,069,190
Net Position at September 30, 2018		$ 2,757,902

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

JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Cash flows from operating activities:		
Operating grants received	$	1,351,450
Tenant revenues received		614,528
Other revenue received		122,295
General and administrative expenses paid		(1,210,888)
Housing assistance payments paid		(753,761)
Net cash provided by operating activities		123,624
Cash flows from investing activities:		
Interest		2,583
Net cash provided by investing activities		2,583
Cash flows from capital and related activities:		
Capital grant funds received		89,995
Acquisition of capital assets		(304,293)
Proceeds from debt issued		197,975
Principal payments		(132,505)
Interest paid on debt		(2,402)
Net cash used by capital and related activities		(151,230)
Net change in cash		(25,023)
Cash at October 1, 2017		1,157,953
Cash at September 30, 2018	$	1,132,930
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(401,464)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		389,363
Changes in:		
Accounts receivable, net		187,744
Prepaid items		126
Deferred outflows of resources		120,790
Accounts payable		(28,449)
Intergovernmental payable		(23,572)
Accrued wages and payroll taxes		(205)
Compensated absences		(5,785)
Other liabilities		(14,673)
Net pension liability		(236,628)
Net OPEB liability		2,082
Deferred inflows of resources		134,295
Net cash provided by operating activities	$	123,624

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

A. **Public Housing Program**
The public housing program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the 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.

E. Economic Development and Supportive Services Program

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at fair value. The Authority categorizes its fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments. All investments of the Authority are reported at cost. Interest income earned in fiscal year ending September 30, 2018 totaled $2,583.

Capital Assets

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

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

Net Position

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

Operating Revenues and Expenses

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

Capital Contributions

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

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.

Unearned Revenues

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

Accounts Receivable

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

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the fiscal year which services are consumed.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount. Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Budgetary Accounting

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

Accounting and Reporting for Non-exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return. In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for 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 GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position reports 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) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 7 and 8.

In addition to liabilities, the statements of net position reports 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 are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in Notes 7 and 8.

Pensions / Other Post-Employment Benefits

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

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

For fiscal year 2018, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing postemployment benefit 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, 2017:

Net Position – September 30, 2017	$3,344,705
Adjustments:	
Net OPEB Liability	(279,173)
Deferred Outflows	3,658
Restated Net Position – September 30, 2017	$3,069,190

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

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

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

At fiscal year-end September 30, 2018, the carrying amount of the Authority's deposits totaled $1,132,930 and its bank balance was $1,154,228. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2018, $550,612 was exposed to custodial risk as discussed below, while $603,616 was covered by the Federal Deposit Insurance Corporation. Of the carrying amount, $230 represents petty cash.

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

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

Based on the Authority having only demand deposits at September 30, 2018, the Authority is not subject to interest rate, credit or concentration credit risks.

NOTE 4: <u>RESTRICTED CASH</u>

Restricted cash as of September 30, 2018 represent money held that can only be used for specific purpose or money held on behalf of the tenants:

- Housing Assistance Payments	$18,618
- FSS Escrow	29,212
- Tenant security deposit	20,769
Total Restricted Cash Balance	$68,599

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, 2018 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 6: CAPITAL ASSETS

This is a summary of the changes in Capital Assets:

	Balance 10/1/17	Increase	Transfers/ Disposals	Balance 9/30/18
Capital Assets Not Depreciated				
Land	$ 240,826	$ 17,050	$ -	$ 257,876
Construction in progress	99,038	-	(99,038)	-
Total Capital Assets Not Depreciated	339,864	17,050	(99,038)	257,876
Capital Assets Depreciated				
Building and Improvements	11,999,355	287,243	99,038	12,385,636
Furniture, Machinery & Equipment	332,157	-	(26,695)	305,462
Total Capital Assets Depreciated	12,331,512	287,243	72,343	12,691,098
Accumulated Depreciation				
Building and Improvements	(9,078,394)	(378,968)	-	(9,457,362)
Furniture, Machinery & Equipment	(266,394)	(10,395)	26,695	(250,094)
Total Accumulated Depreciation	(9,344,788)	(389,363)	26,695	(9,707,456)
Total Capital Assets Depreciated, Net	2,986,724	(102,120)	99,038	2,983,642
Total Capital Assets, Net	$ 3,326,588	$ (85,070)	$ -	$ 3,241,518

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.

