

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
DELAWARE METROPOLITAN HOUSING AUTHORITY
OCTOBER 1, 2010 – SEPTEMBER 30, 2011





Dave Yost • Auditor of State

Board of Directors
Delaware Metropolitan Housing Authority
222 Curtis Street
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, 2010 through September 30, 2011. 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.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA
Chief Deputy Auditor

April 9, 2012

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**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

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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 basic financial statements of the Delaware Metropolitan Housing Authority, Delaware County, Ohio (the Authority) as of and for the fiscal year ended September 30, 2011, 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 and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 respective financial position of the Delaware Metropolitan Housing Authority, Delaware County, as of September 30, 2011, and the changes in financial position and its cash flows 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 February 10, 2012, 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

Ten West Locust Street

Newark, Ohio 43055

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

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The Schedule of Federal Awards Expenditures provides additional information 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 are required by the U.S. Department of Housing and Urban Development, are not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures and Supplemental Financial Data Schedules are management's responsibility, and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. These schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
February 10, 2012

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

- During fiscal year 2011, the Authority's net assets increased by \$12,065 (or 2.65%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net assets for fiscal year 2010 were \$455,857 and net assets for fiscal year 2011 were \$467,922.
- Revenues decreased by \$23,515 (or less than 1%) during fiscal year 2011, and were \$2,634,995 and \$2,611,480 for fiscal year 2010 and fiscal year 2011, respectively.
- Expenses of the Authority increased by \$79,045 (or 3.14%). Total expenses were \$2,520,370 and \$2,599,415 for fiscal year 2010 and fiscal year 2011, respectively.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

USING THIS ANNUAL REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

MD&A

~ Management’s Discussion
And Analysis –pgs 3-10 ~

Basic Financial Statements

~ Basic Financial Statements – pgs 11-13 ~
~ Notes to the Basic Financial Statements – pg 14~

Other Required Supplementary Information

~ Required Supplementary Information - none~

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
DELAWARE COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

Government-Wide Financial Statements

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

These Statements include a Statement of Net 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”, formally known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net 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 (formally equity) 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, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue, such as investment 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 activities.

The Authority’s Fund

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).

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

Business-Type Activities:

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 grant program listed above, the Authority also maintains other grant programs. The other grants the Authority is involved with are listed below:

- Home Investment Partnerships Program – represents other HUD resources developed from contract with the City of Kenton.
- Community Development Block Grants – represents other HUD resources developed from contract with Hardin County

Business Activities – Represents resources developed from services provided to other metropolitan housing authorities and resources for program assistance received from local sources.

Statement of Net Assets

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

STATEMENT OF NET ASSETS

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$554,475	\$ 581,744
Capital Assets	<u>15,911</u>	<u>20,617</u>
Total Assets	<u>570,386</u>	<u>602,361</u>
Current Liabilities	26,200	54,242
Non-Current Liabilities	<u>76,263</u>	<u>92,262</u>
Total Liabilities	<u>102,463</u>	<u>146,504</u>
Net Assets		
Invested in Capital Assets	15,911	20,617
Restricted	236,773	226,016
Unrestricted	<u>215,239</u>	<u>209,224</u>
Total Net Assets	<u>\$ 467,923</u>	<u>\$ 455,857</u>

For more detailed information see page 11 for the Statement of Net Assets.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

Major Factors Affecting the Statement of Net Assets

Current and other assets decreased by \$27,269 in fiscal year 2011. This difference mostly represents the change in current year surplus which decreased current assets (primarily cash). Liabilities decreased by \$44,041 in fiscal year 2011 due to a decrease in deferred revenue at fiscal year end for amounts repaid on local funding received in prior year. Changes in HUD's funding allows the Authority to retain excess funding for possible usage in future years on Housing Assistance Payments only, therefore, \$236,773 is considered restricted net assets.

Capital assets decreased \$4,706 during fiscal year 2011. The decrease is attributed to the net of current year depreciation. For more detail see "Capital Assets and Debt Administration" on page 9.

