

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
DELAWARE METROPOLITAN HOUSING AUTHORITY
OCTOBER 1, 2006 – SEPTEMBER 30, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Delaware Metropolitan Housing Authority, Delaware County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2006 through September 30, 2007. 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 Delaware Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 17, 2008

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**DELAWARE METROPOLITAN HOUSING AUTHORITY
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Board of Directors
Delaware Metropolitan Housing Authority
222 Curtis Street
Delaware, Ohio 43015

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Delaware Metropolitan Housing Authority, Delaware County, Ohio (the Authority) as of and for the fiscal year ended September 30, 2007, which collectively comprise the financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 financial statements. An audit also includes assessing the accounting principles used in the significant estimates made by management, as well as evaluating the overall financial statement presentations. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware Metropolitan Housing Authority, Delaware County, as of September 30, 2007 and the changes in financial position and where applicable, cash flows, thereof for the fiscal 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 5, 2008 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Delaware Metropolitan Housing Authority
Independent Auditors' Report

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's financial statements. The accompanying Schedule of Federal Awards Expenditures as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and the Supplemental Financial Data Schedules, as required by the U.S. Department of Housing and Urban Development are presented for the purpose of additional analysis and are not a required part of the basic financial statements. We subjected the Schedules to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
March 5, 2008

**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

The Delaware 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 (its ability to address the next and subsequent fiscal year challenges), 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 statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- During fiscal year 2007, the Authority's net assets increased by \$220,200 (or 86%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$255,960 and \$476,160 for fiscal year 2006 and fiscal year 2007, respectively.

- The revenue increased by \$194,566 (or 8%) during fiscal year 2007, and was \$2,373,276 and \$2,567,842 for fiscal year 2006 and fiscal year 2007, respectively.

- The total expenses of the Authority increased by \$80,464 (or 4%). Total expenses were \$2,267,178 and \$2,347,642 for fiscal year 2006 and fiscal year 2007, respectively.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

USING THIS ANNUAL REPORT

The following is a graphic outlining the three major sections of the report.

<p style="text-align: center;">MD&A ~ Management's Discussion and Analysis ~ pgs 3-11</p>
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<p style="text-align: center;">Basic Financial Statements ~ Basic Financial Statements – pgs 13-15 ~ ~ Notes to the Basic Financial Statements – pgs 16-23 ~</p>

<p style="text-align: center;">Other Required Supplementary Information ~ Required Supplementary Information – none ~ (other than MD&A)</p>
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The primary focus of the Authority's financial statements is on the Authority as a whole. The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (year-to-year or Authority-to-Authority) and enhance the Authority's accountability.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

Authority-Wide Financial Statements

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets". 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 Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets are reported in three broad categories:

Net Assets, Invested in Capital Assets: This component of Net Assets consists of all Capital Assets, net of accumulated depreciation, 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. The Authority does not have any outstanding debt.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as grant revenue, service income revenue, and fraud recovery revenue, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue, such as interest income.

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

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

**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

The Authority's Fund

Business-Type Activities

The Authority consists of exclusively an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector.

The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

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 (HAP) 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 adjusted household income.

Other Programs - In addition to the major program listed above, the Authority also maintains the following programs:

Home Investment Partnership Program – represents other HUD grant resources developed from contracts with the City and County of Delaware.

Business Activities – represents non-HUD resources developed from a variety of activities, including services to other entities.

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**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

The following table reflects the condensed Statement of Net Assts compared to the prior year.