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 *accrued wages and payroll taxes* on the accrual basis of accounting.

Plan Description - Public Employees Retirement System (PERS)

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

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

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

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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

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

	State and Local
2017-2018 Statutory Maximum Contribution Rates:	
- Employer	14.0%
- Employee	10.0%
2017 Actual Contribution Rates:	
Employer: October 1, 2017 through December 31, 2017	
- Pension	13.0%
- Post-employment Health Care Benefits	1.0%
Total Employer Contributions	14.0%

	State and Local
2018 Actual Contribution Rates:	
Employer: January 1, 2018 through September 30, 2018	
- Pension	14.0%
- Post-employment Health Care Benefits	0.0%
Total Employer Contributions	14.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $49,936 for the fiscal year ended September 30, 2018. Of this amount $3,717 was included in the accrued wages and payroll taxes.

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Plan
Proportionate Share of Net Pension Liability	$434,401
Proportion of the Net Pension Liability	0.002769%
Change in Proportion from Prior Measurement date	(0.000186%)
Pension Expense	$26,433

At September 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan
Deferred Outflows of Resources	
Assumption Changes	$51,914
Difference between expected and actual experience	444
Change in proportionate share and difference between Employer contribution and proportionate share of	37,841
Authority contributions subsequent to the measurement date	36,201
Total Deferred Outflows of Resources	$126,400

	Traditional Plan
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$93,260
Difference between expected and actual experience	8,561
Change in proportionate share and difference between Employer contribution and proportionate share of	15,516
Total Deferred Inflows of Resources	$117,337

Amount of $36,201 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2019. 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:	
2019	$44,517
2020	7,734
2021	(41,067)
2022	(38,322)
	($27,138)

Actuarial Assumptions – PERS

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

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

Actuarial Information	**Traditional Plan**
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25 - 10.75 %
Cost-of-Living Adjustment	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.50%
Actuarial Cost Method	Individual entry age

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plan are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses, and adjusting for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	**Target Allocation for 2015**	**Weighted Average Long-Term Expected Real Rate of Return**
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	18.00%	5.26%
TOTAL	100.00%	5.66%

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

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

	1% Decrease (6.5%)	**Current Discount Rate (7.5%)**	**1% Increase (8.5%)**
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	$771,388	$434,401	$153,458

NOTE 8 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions –between an employer and its employees - of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the fiscal year is included in accrued wages and payroll taxes on the accrual basis of accounting.

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS. OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115Ttrust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2018, Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to healthcare was 1.0% for calendar year 2017. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2018 decrease to 0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Authority's contractually required contribution was $1,056 for the fiscal year 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability for OPERS was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on The Authority's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	Health Care Plan
Proportionate Share of Net OPEB Liability	$281,255
Proportion of the Net OPEB Liability	0.002590%
Change in Proportion from Prior Measurement date	(0.000174%)
Pension Expense	$5,896

At September 30, 2018, The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Health Care Plan
Deferred Outflows of Resources	
Assumption Changes	$20,478
Difference between expected and actual experience	219
Change in proportionate share	11,890
Total Deferred Outflows of Resources	$32,587
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$20,952
Total Deferred Inflows of Resources	$20,952

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30:	Health Care Plan
2019	$10,343
2020	10,343
2021	(3,813)
2022	(5,238)
	$11,635

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Information	
Wage Inflation	3.25%
Future Salary Increases, including inflation 3.25%	3.25 - 10.75%
Single Discount Rate	3.85%
Investment Rate of Return	6.50%
Municipal Bond Rate	3.31%
Health Care Cost Trend Rate	7.5% initial, 3.25% ultimate in 2028
Actuarial Cost Method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	**Target Allocation**	**Weighted Average Long-Term Expected Real Rate of Return**
Fixed Income	34.00%	1.88%
Domestic Equities	21.00%	6.37%
REITs	6.00%	5.91%
International Equities	22.00%	7.88%
Other Investments	17.00%	5.39%
TOTAL	100.00%	4.98%

Discount Rate: The single discount rate used to measure the total OPEB liability was 3.85 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Authority's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 3.85 percent, as well as what The Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	**Current Discount Rate (3.85%)**	**1% Increase (4.85%)**
Authority's proportionate share of the net OPEB liability	$373,659	$281,255	$206,501

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease (6.50%)	**Current Trent Rate (7.50%)**	**1% Increase (8.50%)**
Authority's proportionate share of the net OPEB liability	$269,101	$281,255	$293,810

NOTE 9: <u>LONG-TERM DEBT</u>

On December 8, 2014, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 1672 Salem Road Wellston, Ohio to be rented to individuals with disabilities. In return the Authority received $67,905 from the Ohio Department of Developmental Disabilities to be used for the purchase of the property. The $67,905 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2018 is $54,324.