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

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets September 30, 2010		\$209,224
Results of Operations related to Administrative Fee	\$(15,096)	
Adjustments:		
Depreciation (1)	<u>4,706</u>	
Adjusted Results from Operations		(10,390)
Net Restricted Assets (NRA) Adjustment (2)		<u>16,405</u>
Unrestricted Net Assets September 30, 2011		<u>\$215,239</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.
- (2) HUD reconciliation of NRA funds. HUD performed the reconciliation as of December 31, 2009; based on timing of the communication of the adjustment, this impacted the fiscal year 2011 net assets for the Authority.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

CHANGE OF RESTRICTED NET ASSETS

Restricted Net Assets September 30, 2010		\$226,016
Results of Operations		
Decrease in HAP Reserves	\$ (978)	
Fraud Recovery Payments, Net of Bad Debt	5,328	
Other Revenues	22,254	
Interest on HAP	<u>558</u>	
Adjusted Results from Operations		27,162
NRA Adjustment (2)		<u>(16,405)</u>
Restricted Net Assets September 30, 2011		<u>\$236,773</u>

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>2011</u>	<u>2010</u>
Revenues		
HUD PHA Operating Grants	\$ 2,559,091	\$ 2,534,353
Interest	1,084	691
Other Revenues	<u>51,305</u>	<u>99,951</u>
Total Revenue	<u>2,611,480</u>	<u>2,634,995</u>
Expenses		
Administrative	332,475	328,663
Maintenance	11,973	12,737
General	9,417	9,433
Housing Assistance Payments	2,239,769	2,165,178
Depreciation	4,706	4,359
Bad Debt	<u>1,074</u>	<u>-</u>
Total Expenses	<u>2,599,414</u>	<u>2,520,370</u>
Change in Net Assets	12,066	114,625
Net Assets at October 1	<u>455,857</u>	<u>341,232</u>
Net Assets at September 30	<u>\$ 467,923</u>	<u>\$ 455,857</u>

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

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

HUD PHA Operating Grants increased due to changes in grant funding from HUD and other HUD grants received through local sources. Leasing rates remained fairly consistent at around 100%; grant revenues increased, and housing assistance payments increased as well. Excess funding increased HAP reserves to be spent in future years.

Other revenues represent income from providing services to other housing authorities, revenues from tenant fraud recovery, and grants from local sources (non-HUD related). The decrease in fiscal year 2011 was primarily the result of the Authority returning a large grant from the Delaware Housing Development Association (a local non-profit organization).

Annual payroll changes contributed to the increase in the Administrative expenses category in fiscal year 2011. Administrative expenses include salaries and related benefits, along with other administrative expense such as audit fees and office expenses.

Most other expenses fluctuated moderately due to reduction of expenses instituted by the Authority to minimize costs and budget concerns.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2011, the Authority had \$15,911 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

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

	<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>
Capital Assets, Cost	\$ 53,605	\$ 53,605
Accumulated Depreciation	(37,694)	(32,988)
Total	\$ <u>15,911</u>	\$ <u>20,617</u>

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)**

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 20 of the notes.

CHANGE IN CAPITAL ASSETS

	Business Type <u>Activities</u>
Beginning Balance	\$ 20,617
Depreciation	<u>(4,706)</u>
Ending Balance	\$ <u>15,911</u>

There were no additions or disposals during fiscal year.

Debt Outstanding

As of September 30, 2011, the Authority has no outstanding debt.

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 demand for 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.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 261,583
Accounts Receivable, net	242
Accrued Interest Receivable	247
Prepaid Items	<u>370</u>
Total Current Assets	<u>262,442</u>

Non-Current Assets:

Restricted Cash	292,033
Capital Assets:	
Furniture and Equipment	53,605
Accumulated Depreciation	<u>(37,694)</u>
Total Capital Assets	<u>15,911</u>
Total Non-Current Assets	<u>307,944</u>

Total Assets	<u><u>570,386</u></u>
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Liabilities

Current Liabilities:

Accounts Payable	3,331
Accrued Wages and Payroll Taxes	2,753
Accrued Compensated Absences	3,531
Unearned Revenue	13,874
Family Self-Sufficiency Deposits Payable - Within 1 Year	<u>2,711</u>
Total Current Liabilities	<u>26,200</u>

Non-Current Liabilities:

Family Self-Sufficiency Deposits Payable - More Than 1 Year	52,549
Accrued Compensated Absences	<u>23,714</u>
Total Non-Current Liabilities	<u>76,263</u>

Total Liabilities	<u><u>102,463</u></u>
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Net Assets

