

GENERAL PURPOSE FINANCIAL STATEMENTS

of the

Delaware Metropolitan Housing Authority

September 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Board of Directors
Delaware Metropolitan Housing Authority
P O Box 1292
Delaware, Ohio
43015

We have reviewed the Independent Auditor's Report of Delaware Metropolitan Housing Authority, Delaware County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 31, 2000 to September 30, 2001. 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. Delaware Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

April 22, 2002

This Page is Intentionally Left Blank.

DELAWARE METROPOLITAN HOUSING AUTHORITY
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
BALANCE SHEET	3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS	6
SUPPLEMENTAL DATA:	
BALANCE SHEET – FDS SCHEDULE SUBMITTED TO HUD	12
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS – FDS SCHEDULE SUBMITTED TO HUD	14
SCHEDULE OF FEDERAL AWARDS EXPENDITURES	15
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES	16
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS	17
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	19
SCHEDULE OF FINDINGS	21



Board of Directors
Delaware Metropolitan Housing Authority
Delaware, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general-purpose financial statements of Delaware Metropolitan Housing Authority, Delaware County, (the Authority) as of and for the year ended September 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2001 and the results of its operations and the cash flows of its proprietary fund type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental financial data schedules accompanying the financial statements are not necessary for fair presentation of the financial position, results of operations and cash flows of the Authority in conformity with accounting principles generally accepted in the United States. The supplemental schedules listed in the table of contents are presented only for purposes of additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects, in relation to the financial statements taken as a whole.

The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 22, 2002

Delaware Metropolitan Housing Authority

Balance Sheet
September 30, 2001

Assets

Cash and Cash Equivalents	\$	200,455
Accounts Receivable - Other		2,808
Restricted Cash - Family Self-Sufficiency		99,649
Prepaid Expenses		<u>215</u>
Total Current Assets		303,127
Furniture and Equipment - Net of \$ 24,013		
Accumulated Depreciation		<u>12,356</u>
Total Assets	\$	<u><u>315,483</u></u>

Liabilities and Equity

Accounts Payable	\$	1,120
Governmental Accounts Payable		72,062
Accrued Wages and Payroll Taxes		1,173
Accrued Compensated Absences		<u>6,334</u>
Total Current Liabilities		80,689
Family Self-Sufficiency Deposits		99,649
Other Non Current Liabilities		1,406
Total Non Current Liabilities		<u>101,055</u>
Total Equity and Other Credits		<u>133,739</u>
Total Liabilities and Equity	\$	<u><u>315,483</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

Delaware Metropolitan Housing Authority

Statement of Revenues, Expenses
and Changes in Equity
Year Ended September 30, 2001

Revenue	
HUD Grants	\$ 1,863,387
Other Income	<u>206</u>
Total Revenue	1,863,593
Operating Expenses	
Housing Assistance Payments	\$ 1,622,750
Administrative Salaries	75,051
Employee Benefits	33,567
Other Administrative Expense	96,141
Material and Labor - Maintenance	9,949
Depreciation	4,885
General Expenses	<u>8,219</u>
Total Expenses	<u>1,850,562</u>
Operating Income	13,031
Other Income	
Interest Earnings	<u>2,369</u>
Net Income	15,400
Beginning Equity - October 1	<u>118,339</u>
Ending Equity - September 30, 2001	<u><u>\$ 133,739</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

Delaware Metropolitan Housing Authority

Statement of Cash Flows
Year Ended September 30, 2001

Cash flows from operating activities:	
Net Income for the year	\$ 15,400
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation Expense	4,885
Changes in assets and liabilities:	
Accounts Receivable	25,514
Prepaid Expenses	1,437
Accounts Payable	73,410
Accrued Wages and Payroll Taxes	(1,003)
Accrued Compensated Absences	(618)
Family Self-Sufficiency Deposits	<u>(23,203)</u>
Net Cash Provided By Operating Activities	95,822
Cash and cash equivalents at October 1, 2000	<u>204,282</u>
Cash and cash equivalents at September 30, 2001	<u>\$ 300,104</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Delaware Metropolitan Housing Authority
Notes to the General-Purpose Financial Statements
September 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying general-purpose financial statements comply with the provisions of GASB Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

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

Delaware Metropolitan Housing Authority
Notes to the General Purpose Financial Statements - Continued
September 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting

The Authority uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 housing program. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Delaware Metropolitan Housing Authority
Notes to the General Purpose Financial Statements - Continued
September 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fixed Asset - Continued

Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Computer hardware	3
Computer software	3

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

Delaware Metropolitan Housing Authority
Notes to the General Purpose Financial Statements - Continued
September 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