On August 24, 2015, the Authority signed a promissory note with Milton Banking Company in the amount of $29,300 to finance the renovation of the property located on 1672 Salem Road. The note matured on November 22, 2015 and bears a 2.750% interest rate. On December 9, 2015 the Authority entered into an agreement with that DD Board for a loan of $29,300 to cover the renovation costs at the 1672 Salem Road property and to pay-off the loan with Milton Bank. According to the Master Agreement signed with the DD Board the loan bears a 0% interest rate and is not paid back as long as the Authority is in compliance with the agreement. The loan balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2018 is $25,394.

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

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

The $271,629 loan amount will not be repaid as long as the Authority continues to comply with the Master Agreement in place. This entire balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2018 is $235,411.

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

On March 15, 2017, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to renovate the properties located on Candlelight and Florance. In return the Authority received $38,700 from the Ohio Department of Developmental Disabilities to be used for the renovations. The $38,700 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2018 is $36,120.

On November 7, 2016, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to renovate the properties located on Vine Street, S Michigan and E Six Street. In return the Authority received $45,855 from the Ohio Department of Developmental Disabilities to be used for the renovations. The $45,855 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to 15 year period. The outstanding balance as of September 30, 2018 is $42,797.

On November 28, 2016, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 132 W 13th St to be rented to individuals with disabilities. In return the Authority received $52,515 from the Ohio Department of Developmental Disabilities to purchase the property. The $52,515 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2018 is $49,014.

On August 30, 2017, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 154 W 13th St to be rented to individuals with disabilities. In return the Authority received $85,500 from the Ohio Department of Developmental Disabilities to purchase the property. The $85,500 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2018 is $79,800.

On November 20, 2017, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 414 East Broadway St to be rented to individuals with disabilities. In return the Authority received $81,660 from the Ohio Department of Developmental Disabilities to purchase the property. The $81,660 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2018 is $77,577.

On March 14, 2018, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to improve the availability of housing for individuals with disabilities in Jackson County. The Authority purchased a property located at 23887 St RT 93 to be rented to individuals with disabilities. In return the Authority received $72,900 from the Ohio Department of Developmental Disabilities to purchase the property. The $72,900 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2018 is $70,470.

On April 10, 2018, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to renovate the property located at 132 West 13th Street. In return the Authority received $16,875 from the Ohio Department of Developmental Disabilities to be used for renovations. The $16,785 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2018 is $16,406.

On August 6, 2018, Jackson Metropolitan Housing Authority entered into an agreement with Jackson County Board of Developmental Disabilities (DD Board) in order to renovate the property located at 154 West 13th Street. In return the Authority received $26,540 from the Ohio Department of Developmental Disabilities to be used for renovations. The $26,540 will not be repaid as long as the Authority continues to comply with the Master Agreement signed and the balance is forgiven every year up to a 15 year period. The outstanding balance as of September 30, 2018 is $26,245.

The following is a summary of changes in long-term debt for the fiscal year ended September 30, 2018:

Description	Restated Balance 9/30/17	Additions	Deletions	Balance 9/30/18	Due Within One Year
Notes and Loans Payable:					
Ohio Valley Bank – Broadway Bridge Loan	$ 85,800	$ -	($85,800)	$ -	$ -
Ohio Department of Develop Disabilities	562,288	197,975	(46,705)	713,558	52,626
Net Pension Liability	671,029	-	(236,628)	434,401	-
Net OPEB Liability	279,173	2,082	-	281,255	-
Total Long-Term Liabilities	$1,598,290	$ 200,057	$(369,133)	$1,429,214	$ 52,626

Debt maturities for the period after September 30, 2018 are as follows (there is no interest on the outstanding loans):

Years – September 30,	Principal
2019	$52,626
2020	52,626
2021	52,626
2022	52,626
2023	52,626
2024-2028	263,126
2029-2033	187,302
Total	$713,558

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, 2018, the compensated absences liability is $39,905. The following is a summary of changes in compensated absence for the fiscal year ended September 30, 2018:

Description	Balance 09/30/17	Additions	Deletions	Balance 09/30/18	Due Within One Year
Compensated Absence	$45,690	$20,556	($26,341)	$39,905	$24,251

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, 2018.