Invested in Capital Assets	15,911
Restricted	236,773
Unrestricted	<u>215,239</u>

Total Net Assets	<u><u>\$ 467,923</u></u>
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The notes to the basic financial statements are an integral part of the statements.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Operating Revenues		
HUD PHA Operating Grants	\$	2,559,091
Fraud Recovery		11,728
Other Revenues		<u>39,577</u>
Total Operating Revenues		<u>2,610,396</u>
Operating Expenses		
Housing Assistance Payments	\$	2,239,769
Salaries		172,021
Employee Benefits		81,415
Other Administrative Expense		79,039
Material and Operations		11,973
Depreciation		4,706
Bad Debt		1,074
General		<u>9,417</u>
Total Operating Expenses		<u>2,599,414</u>
Operating Income		<u>10,982</u>
Nonoperating Revenues		
Interest		<u>1,084</u>
Total Nonoperating Revenues		<u>1,084</u>
Change in Net Assets		12,066
Net Assets at October 1, 2010		<u>455,857</u>
Net Assets at September 30, 2011	\$	<u><u>467,923</u></u>

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

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Cash flows from operating activities:

Cash received from HUD	\$ 2,570,901
Cash received from other sources	17,297
Cash payments to employees for services	(250,099)
Cash payments for good or services - HUD	(2,239,769)
Cash payments for goods or services	<u>(123,172)</u>
Net cash used in operating activities	<u>(24,842)</u>

Cash flows from investing activities:

Interest	<u>892</u>
Net cash provided by investing activities	<u>892</u>
Net change in cash and cash equivalents	(23,950)
Cash and cash equivalents at October 1, 2010	<u>577,566</u>
Cash and cash equivalents at September 30, 2011	<u><u>\$ 553,616</u></u>

Reconciliation of operating income to net cash used in operating activities:

Operating income	\$ 10,982
Adjustments to reconcile operating income to net cash used in operating activities	
Depreciation	4,706
Changes in assets and liabilities:	
Accounts receivable, net	3,406
Prepaid items	105
Accounts payable	(2,324)
Accrued wages and payroll taxes	(195)
Other liabilities	<u>(41,522)</u>
Net cash used in operating activities	<u><u>\$ (24,842)</u></u>

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

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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 No. 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
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(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. During fiscal year 2011, the Delaware Housing Development Association gave the Authority local money totaling \$114,887 to supplement the Authority's Home Investment Partnership Program. The Authority utilized \$18,539 of this amount during fiscal year 2009 and \$57,829 in fiscal year 2010, and the remaining balance was returned to the Delaware Housing Development Association in fiscal year 2011.

The Authority leases office space from the Hidden Ridge Limited Partnership for \$1 per year. The terms of the lease are described in Note 8. In addition, as of September 30, 2011, 26 of the 60 units were occupied by individuals that receive housing assistance from 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 other programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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 capitalization threshold used by the Authority is \$500. 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.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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

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. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Authority first applies restricted net assets. The Authority did not have net assets restricted by enabling legislature at September 30, 2011.

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.

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.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 of \$55,260 and Housing Assistance Payment equity balance of \$236,773. 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.

Accrued Interest Receivable

Accrued interest receivable represents the amount of interest earned but not collected on certificates of deposits as of the balance sheet date. Interest is collected upon maturity.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

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.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(CONTINUED)**

2. CASH AND CASH EQUIVALENTS – (CONTINUED)

Cash and cash equivalents included in the Authority's cash position at September 30, 2011 are as follows:

Demand deposits:

Bank balance - Checking	\$49,802	Bank balance - Savings	\$257,711
Items-in-transit	<u>(7,384)</u>	Items-in-transit	<u>-</u>
Carrying balance	<u>\$42,418</u>	Carrying balance	<u>\$257,711</u>

The Authority also held certificates of deposits totaling \$253,462 at fiscal year end 2011. Of the fiscal year-end bank balance, \$250,000 of deposits of the total checking and saving account balances were covered by federal deposit insurance and the remaining balance of \$57,513 along with the \$253,462 in certificates were covered by pledged and pooled securities held by third-party trustees maintaining collateral for all public funds on deposit. \$25 was maintained in petty cash funds

Based on the Authority having only demand deposits at September 30, 2011, 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 2011, 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
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(CONTINUED)**

4. CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2011:

	<u>Balance</u> <u>October 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>September 30, 2011</u>
<u>Business-Type Activities - Cost</u>				
Furniture and equipment	\$ 13,805	\$ -	\$ -	\$ 13,805
Vehicles	38,608	-	-	38,608
Leasehold Improvements	<u>1,192</u>	<u>-</u>	<u>-</u>	<u>1,192</u>
Total at cost	<u>53,605</u>	<u>-</u>	<u>-</u>	<u>53,605</u>
<u>Less: accumulated depreciation</u>				
Furniture and equipment	(9,376)	(1,225)	-	(10,601)
Vehicles	(23,373)	(3,401)	-	(26,774)
Leasehold Improvements	<u>(239)</u>	<u>(80)</u>	<u>-</u>	<u>(319)</u>
Total accumulated depreciation	<u>(32,988)</u>	<u>(4,706)</u>	<u>-</u>	<u>(37,694)</u>
Capital assets, net	<u>\$ 20,617</u>	<u>\$ (4,706)</u>	<u>\$ -</u>	<u>\$ 15,911</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 (with a two year extension option) 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 Housing Choice Voucher Program. The Authority has estimated \$2,711 in Family Self Sufficiency deposits will be paid out during the next fiscal year based on contracts approaching their five year limit.

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 as described below:

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

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(CONTINUED)**

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

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- 7377.

Funding Policy – The Authority and covered employees contribute at actuarially determined rates for both 2011 and 2010, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the years ended September 30, 2011, 2010, and 2009 were \$24,083, \$23,940, and \$20,735, respectively which were equal to the required contributions for each year. In fiscal year 2011, the Authority picked up the employees' share of OPERS that totaled \$17,202. Employer and employee contributions equaled 100% of charges.

Other Post Retirement Benefits – In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Retirement Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 5.0% from March 1 through December 31, 2010 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 4.23% from March 1 through December 31, 2010. The OPERS Board of trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contributions made to fund post-employment benefits for fiscal year 2011 were approximately \$301.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health plan.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(CONTINUED)**

7. COMPENSATED ABSENCES

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave may be carried forward to the next fiscal year and paid upon termination or retirement. Sick leave may be accumulated and is paid out based on Board policy upon termination or retirement. As of September 30, 2011, the accrual for compensated absences totaled \$27,245 and has been included in the accompanying Statement of Net Assets.

The following is a summary of compensated absences at September 30, 2011:

<u>Balance at October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2011</u>	<u>Due in One Year</u>
\$23,714	\$9,092	\$(5,561)	\$27,245	\$3,531

8. LEASES

The Delaware Metropolitan Housing Authority leases office space under a long-term lease that expired on the 30th day of April 2010. The Authority opted to renew the lease for a five-year term as allowed per the original agreement. The Authority pays the lessor, the Hidden Ridge Limited Partnership, \$1 per year for the office space.

9. 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, 2011.