STATEMENT OF NET ASSETS

	<u>2007</u>	(Restated) <u>2006</u>
Current and Other Assets	\$ 637,432	\$ 413,347
Capital Assets	<u>9,352</u>	<u>11,982</u>
Total Assets	<u>646,784</u>	<u>425,329</u>
Current Liabilities	8,125	9,424
Non-Current Liabilities	<u>162,499</u>	<u>159,945</u>
Total Liabilities	<u>170,624</u>	<u>169,369</u>
Net Assets:		
Invested in Capital Assets	9,352	11,982
Restricted	290,584	96,980
Unrestricted	<u>176,224</u>	<u>146,998</u>
Total Net Assets	<u>\$476,160</u>	<u>\$255,960</u>

For more detailed information see page 13 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Current assets increased by \$224,085 or 54% in fiscal year 2007, and total liabilities slightly increased by \$5,255 or 3%. The change to HUD's funding disbursements has given the Authority additional cash. The Authority ended fiscal year 2007 having under spent HAP funding.

Capital assets were decreased by the current year's depreciation of \$5,789 less acquisitions of \$3,159 for a net decrease of \$2,630. For more detail, see "Capital Assets and Debt Administration" on page 10.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

CHANGES IN UNRESTRICTED NET ASSETS

Unrestricted Net Assets October 1, 2006 (Restated)		\$ 146,998
Results of Operations Related to Administrative Fee	\$ 26,596	
Adjustments:		
Depreciation (1)	<u>5,789</u>	
Adjusted Results from Operations		32,385
Capital Expenditures		<u>(3,159)</u>
Unrestricted Net Assets September 30, 2007		\$ <u>176,224</u>

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

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

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**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	<u>2007</u>	(Restated) <u>2006</u>
Revenues		
HUD PHA Operating Grants	\$2,452,901	\$2,356,927
Investment Income	2,306	1,207
Other Revenue	<u>112,635</u>	<u>15,142</u>
Total Revenues	<u>2,567,842</u>	<u>2,373,276</u>
Expenses		
Administrative Salaries and Employee Benefits	203,970	150,004
Other Administrative	103,325	151,389
Maintenance	8,053	7,691
General	8,292	9,611
Housing Assistance Payments	2,018,213	1,942,108
Depreciation	<u>5,789</u>	<u>6,375</u>
Total Expenses	<u>2,347,642</u>	<u>2,267,178</u>
Change in Net Assets	220,200	106,098
Net Assets at October 1	<u>255,960</u>	<u>149,862</u>
Net Assets at September 30	<u>\$ 476,160</u>	<u>\$ 255,960</u>

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

HUD PHA Operating Grants increased by \$95,974 or 4% due to a net increased funding from the City HOME grant funds. Housing Choice Voucher grant funding also increased which were partially offset by a decrease in County Home grant funds.

Housing Assistance Payments increased because in fiscal year 2006 a total of 5,028 unit months were leased; this represents a 95% leasing rate. This fiscal year, 5,347 unit months were leased, which is a 319 unit month increase or a 101% leasing rate.

Administrative Salaries and Employee Benefits Expenses increased due to the staffing changes and increases in salaries during the fiscal year.

Most other expenses fluctuated moderately due to inflation and need.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2007, the Authority had \$9,352 invested in capital assets, as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation).

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

	Business-Type Activities	
	<u>2007</u>	<u>2006</u>
Furniture, Equipment, and Machinery– Administrative	\$55,104	\$56,595
Accumulated Depreciation	(45,752)	(44,613)
Total	\$ <u>9,352</u>	\$ <u>11,982</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 21 of the notes to the basic financial statements.

CHANGE IN CAPITAL ASSETS

	Business-Type <u>Activities</u>
Beginning Balance	\$ 11,982
Additions	3,159
Depreciation	(5,789)
Ending Balance	\$ <u>9,352</u>

Additions for fiscal year 2007 totaled \$3,159 for a new telephone system. There were \$4,650 in disposals for 2007; the items were fully depreciated, therefore this has no impact on change in capital assets outlined above.

Debt Outstanding

As of September 30, 2007, the Authority has no outstanding debt.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(UNAUDITED)**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho, Finance Manager for the Delaware Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at P.O. Box 1292, Delaware, OH 43015.