Litigations and Claims

In the normal course of operations, the PHA may be subject to litigation and claims. At September 30, 2018 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

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Jackson Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority’s Proportionate Share
of the Net Pension Liability
Last Ten Fiscal Years (1)

Traditional Plan	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability	0.002769%	0.002955%	0.002604%	0.002777%	0.002777%
Authority's Proportionate Share of the Net Pension Liability	$434,401	$671,029	$451,046	$334,937	$327,373
Authority's Covered-Employee Payroll	$364,229	$359,851	$361,307	$330,150	$277,952
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	119.27%	186.47%	124.84%	101.45%	117.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.
(2) The amounts presented are as of the Authority’s plan measurement date, which is the prior calendar year.

Jackson Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share
of the Net OPEB Liability
For the Last Ten Fiscal Years (1)

	2018	**2017**
Authority's Proportion of the Net OPEB Liability	0.002590%	0.002764%
Authority's Proportionate Share of the Net OPEB Liability	$281,255	$279,173
Authority's Covered Payroll	$364,229	$359,851
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	77.22%	77.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	68.52%

(1) Information prior to 2017 is not available.
(2) The amounts presented is as of the Authority plan measurement date, which is the prior calendar year.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution										
Pension	$49,936	$45,794	$43,361	$39,618	$34,744	$42,839	$34,235	$36,021	$23,776	$21,579
OPEB	1,056	4,585	7,223	6,603	4,169	9,358	13,694	18,853	14,265	17,402
Contributions in Relation to the Contractually Required Contribution	($50,992)	($54,964)	($57,807)	($52,824)	($38,913)	($52,197)	($47,929)	($54,874)	($38,041)	($38,981)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Authority’s Covered-Employee Payroll	$364,229	$359,851	$361,307	$330,150	$277,952	$372,837	$342,350	$391,959	$271,726	$278,439
Contributions as a Percentage of Covered-Employee Payroll										
Pension	13.71%	12.73%	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%
OPEB	0.29%	1.27%	2.00%	2.00%	1.50%	2.51%	4.00%	4.81%	5.25%	6.25%

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018.

JACKSON METROPOLITAN HOUSING AUTHORITY
JACKSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor / Pass Through Grantor Program Title	**Pass-Through Number**	**CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development			
Direct Funding:			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	$ 777,037
Total Housing Voucher Cluster			777,037
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	434,147
Public Housing Capital Fund	N/A	14.872	133,944
Family Self-Sufficiency Program	N/A	14.896	40,721
Passed through Jackson County:			
Home Investment Partnerships Program	N/A	14.239	55,596
Total Federal Award Expenditures			$ 1,441,445