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

Accounting and Reporting for Nonexchange Transactions

For the fiscal year ended September 30, 2001, the Authority has implemented GASB Statement 33 "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement 36 "Recipient Reporting for Certain Shared Nonexchange Revenues." At October 1, 2000, there was no effect on fund equity as result of implementing GASB 33 and GASB 36.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents included in the Authority's cash position at September 30, 2001 are as follows:

Demand deposits:

Bank balance - Checking	\$ 129,336	Bank balance - Savings	\$ 121,203
		Certificates of deposit	60,000
Items-in-transit	<u>(10,460)</u>	Items-in-transit	<u>-</u>
Carrying balance	<u><u>\$ 118,876</u></u>	Carrying balance	<u><u>\$ 181,203</u></u>

Of the year-end cash balance, \$100,000 of the checking account balance and \$100,000 of the savings was covered by federal depository insurance, \$ 25 was maintained in petty cash funds and the remainder was covered by pledged securities which total \$337,000 held by third-party trustees maintaining collateral for all public funds on deposit.

Delaware Metropolitan Housing Authority
Notes to the General Purpose Financial Statements - Continued
September 30, 2001

3. 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 the fiscal year 2001, the Authority contracted with KMU Insurance for public officials and employment practices liability; and Rinehart-Walter-Danner & Associates for general insurance, property, crime, electronic equipment, and automobile insurance.

Public officials liability and employment practices liability insurance each carries a \$1,000 deductible. Property and electronic equipment insurance each carries a \$250 deductible. Crime insurance carries a \$100 deductible.

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

4. FIXED ASSETS

The following is a summary of fixed assets at September 30, 2001:

Furniture and Equipment	\$ 18,217	Vehicles	\$18,152
Accumulated Depreciation	(15,240)	Accumulated Depreciation	(8,773)
NET FIXED ASSETS	\$ 2,977	NET FIXED ASSETS	\$ 9,379

5. FSS ESCROW PAYABLE

The Authority is involved in the Family Self-Sufficiency program through the Section 8 Voucher Program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants are limited to a five year contract in which time, they either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs the money earned is used by the Authority to reinvest into the Voucher Program.

6. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Authority was required to contribute 13.55 percent through June 30. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended 1999, 2000 and 2001 were \$8,772, \$8,079, and \$11,284, respectively.

Delaware Metropolitan Housing Authority
Notes to the General Purpose Financial Statements - Continued
September 30, 2001

7. POSTRETIREMENT EMPLOYEE BENEFITS

PERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under PERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). A portion of each employer's PERS contribution is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to PERS. The number of active contributing participants was 401,339 as of December 31, 2000.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Expenditures for OPEB during the year ended December 31, 2000 were \$559,606,294. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$10,805,500,000. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$12,473,600 and \$1,668,100, respectively. The number of benefit recipients eligible for OPEB at December 31, 2000 was 122,343.

PERS reallocated employer contributions from 4.2 percent to 4.3 percent at the beginning of 2000 to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for this reason. The portion of Office contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions by .4038.

8. PRIOR PERIOD ADJUSTMENT

The beginning contributed capital account in the amount of \$81,716 has been reclassified into retained earnings as the Authority has no record of contributed assets.

Delaware Metropolitan Housing Authority

**Balance Sheet
FDS Schedule Submitted to HUD**

September 30, 2001

FDS Line Item No.	Account Description	14.855 Rental VoucherProgram	14.857 Rental Certificates Program	14.239 Home Program	Total
Current Assets					
111	Cash - Unrestricted	\$ 118,902	\$ -	\$ -	\$ 118,902
113	Cash - Other Restricted	99,649	-	-	99,649
100	Total Cash	<u>218,551</u>	<u>-</u>	<u>-</u>	<u>218,551</u>
Accounts receivable					
122	Accounts receivable - HUD	-	-	-	-
125	Accounts receivable - Miscellaneous	496	-	-	496
128	Fraud Recovery	1,562	-	-	1,562
128 1	Fraud Recovery - Allowance	(156)	-	-	(156)
129	Accrued Interest Receivable	906	-	-	906
120	Total Accounts Receivable	<u>2,808</u>	<u>-</u>	<u>-</u>	<u>2,808</u>
Investments and Other Assets					
131	Investments - Unrestricted	81,553	-	-	81,553
142	Prepaid Expenses and Other Assets	215	-	-	215
	Total Investments and Other Assets	<u>81,768</u>	<u>-</u>	<u>-</u>	<u>81,768</u>
150	Total Current Assets	<u>303,127</u>	<u>-</u>	<u>-</u>	<u>303,127</u>
Noncurrent assets					
164	Furniture and Equipment - Administration	36,369	-	-	36,369
166	Accumulated Depreciation	(24,013)	-	-	(24,013)
160	Total Fixed Assets, net of accumulated depreciation	<u>12,356</u>	<u>-</u>	<u>-</u>	<u>12,356</u>
180	Total Non-Current Assets	<u>12,356</u>	<u>-</u>	<u>-</u>	<u>12,356</u>
190	Total Assets	<u>\$ 315,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,483</u>