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DELAWARE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

Assets

Current Assets

Cash and Cash Equivalents	\$	189,278
Accounts Receivable, Net		4,986
Prepaid Items		389

Total Current Assets		194,653
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Non-Current Assets

Restricted Cash		442,779
Capital Assets:		
Furniture, Equipment, and Machinery		55,104
Accumulated Depreciation		(45,752)

Total Capital Assets		9,352
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Total Non-Current Assets		452,131
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Total Assets		646,784
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Liabilities

Current Liabilities

Accounts Payable		3,830
Accrued Wages and Payroll Taxes		2,295
Accrued Compensated Absences		2,000

Total Current Liabilities		8,125
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Non-Current Liabilities

Accrued Compensated Absences		10,304
Family Self-Sufficiency Deposits Payable		152,195

Total Non-Current Liabilities		162,499
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Total Liabilities		170,624
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Net Assets

Invested in Capital Assets		9,352
Restricted		290,584
Unrestricted		176,224

Total Net Assets	\$	476,160
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The notes to the basic financial statements are an integral part of this statement.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

Operating Revenues

HUD PHA Operating Grants	\$ 2,452,901
Other Revenue - Service Revenue	26,060
Other Revenue - Fraud Recovery	1,188
Other Revenue - HUD Settlement	<u>85,387</u>
 Total Operating Revenue	 <u>2,565,536</u>

Operating Expenses

Housing Assistance Payments	\$ 2,018,213	
Administrative Salaries	139,281	
Employee Benefits	62,649	
Compensated Absences	2,040	
Other Administrative	103,325	
Material and Labor - Maintenance	8,053	
Depreciation	5,789	
General	<u>8,292</u>	
 Total Operating Expenses		 <u>2,347,642</u>
 Operating Income		 <u>217,894</u>

Non-Operating Revenues

Interest	<u>2,306</u>
 Change in Net Assets	 220,200
 Net Assets at October 1, 2006	 <u>255,960</u>
 Net Assets at September 30, 2007	 <u>\$ 476,160</u>

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

**DELAWARE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

Cash flows provided by operating activities

Cash received from HUD Programs	\$ 2,538,288
Cash received from other sources	6,473
Cash payments to employees for services	(201,612)
Cash payments for goods and services - HUD Programs	(2,018,213)
Cash payments for goods and services	(94,194)
	<hr/>
Net cash provided by operating activities	230,742
	<hr/>

Cash flows used in capital activities

Purchase of capital assets	(3,159)
	<hr/>
Net cash used in capital activities	(3,159)
	<hr/>

Cash flows provided by investing activities

Interest	2,306
	<hr/>
Net cash provided by investing activities	2,306
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Net change in cash and cash equivalents	229,889
Cash and cash equivalents at October 1, 2006	402,168
	<hr/>
Cash and cash equivalents at September 30, 2007	\$ 632,057
	<hr/> <hr/>

Adjustments to reconcile operating income to net cash provided by operating activities

Operating Income	\$ 217,894
Depreciation Expense	5,789
Changes in assets and liabilities:	
Accounts Receivable	5,639
Prepaid Items	165
Accounts Payable	711
Accrued Wages and Payroll Taxes	318
Accrued Compensated Absences	2,040
Other Liabilities	(1,814)
	<hr/>
Net cash provided by operating activities	\$ 230,742
	<hr/> <hr/>

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

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The 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 basic financial statements comply with the provisions of GASB Statement 39, *Determining Whether Organizations are Component Units*, 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 over which the Authority is financially accountable.

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Excluded Entity

The following entity is excluded from the Reporting Entity; however, the entity does conduct activities for the benefit of the Authority.

Delaware Housing Development Association - This organization was formed as an instrumentality of the Authority to assist in the development and financing of housing projects. The Board of the Association is legally separate from the Authority and is independently elected.