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Jackson Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended September 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Auhtority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Jackson County Metropolitan Housing Authority
Financial Data Schedules
For the Fiscal Year Ended September 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	$557,626	$0	$223,097	$16,480	$267,128	$1,064,331	$0	$1,064,331
113 Cash - Other Restricted	$120	$0	$47,710	$0	$0	$47,830	$0	$47,830
114 Cash - Tenant Security Deposits	$15,669	$0	$0	$0	$5,100	$20,769	$0	$20,769
100 Total Cash	$573,415	$0	$270,807	$16,480	$272,228	$1,132,930	$0	$1,132,930
126 Accounts Receivable - Tenants	$2,892	$0	$0	$0	$86	$2,978	$0	$2,978
126.1 Allowance for Doubtful Accounts -Tenants	($1,470)	$0	$0	$0	$0	($1,470)	$0	($1,470)
120 Total Receivables, Net of Allowances for Doubtful Accounts	$1,422	$0	$0	$0	$86	$1,508	$0	$1,508
142 Prepaid Expenses and Other Assets	$6,549	$0	$1,084	$0	$348	$7,981	$0	$7,981
150 Total Current Assets	$581,386	$0	$271,891	$16,480	$272,662	$1,142,419	$0	$1,142,419
161 Land	$189,315	$0	$0	$0	$68,561	$257,876	$0	$257,876
162 Buildings	$7,089,449	$0	$0	$0	$630,909	$7,720,358	$0	$7,720,358
163 Furniture, Equipment & Machinery - Dwellings	$5,200	$0	$0	$0	$1,017	$6,217	$0	$6,217
164 Furniture, Equipment & Machinery - Administration	$292,843	$0	$6,122	$0	$280	$299,245	$0	$299,245
165 Leasehold Improvements	$4,503,208	$0	$0	$0	$162,070	$4,665,278	$0	$4,665,278
166 Accumulated Depreciation	($9,651,734)	$0	($4,253)	$0	($51,469)	($9,707,456)	$0	($9,707,456)
160 Total Capital Assets, Net of Accumulated Depreciation	$2,428,281	$0	$1,869	$0	$811,368	$3,241,518	$0	$3,241,518
180 Total Non-Current Assets	$2,428,281	$0	$1,869	$0	$811,368	$3,241,518	$0	$3,241,518
200 Deferred Outflow of Resources	$122,420	$0	$23,848	$0	$12,719	$158,987	$0	$158,987
290 Total Assets and Deferred Outflow of Resources	$3,132,087	$0	$297,608	$16,480	$1,096,749	$4,542,924	$0	$4,542,924
312 Accounts Payable <= 90 Days	$42,119	$0	$0	$0	$1,020	$43,139	$0	$43,139
321 Accrued Wage/Payroll Taxes Payable	$16,247	$0	$3,874	$0	$1,290	$21,411	$0	$21,411
322 Accrued Compensated Absences - Current Portion	$20,610	$0	$2,670	$0	$971	$24,251	$0	$24,251
333 Accounts Payable - Other Government	$18,539	$0	$0	$0	$965	$19,504	$0	$19,504
341 Tenant Security Deposits	$15,669	$0	$0	$0	$5,100	$20,769	$0	$20,769
342 Unearned Revenue	$0	$0	$0	$16,480	$0	$16,480	$0	$16,480
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$52,626	$52,626	$0	$52,626
346 Accrued Liabilities - Other	$24,472	$0	$2,097	$0	$530	$27,099	$0	$27,099
310 Total Current Liabilities	$137,656	$0	$8,641	$16,480	$62,502	$225,279	$0	$225,279