Delaware Metropolitan Housing Authority

**Balance Sheet
FDS Schedule Submitted to HUD**

September 30, 2001

FDS Line Item No.	Account Description	14.855 Rental Voucher Program	14.857 Rental Certificates Program	14.239 Home Program	Total
	Current Liabilities				
312	Accounts Payable	\$ 1,120	\$ -	\$ -	\$ 1,120
321	Accrued Wages and Payroll Taxes	1,173	-	-	1,173
322	Accrued Compensated Absences	6,334	-	-	6,334
331	Accounts Payable - HUD PHA Programs	72,062	-	-	72,062
					-
310	Total Current Liabilities	80,689	-	-	80,689
353	Non-Current Liabilities - Other	101,055	-	-	101,055
350	Total Non-Current Liabilities	101,055	-	-	101,055
300	Total Liabilities	181,744	-	-	181,744
	Equity				
504	Net HUD PHA Contributions	12,355	-	-	12,355
507	Other Contributions	60,000	-	-	60,000
512	Undesignated Fund Balance/Retained Earnings	61,384	-	-	61,384
	Total Equity	133,739	-	-	133,739
600	Total Liabilities and Equity	\$ 315,483	\$ -	\$ -	\$ 315,483

Delaware Metropolitan Housing Authority

Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD

Year ended September 30, 2001

FDS Line Item No.	Account Description	14.855 Rental Voucher Program	14.857 Rental Certificates Program	14.239 Home Program	Total
Revenue					
706	HUD Grants	1,806,844	-	56,543	1,863,387
711	Investment Income - Unrestricted	2,369	-	-	2,369
714	Fraud Recovery	206	-	-	206
	Total Revenue	<u>1,809,419</u>	<u>-</u>	<u>56,543</u>	<u>1,865,962</u>
Expenses					
911	Administrative Salaries	73,156	-	1,895	75,051
912	Auditing fees	3,927	-	-	3,927
914	Compensated Absences	(618)	-	-	(618)
915	Employee Benefit Contribution - Administrative	33,322	-	863	34,185
916	Other Operating - Administrative	95,555	-	586	96,141
942	Ordinary Maintenance and Operation - Materials	9,949	-	-	9,949
962	Insurance Premiums	4,292	-	-	4,292
	Total Operating Expenses	<u>219,583</u>	<u>-</u>	<u>3,344</u>	<u>222,927</u>
970	Excess Operating Revenue Over Operating Expenses	<u>1,589,836</u>	<u>-</u>	<u>53,199</u>	<u>1,643,035</u>
Other Expenses					
973	Housing Assistance Payments	1,569,551	-	53,199	1,622,750
974	Depreciation Expense	4,885	-	-	4,885
	Total Other Expenses	<u>1,574,436</u>	<u>-</u>	<u>53,199</u>	<u>1,627,635</u>
900	Total Expenses	1,794,019	-	56,543	1,850,562
1000	Excess of Revenues over Expenses	15,400	-	-	15,400
1103	Equity at Beginning of Year	701	35,922	-	36,623
	Contributed Capital at Beginning of Year	63,875	17,841	-	81,716
1104	Transfer of Equity	53,763	(53,763)	-	-
	Ending Equity	<u>\$ 133,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,739</u>

Delaware Metropolitan Housing Authority

**Schedule of Federal Awards Expenditures
Year Ended September 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures For The Year Ended
<u>U.S. Department of Housing and Urban Development</u>		
Section 8 Voucher Program	14.855	\$ 1,789,752
Passed through local sources		
Home Program	14.239	<u>56,387</u>
Total Federal Award Expenditures		<u><u>\$ 1,846,139</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

Delaware Metropolitan Housing Authority
Notes to the Schedule of Federal Awards Expenditures
September 30, 2001

1. The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.



Report On Compliance And On Internal Control Required By Government Auditing Standards

Board of Directors
Delaware Metropolitan Housing Authority
Delaware, Ohio

We have audited the general-purpose financial statements of Delaware Metropolitan Housing Authority, Delaware County, (the Authority) as of and for the year ended September 30, 2001 and have issued our report thereon dated March 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated March 22, 2002.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

This report is intended solely for the information and use of the board of directors, management, the Auditor of State and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
March 22, 2002



Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Directors
Delaware Metropolitan Housing Authority
Delaware, Ohio

Compliance

We have audited the compliance of Delaware Metropolitan Housing Authority, Delaware County, (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2001. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2001.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, the Auditor of State and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
March 22, 2002

Delaware Metropolitan Housing Authority

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

September 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Section 8 Voucher Program/14.855
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

DELAWARE METROPOLITAN HOUSING AUTHORITY

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2002**