The Delaware Housing Development Association was formed as a result of a Development Agreement that was created in October of 1996. The parties to this agreement are listed below:

1. Delaware Metropolitan Housing Authority - Servicer
2. Partnership Equities, Inc. - Developer
3. Wallick Properties, Inc. - Property Manager
4. Hidden Ridge Limited Partnership - An Ohio Limited Partnership

The responsibility of the Authority was to make application to the State of Ohio, Ohio Department of Development pursuant to their Energy, Home Investment Partnership, and Section 403 planning grant programs, and the Ohio Housing Finance Agency for their compensating balance and interim development loan programs in order to obtain grants or deferred loans for the development of the Project. The Hidden Ridge Limited Partnership is comprised of 60 units and is occupied by households whose income at the time of initial occupancy is at or below 50% of the area median income. The project has since been completed. As of September 30, 2007, no further projects exist.

The Authority leases office space from the Hidden Ridge Limited Partnership for \$1 per year. The terms of the lease are described in Note 7. In addition, as of September 30, 2007, 28 of the 60 units were occupied by individuals that participate in the Housing Choice Voucher Program that is administered by the Authority.

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 Choice Voucher and Home programs. 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 that are similar to those found in the private sector. The following is the Authority's only proprietary fund type:

Enterprise Fund – The Authority is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

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 after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Capital Assets

Capital 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:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Furniture	7
Equipment	7
Computer hardware	3
Computer software	3
Vehicles	5

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. 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 current liability.

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items. Payments are accounted for using the consumption method.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislature adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulation of other governments. The amount reported as restricted net assets at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments. The Authority did not have net assets restricted by enabling legislature at September 30, 2007.

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.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Family Self-Sufficiency Deposits and Housing Assistance Payment equity balance. See Note 5 for additional information concerning Family Self-Sufficiency restricted assets.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide the goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

Accounts Receivable

Management considers all accounts receivable (excluding fraud recovery receivable) to be collected in full.

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(CONTINUED)

2. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are 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.

All monies are deposited into banks as determined by the Authority. Funds are deposited in either interest bearing or non-interest bearing accounts at the Authority's discretion. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at September 30, 2007 are as follows:

Demand deposits:

Bank balance - Checking	\$358,593	Bank balance - Savings	\$285,186
Items-in-transit	<u>(11,747)</u>	Items-in-transit	<u>-</u>
Carrying balance	<u>\$346,846</u>	Carrying balance	<u>\$285,186</u>

Of the fiscal year-end cash balance, \$100,000 of the checking account balance and \$100,000 of the savings was covered by federal deposit insurance, \$25 was maintained in petty cash funds and the remaining balance of \$443,779 was covered by pledged securities held by third-party trustees maintaining collateral for all public funds on deposit.

Based on the Authority having only demand deposits at September 30, 2007, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

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 2007, the Authority purchased commercial insurance for public officials and employment practices liability for general insurance, property, crime, electronic equipment, and automobile insurance

Public officials liability and employment practices liability insurance each carries a \$2,500 deductible. Property and electronic equipment insurance each carries a \$500 deductible. Vehicle carries a \$250 deductible for comprehensive damages and \$500 deductible for collision.

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.

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(CONTINUED)

4. CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2007:

	<u>Balance</u> <u>October 1, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>September 30, 2007</u>
<u>Business-Type Activities - Cost</u>				
Furniture and equipment	\$ 20,740	\$ 3,159	\$ (4,650)	\$ 19,249
Vehicles	<u>35,855</u>	<u>-</u>	<u>-</u>	<u>35,855</u>
Total at cost	<u>56,595</u>	<u>3,159</u>	<u>(4,650)</u>	<u>55,104</u>
 <u>Less: accumulated depreciation</u>				
Furniture and equipment	(18,790)	(2,249)	4,650	(16,389)
Vehicles	<u>(25,823)</u>	<u>(3,540)</u>	<u>-</u>	<u>(29,363)</u>
Total accumulated depreciation	<u>(44,613)</u>	<u>(5,789)</u>	<u>4,650</u>	<u>(45,752)</u>
 Capital assets, net	 \$ <u>11,982</u>	 \$ <u>(2,630)</u>	 \$ <u>-</u>	 \$ <u>9,352</u>

5. FSS ESCROW PAYABLE

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers 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 at 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 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Pension Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(CONTINUED)

6. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
(Continued)

Funding Policy – The Authority and covered employees contribute at actuarially determined rates for 2007, 13.85% and 9.5%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the years ended September 30, 2007, 2006, and 2005 were \$16,092, \$13,103, and \$16,667, respectively which were equal to the required contributions for each year. In fiscal year 2007, the Authority picked up the employees' share of OPERS that totaled \$11,985.