Jackson County Metropolitan Housing Authority
Financial Data Schedules
For the Fiscal Year Ended September 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$660,932	$660,932	$0	$660,932
353 Non-current Liabilities - Other	$120	$0	$29,092	$0	$0	$29,212	$0	$29,212
354 Accrued Compensated Absences - Non Current	$13,304	$0	$1,723	$0	$627	$15,654	$0	$15,654
357 Accrued Pension and OPEB Liabilities	$551,056	$0	$107,348	$0	$57,252	$715,656	$0	$715,656
350 Total Non-Current Liabilities	$564,480	$0	$138,163	$0	$718,811	$1,421,454	$0	$1,421,454
300 Total Liabilities	$702,136	$0	$146,804	$16,480	$781,313	$1,646,733	$0	$1,646,733
400 Deferred Inflow of Resources	$106,482	$0	$20,744	$0	$11,063	$138,289	$0	$138,289
508.4 Net Investment in Capital Assets	$2,428,281	$0	$1,869	$0	$97,810	$2,527,960	$0	$2,527,960
511.4 Restricted Net Position	$0	$0	$18,618	$0	$0	$18,618	$0	$18,618
512.4 Unrestricted Net Position	($104,812)	$0	$109,573	$0	$206,563	$211,324	$0	$211,324
513 Total Equity - Net Assets / Position	$2,323,469	$0	$130,060	$0	$304,373	$2,757,902	$0	$2,757,902
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$3,132,087	$0	$297,608	$16,480	$1,096,749	$4,542,924	$0	$4,542,924
70300 Net Tenant Rental Revenue	$366,597	$0	$0	$0	$60,187	$426,784	$0	$426,784
70500 Total Tenant Revenue	$366,597	$0	$0	$0	$60,187	$426,784	$0	$426,784
70600 HUD PHA Operating Grants	$478,096	$40,721	$777,037	$0	$0	$1,295,854	$0	$1,295,854
70610 Capital Grants	$89,995	$0	$0	$0	$0	$89,995	$0	$89,995
70800 Other Government Grants	$0	$0	$0	$55,596	$0	$55,596	$0	$55,596
71100 Investment Income - Unrestricted	$2,162	$0	$167	$0	$254	$2,583	$0	$2,583
71500 Other Revenue	$38,008	$0	$17,417	$0	$66,870	$122,295	$0	$122,295
70000 Total Revenue	$974,858	$40,721	$794,621	$55,596	$127,311	$1,993,107	$0	$1,993,107
91100 Administrative Salaries	$123,824	$0	$28,504	$0	$26,082	$178,410	$0	$178,410
91200 Auditing Fees	$5,128	$0	$2,044	$0	$146	$7,318	$0	$7,318
91400 Advertising and Marketing	$2,421	$0	$1,713	$0	$338	$4,472	$0	$4,472
91500 Employee Benefit contributions - Administrative	$52,797	$0	$15,203	$0	$8,118	$76,118	$0	$76,118
91600 Office Expenses	$6,417	$0	$4,184	$0	$1,036	$11,637	$0	$11,637
91700 Legal Expense	$7,942	$0	$352	$0	$63	$8,357	$0	$8,357
91800 Travel	$8,336	$0	$2,896	$0	$1,615	$12,847	$0	$12,847
91900 Other	$52,131	$0	$25,722	$0	$5,722	$83,575	$0	$83,575
91000 Total Operating - Administrative	$258,996	$0	$80,618	$0	$43,120	$382,734	$0	$382,734

Jackson County Metropolitan Housing Authority
Financial Data Schedules
For the Fiscal Year Ended September 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
92100 Tenant Services - Salaries	$0	$35,000	$0	$0	$0	$35,000	$0	$35,000
92300 Employee Benefit Contributions - Tenant Services	$0	$5,721	$0	$0	$0	$5,721	$0	$5,721
92500 Total Tenant Services	$0	$40,721	$0	$0	$0	$40,721	$0	$40,721
93100 Water	$33,076	$0	$156	$0	$407	$33,639	$0	$33,639
93200 Electricity	$81,612	$0	$632	$0	$338	$82,582	$0	$82,582
93300 Gas	$18,202	$0	$289	$0	$405	$18,896	$0	$18,896
93600 Sewer	$48,323	$0	$199	$0	$52	$48,574	$0	$48,574
93000 Total Utilities	$181,213	$0	$1,276	$0	$1,202	$183,691	$0	$183,691
94100 Ordinary Maintenance and Operations - Labor	$130,112	$0	$0	$0	$8,544	$138,656	$0	$138,656
94200 Ordinary Maintenance and Operations - Materials and Other	$85,364	$0	$0	$0	$0	$85,364	$0	$85,364
94300 Ordinary Maintenance and Operations Contracts	$99,388	$0	$0	$0	$1,334	$100,722	$0	$100,722
94500 Employee Benefit Contributions - Ordinary Maintenance	$77,366	$0	$0	$0	$2,523	$79,889	$0	$79,889
94000 Total Maintenance	$392,230	$0	$0	$0	$12,401	$404,631	$0	$404,631
96110 Property Insurance	$27,897	$0	$0	$0	$1,674	$29,571	$0	$29,571
96120 Liability Insurance	$0	$0	$3,315	$0	$0	$3,315	$0	$3,315
96130 Workmen's Compensation	$3,784	$0	$777	$0	$197	$4,758	$0	$4,758
96100 Total insurance Premiums	$31,681	$0	$4,092	$0	$1,871	$37,644	$0	$37,644
96200 Other General Expenses	$420	$0	$35	$0	$1,081	$1,536	$0	$1,536
96210 Compensated Absences	$48,483	$0	$6,901	$0	$3,178	$58,562	$0	$58,562
96300 Payments in Lieu of Taxes	$18,539	$0	$0	$0	$2,304	$20,843	$0	$20,843
96400 Bad debt - Tenant Rents	$12,507	$0	$0	$0	$0	$12,507	$0	$12,507
96000 Total Other General Expenses	$79,949	$0	$6,936	$0	$6,563	$93,448	$0	$93,448
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$0	$0	$2,402	$2,402	$0	$2,402
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$2,402	$2,402	$0	$2,402
96900 Total Operating Expenses	$944,069	$40,721	$92,922	$0	$67,559	$1,145,271	$0	$1,145,271
97000 Excess of Operating Revenue over Operating Expenses	$30,789	$0	$701,699	$55,596	$59,752	$847,836	$0	$847,836