B. Litigation

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

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2011**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	14.239 Home Program	14.228 CDBG Program	Total
	Current Assets					
	Cash					
111	Cash - Unrestricted	\$ 249,571	\$ -	\$ 6,006	\$ 6,006	\$ 261,583
113	Cash - Other Restricted	292,033	-	-	-	292,033
100	Total Cash	<u>541,604</u>	<u>-</u>	<u>6,006</u>	<u>6,006</u>	<u>553,616</u>
	Accounts Receivable					
124	Other Government	62	-	-	-	62
125	Miscellaneous	180	-	-	-	180
128	Fraud Recovery	10,141	-	-	-	10,141
128.1	Allowance for Doubtful Accounts	(10,141)	-	-	-	(10,141)
129	Accrued Interest	247	-	-	-	247
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489</u>
	Other Assets					
142	Prepaid Items	370	-	-	-	370
150	Total Current Assets	<u>542,463</u>	<u>-</u>	<u>6,006</u>	<u>6,006</u>	<u>554,475</u>
	Noncurrent Assets					
	Capital Assets					
164	Furniture and Equipment - Administration	52,413	-	-	-	52,413
165	Leasehold Improvements	1,192	-	-	-	1,192
166	Accumulated Depreciation	(37,694)	-	-	-	(37,694)
160	Total Capital Assets net of accumulated depreciation	<u>15,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,911</u>
180	Total Noncurrent Assets	<u>15,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,911</u>
190	Total Assets	<u>\$ 558,374</u>	<u>\$ -</u>	<u>\$ 6,006</u>	<u>\$ 6,006</u>	<u>\$ 570,386</u>
	Current Liabilities					
312	Accounts Payable	\$ 3,331	\$ -	\$ -	\$ -	\$ 3,331
321	Accrued Wages and Payroll Taxes	2,753	-	-	-	2,753
322	Accrued Compensated Absences - Current	3,531	-	-	-	3,531
342	Deferred Revenue	1,862	-	6,006	6,006	13,874
345	Other Current Liabilities	2,711	-	-	-	2,711
310	Total Current Liabilities	<u>14,188</u>	<u>-</u>	<u>6,006</u>	<u>6,006</u>	<u>26,200</u>
	Non-Current Liabilities					
353	Non-Current Liabilities - Other	52,549	-	-	-	52,549
354	Accrued Compensated Absences-Non-Current	23,714	-	-	-	23,714
350	Total Non-Current Liabilities	<u>76,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,263</u>
300	Total Liabilities	<u>90,451</u>	<u>-</u>	<u>6,006</u>	<u>6,006</u>	<u>102,463</u>
	Net Assets					
508.1	Invested in Capital Assets	15,911	-	-	-	15,911
511.1	Restricted Net Assets	236,773	-	-	-	236,773
512.1	Unrestricted Net Assets	215,239	-	-	-	215,239
	Total Net Assets	<u>467,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>467,923</u>
600	Total Liabilities and Net Assets	<u>\$ 558,374</u>	<u>\$ -</u>	<u>\$ 6,006</u>	<u>\$ 6,006</u>	<u>\$ 570,386</u>

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activites	14.239 Home Program	14.228 CDBG Program	Total
	Revenue					
70600-010	Housing Assistance Payment Revenues	\$ 2,220,843				\$ 2,220,843
70600-020	Administrative Fees Revenues	282,467				282,467
70600-031	FSS Cordinator Grant	46,884				46,884
70600-060	All Other Fees	1,000				1,000
70600	HUD PHA Operating Grants	<u>2,551,194</u>	<u>\$ -</u>	<u>\$ 1,910</u>	<u>\$ 5,987</u>	<u>2,559,091</u>
71100	Investment Income - Unrestricted	526	-	-	-	526
71400-010	Housing Assistance Payments	5,864	-	-	-	5,864
71400-020	Administrative Fees	5,864	-	-	-	5,864
71400	Fraud Recovery	<u>11,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,728</u>
71500	Other Revenue	34,008	5,569	-	-	39,577
72000	Investment Income - Restricted	558	-	-	-	558
70000	Total Revenue	<u>2,598,014</u>	<u>5,569</u>	<u>1,910</u>	<u>5,987</u>	<u>2,611,480</u>
	Expenses					
91100	Administrative Salaries	135,377	3,898	122	381	139,778
91200	Auditing Fees	5,263	-	-	-	5,263
91310	Book-keeping Fee	11,868	-	-	-	11,868
91500	Employee Benefit Contribution - Administrativ	61,441	1,671	32	99	63,243
91600	Office Expenses	34,863	-	20	64	34,947
91800	Travel	7,646	-	-	-	7,646
91900	Other	19,315	-	-	-	19,315
91000	Total Operating - Administrative	<u>275,773</u>	<u>5,569</u>	<u>174</u>	<u>544</u>	<u>282,060</u>
92100	Tenant Services - Salaries	32,243	-	-	-	32,243
92300	Employee Benefit Contributions - Tenant Services	14,641	-	-	-	14,641
92500	Total Tenant Services	<u>46,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,884</u>
94200	Ordinary Maintenance and Operations - Materials and Other	11,973	-	-	-	11,973
94000	Total Maintenance and Operations	<u>11,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,973</u>
96120	Liability Insurance	5,549	-	-	-	5,549
96130	Workmen's Compensation	3,868	-	-	-	3,868
96100	Total Insurance Premiums	<u>9,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,417</u>
96210	Compensated Absences	3,531	-	-	-	3,531
96600	Bad Debt - Other	1,074	-	-	-	1,074
96000	Total Other General Expenses	<u>4,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,605</u>
96900	Total Operating Expenses	<u>348,652</u>	<u>5,569</u>	<u>174</u>	<u>544</u>	<u>354,939</u>
97000	Excess Operating Revenue Over Operating Expenses	2,249,362	-	1,736	5,443	2,256,541
	Other Expenses					
97300	Housing Assistance Payments	2,221,821	-	1,736	5,443	2,229,000
97350	HAP - Portability-In	10,769	-	-	-	10,769
97400	Depreciation Expense	4,706	-	-	-	4,706
	Total Other Expenses	<u>2,237,296</u>	<u>-</u>	<u>1,736</u>	<u>5,443</u>	<u>2,244,475</u>
90000	Total Expenses	<u>2,585,948</u>	<u>5,569</u>	<u>1,910</u>	<u>5,987</u>	<u>2,599,414</u>
10000	Excess of Revenues under Expenses	12,066	-	-	-	12,066
11030	Beginning Net Assets	455,857	-	-	-	455,857
11170	Administrative Fee Equity	231,150	-	-	-	231,150
11180	Housing Assistance Payment Equity	236,773	-	-	-	236,773
	Total Ending Net Assets	<u>\$ 467,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,923</u>