Other Postretirement Benefits – OPERS 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 OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to OPERS.

Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130.

Employer contributions made to fund post-employment benefits were approximately \$2,467.

The assumptions and calculations used below were based on the System's latest Actuarial Review performed as of December 31, 2006 (latest actuarial review). 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 annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5 percent.

OPERS (assuming the number of active employees remains constant) assumes an annual increase of 4.00% compounded annually for the base portion of an individual's pay increase. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health care costs were assumed to increase at a projected wage inflation rate plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

As of December 31, 2006, the audited estimated net assets available for OPEB were \$12 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$30.7 billion and \$18.7 billion, respectively.

DELAWARE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(CONTINUED)

6. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
(Continued)

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

7. LEASES

The Delaware Metropolitan Housing Authority leases office space under a long-term lease that expires on the 30th day of April 2008. The Authority pays the lessor, the Hidden Ridge Limited Partnership, \$1 per year for the office space.

8. CONTINGENT LIABILITIES

A. 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. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2007.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

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DELAWARE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2007

<u>FDS Line Item No.</u>	<u>Account Description</u>	<u>14.871 Section 8 Housing Choice Vouchers</u>
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 189,278
113	Cash - Other Restricted	442,779
		<hr/>
100	Total Cash	632,057
		<hr/>
	Accounts Receivable	
125	Miscellaneous	4,986
128	Fraud Recovery	13,808
128.1	Allowance for Doubtful Accounts	(13,808)
		<hr/>
120	Total Receivables, net of allowance for doubtful accounts	4,986
		<hr/>
	Other Assets	
142	Prepaid Items	389
		<hr/>
150	Total Current Assets	637,432
		<hr/>
	Noncurrent Assets	
	Capital Assets	
164	Furniture, Equipment and Machinery - Administration	55,104
166	Accumulated Depreciation	(45,752)
		<hr/>
160	Total Capital Assets net of accumulated depreciation	9,352
		<hr/>
180	Total Noncurrent Assets	9,352
		<hr/>
190	Total Assets	\$ 646,784
		<hr/> <hr/>

NOTE FOR REAC REPORTING: Due to limited account code options provided in the REAC system, classification differences may exist between the schedules and the basic financial statements.

DELAWARE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2007

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers
	Current Liabilities	
312	Accounts Payable	\$ 3,830
321	Accrued Wages and Payroll Taxes	2,295
322	Accrued Compensated Absences	2,000
		<hr/>
310	Total Current Liabilities	8,125
		<hr/>
	Non-Current Liabilities	
354	Accrued Compensated Absences	10,304
353	Non-Current Liabilities - Other	152,195
		<hr/>
350	Total Non-Current Liabilities	162,499
		<hr/>
300	Total Liabilities	170,624
		<hr/>
	Net Assets	
508.1	Invested in Capital Assets	9,352
511.1	Restricted Net Assets	290,584
512.1	Unrestricted Net Assets	176,224
	Total Net Assets	476,160
		<hr/>
600	Total Liabilities and Net Assets	\$ 646,784
		<hr/> <hr/>