Jackson County Metropolitan Housing Authority
Financial Data Schedules
For the Fiscal Year Ended September 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	$0	$0	$0	$0	$16,000	$16,000	$0	$16,000
97300 Housing Assistance Payments	$0	$0	$695,135	$55,596	$0	$750,731	$0	$750,731
97350 HAP Portability-In	$0	$0	$3,030	$0	$0	$3,030	$0	$3,030
97400 Depreciation Expense	$365,422	$0	$597	$0	$23,344	$389,363	$0	$389,363
90000 Total Expenses	$1,309,491	$40,721	$791,684	$55,596	$106,903	$2,304,395	$0	$2,304,395
10010 Operating Transfer In	$39,535	$0	$0	$0	$0	$39,535	($39,535)	$0
10020 Operating transfer Out	($39,535)	$0	$0	$0	$0	($39,535)	$39,535	$0
10070 Extraordinary Items, Net Gain/Loss	$0	$0	$0	$0	$0	$0	$0	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($334,633)	$0	$2,937	$0	$20,408	($311,288)	$0	($311,288)
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$52,626	$52,626	$0	$52,626
11030 Beginning Equity	$2,870,249	$0	$168,450	$0	$306,006	$3,344,705	$0	$3,344,705
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	($212,147)	$0	($41,327)	$0	($22,041)	($275,515)	$0	($275,515)
11170 Administrative Fee Equity	$0	$0	$111,442	$0	$0	$111,442	$0	$111,442
11180 Housing Assistance Payments Equity	$0	$0	$18,618	$0	$0	$18,618	$0	$18,618
11190 Unit Months Available	$1,980	$0	$2,496	$0	$109	$4,585	$0	$4,585
11210 Number of Unit Months Leased	$1,901	$0	$2,172	$0	$109	$4,182	$0	$4,182
11650 Leasehold Improvements Purchases	$89,995	$0	$0	$0	$0	$89,995	$0	$89,995

Jackson Metropolitan Housing Authority
Cost Certifications
September 30, 2018

	OH16P040 -							
Capital Fund Program Number:	**501-09**	**501-10**	**501-11**	**501-12**	**501-13**	**501-14**	**501-15**	**501-16**
1. The Program Costs are as follows:								
Funds Approved	$ 235,283	$ 233,078	$ 193,660	$ 178,405	$ 165,943	$ 169,674	$ 187,694	$ 195,005
Funds Expended	$ 235,283	$ 233,078	$ 193,660	$ 178,405	$ 165,943	$ 169,674	$ 187,694	$ 195,005
Excess (Deficiency) of Funds Approved	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Funds Approved	$ 235,283	$ 233,078	$ 193,660	$ 178,405	$ 165,943	$ 169,674	$ 187,694	$ 195,005
Funds Expended	$ 235,283	$ 233,078	$ 193,660	$ 178,405	$ 165,943	$ 169,674	$ 187,694	$ 195,005
Excess (Deficiency) of Funds Approved	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
2. All Costs have been paid and there are no oustanding obligations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. The Final Financial Status Report was signed and filed on:	04/06/18	04/05/18	04/04/18	04/04/18	04/04/18	04/04/18	03/11/18	04/16/18
4. The Final Costs on the Certification agree with the Authority's records	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

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

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the Jackson Metropolitan Housing Authority, Jackson County, (the Authority) as of and for the fiscal year ended September 30, 2018, 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 15, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 15, 2019

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

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

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Jackson Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Jackson Metropolitan Housing Authority's major federal program for the fiscal year ended September 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

In our opinion, the Jackson Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 15, 2019

JACKSON METROPOLITAN HOUSING AUTHROITY
JACKSONCOUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
SEPTEMBER 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

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
APRIL 23, 2019