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 229,841
11170-010	Administrative Fee Revenue	\$ 283,467	
11170-021	FSS Cordinator Grant	46,884	
11170-040	Investment Income	526	
11170-045	Fraud Recovery Revenue	5,864	
11170-050	Other Revenue	28,159	
11170-051	Represents Port In Fees and Port In HAP covered by Admin revenues and Net Restricted Asset (NRA) adjustment from prior year activity.		
11170-060	Total Administrative Fee Revenues		\$ 364,900
11170-080	Total Operating Expenses	347,579	
11170-090	Depreciation	4,706	
11170-095	HAP - Portability-In	10,769	
11170-100	Other Expenses	537	
11170-101	Half of fraud recovery bad debt expense.		
11170-110	Total Expenses		363,591
11170-002	Net Administrative Fee		1,309
11170-003	Administrative Fee Equity - Ending Balance		231,150
11170	Administrative Fee Equity		<u>\$ 231,150</u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 226,016
11180-010	Housing Assistance Payment Revenues	2,220,843	
11180-015	Fraud Recovery Revenue	5,864	
11180-020	Other Revenue	22,254	
11180-021	Represents FSS forietures during the fiscal year.		
11180-025	Investment Income	558	
11180-030	Total Housing Assistance Payments Revenues		2,249,519
11180-080	Housing Assistance Payments	2,221,821	
11180-090	Other Expenses	16,941	
11180-091	NRA adjustment from prior year activity and half of fraud recovery bad debt expense.		
11180-100	Total Housing Assistance Payments Expenses		2,238,762
11180-002	Net Housing Assistance Payments		10,757
11180-003	Housing Assistance Payments Equity - Ending Balance		236,773
11180	Housing Assistance Payments Equity		<u>\$ 236,773</u>

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

<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	N/A	14.871	\$ 2,551,194
Passed through Hardin County:			
Community Development Block Grants - State's Program	N/A	14.228	5,987
Passed through City of Kenton:			
Home Investment Partnerships Program	N/A	14.239	1,910
Total Federal Awards Expenditures			<u><u>\$ 2,559,091</u></u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by 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, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 10, 2012. 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control over financial reporting that might be deficiencies, 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
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Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and other members of the Authority. We intend it for no one other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
February 10, 2012



**Independent Auditors' Report on Compliance with Requirements
Applicable to Its Major Federal Program and on Internal Control over
Compliance Required by 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 apply to its major federal program for the fiscal year ended September 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. 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 the Comptroller General of the United States *Government Auditing Standards*; 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 reasonably assure about whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect 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 of the Authority's compliance with those requirements.

In our opinion, the Delaware Metropolitan Housing Authority, Delaware County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended September 30, 2011.

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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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Delaware Metropolitan Housing Authority
Delaware County
Independent Auditors' Report on Compliance with Requirements
Applicable to Its Major Federal Program and on Internal Control
over Compliance Required by *OMB Circular A-133*
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Newark, Ohio
February 10, 2012

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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 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 significant deficiencies in internal control 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 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, 2011

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

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 19, 2012**