DELAWARE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	14.239 Home Investment Partnership Program	Business Activities	Total
Revenue					
706-010	Housing Assistance Payment Revenues	\$ 2,107,057			\$ 2,107,057
706-020	Administrative Fees Revenues	282,921			282,921
706	HUD PHA Operating Grants	<u>2,389,978</u>			<u>2,389,978</u>
706	HUD PHA Operating Grants		\$ 62,923	\$ -	62,923
711-010	Housing Assistance Payment	699	-	-	699
711-020	Administrative Fees	830	-	-	830
711	Investment Income - Unrestricted	<u>1,529</u>	-	-	<u>1,529</u>
714-010	Housing Assistance Payment	594	-	-	594
714-020	Administrative Fees	594	-	-	594
714	Fraud Recovery	<u>1,188</u>	-	-	<u>1,188</u>
715	Other Revenue	<u>106,163</u>	-	5,284	<u>111,447</u>
720-010	Housing Assistance Payments	777	-	-	777
720	Investment Income - Restricted	<u>777</u>	-	-	<u>777</u>
	Total Revenue	<u>2,499,635</u>	<u>62,923</u>	<u>5,284</u>	<u>2,567,842</u>
Expenses					
911	Administrative Salaries	130,632	4,950	3,699	139,281
912	Auditing Fees	5,238	-	-	5,238
914	Compensated Absences	2,040	-	-	2,040
915	Employee Benefit Contribution - Administrative	59,516	1,548	1,585	62,649
916	Other Operating - Administrative	97,513	574	-	98,087
942	Ordinary Maintenance and Operation - Materials and Other	8,053	-	-	8,053
961	Insurance Premiums	7,515	-	-	7,515
962	Other General Expenses	<u>777</u>	-	-	<u>777</u>
969	Total Operating Expenses	<u>311,284</u>	<u>7,072</u>	<u>5,284</u>	<u>323,640</u>
970	Excess Operating Revenue Over Operating Expenses	<u>2,188,351</u>	<u>55,851</u>	-	<u>2,244,202</u>
Other Expenses					
973-050	All Other	<u>1,962,362</u>			<u>1,962,362</u>
973	Housing Assistance Payments	<u>1,962,362</u>			<u>1,962,362</u>
973	Housing Assistance Payments		55,851	-	55,851
974	Depreciation Expense	5,789	-	-	5,789
	Total Other Expenses	<u>1,968,151</u>	<u>55,851</u>	-	<u>2,024,002</u>
900	Total Expenses	<u>2,279,435</u>	<u>62,923</u>	<u>5,284</u>	<u>2,347,642</u>
1000	Excess of Revenues Over Expenses	220,200	-	-	220,200
1103	Beginning Net Assets	<u>255,960</u>	-	-	<u>255,960</u>
	Ending Net Assets	<u>\$ 476,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,160</u>

NOTE: For HUD PHA Operating Grants reporting, REAC requires the breakout of revenues as they relate to Housing Assistance Payments and Administrative Fees separately for the Housing Choice Vouchers, however, this breakout is not required for other programs.

DELAWARE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers Program	
1117-001	Administrative Fee Equity - Beginning Balance		\$ 158,980
1117-010	Administrative Fee Revenue	\$ 282,921	
1117-040	Investment Income	830	
1117-045	Fraud Recovery Revenue	594	
1117-050	Other Revenue	58,547	
	HUD Settlement of 2004 and 2005 Grants Allocations		
1117-060	Total Admin Fee Revenues		342,892
1117-080	Total Operating Expenses	310,507	
1117-090	Depreciation	5,789	
1117-110	Total Expenses		316,296
1117-002	Net Administrative Fee		26,596
1117-003	Administrative Fee Equity - Ending Balance		185,576
1117	Administrative Fee Equity		<u>\$ 185,576</u>
1118-001	Housing Assistance Payments Equity - Beginning Balance		\$ 96,980
1118-010	Housing Assistance Payment Revenues	\$2,107,057	
1118-015	Fraud Recovery Revenue	594	
1118-020	Other Revenue	47,616	
	\$20,776 in FSS Forfeited Accounts plus \$26,840 in HUD Settlement of 2004 and 2005 Grants Allocations		
1118-025	Investment Income	1,476	
1118-030	Total Housing Assistance Payments Revenues		2,156,743
1118-080	Housing Assistance Payments	1,962,362	
1118-090	Other Expenses	777	
1118-100	Total Housing Assistance Payments Expenses		1,963,139
1118-002	Net Housing Assistance Payments		193,604
1118-003	Housing Assistance Payments Equity - Ending Balance		290,584
1118	Housing Assistance Payments Equity		<u>\$ 290,584</u>

**DELAWARE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 Housing Choice Vouchers Program	N/A	14.871	\$ 2,389,978
Passed through the City of Delaware:			
Home Investment Partnership Program	A-C-06-112-2 #2 A-C-06-112-2 #7	14.239	<u>62,923</u>
Total Federal Award Expenditures			<u>\$ 2,452,901</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the Authority's federal award programs. The Schedule has been prepared on the accrual basis of accounting.



**Report On Internal Control over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Board of Directors
Delaware Metropolitan Housing Authority
222 Curtis Street
Delaware, Ohio 43015

We have audited the financial statements of the Delaware Metropolitan Housing Authority, Delaware County, Ohio (the Authority) as of and for the fiscal year ended September 30, 2007 which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 5, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more-than-inconsequential financial statements misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Wilson, Shannon & Snow, Inc.

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

Compliance and Other Matters

As part of reasonably assuring 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, federal awarding agencies and pass-through entities, and other members of the Authority 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 5, 2008



Report On Compliance with Requirements Applicable to Its Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Directors
Delaware Metropolitan Housing Authority
222 Curtis Street
Delaware, Ohio 43015

Compliance

We have audited the compliance of the Delaware Metropolitan Housing Authority, Delaware County, Ohio (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 its major federal program for the fiscal year ended September 30, 2007. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Delaware Metropolitan Housing Authority, Delaware, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended September 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 which is described in the accompanying schedule of findings as item 2007-001.

Internal Control over Compliance

The Authority's management 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, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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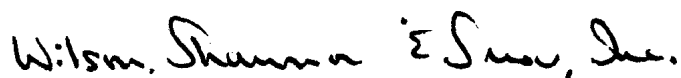
Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Authority's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2007-001 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Authority's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We do not consider the deficiency described in the accompanying schedule of findings to be a material weakness.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Board of Directors, federal awarding agencies, and pass-through entities. It is not intended for use for anyone other than these specified parties.



Newark, Ohio
March 5, 2008

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 significant deficiencies 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 a major federal program?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies reported for a major federal program?	Yes
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Program (list):	Section 8 Housing Choice Vouchers/CFDA #14.871
<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

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

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

None were noted.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2007-001
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Statement of Position 98-03, Section 320(a) and OMB Circular A-133 requires that the audit must be completed and the single audit reporting package and *Data Collection Form for Reporting on Audits of States, Local Governments and Nonprofit Organizations* must be submitted by the grantee to the Federal Audit Clearinghouse (and pass-through entities that are affected by audit findings) within 30 days after the receipt of the auditor's reports or nine (9) months after the end of the audit period, whichever is earlier. A longer period can be agreed to in advance by the cognizant or oversight agency for audit. When extensions to the report submission due date are granted, the grantee must notify the Federal Audit Clearinghouse and each pass-through entity providing federal awards.

The fiscal year 2006 audit report was dated February 23, 2007 and released by the Auditor of State on May 10, 2007. However, in reviewing the Federal Audit Clearinghouse website in August 2007, the Authority did not file a copy of the audited financial statements along with the data collection form. Therefore, the 2006 audit could not be accepted as complete and processed by the Federal Audit Clearinghouse.

We recommend the Authority take the necessary corrective action to submit the required missing components with the Federal Audit Clearinghouse so that the 2006 audit can be accepted. Furthermore, the Authority should develop procedures to ensure that future audit submissions to the Federal Audit Clearinghouse are complete.

Officials' Response and Corrective Action Plan:

The Authority has submitted the 2006 Single Audit Reporting package to the Federal Audit Clearinghouse.



Mary Taylor, CPA
Auditor of State

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
APRIL 29, 2008**