

**DELAWARE METROPOLITAN HOUSING AUTHORITY**

Financial Condition

As of

September 30, 2013

Together with Auditors' Report





# Dave Yost • Auditor of State

Board of Trustees  
Delaware Metropolitan Authority  
222 Curtis Street  
Delaware, Ohio 43015

We have reviewed the *Independent Auditor's Report* of the Delaware Metropolitan Authority, Delaware County, prepared by Kevin L. Penn, Inc., for the audit period October 1, 2012 through September 30, 2013. 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 Authority is responsible for compliance with these laws and regulations.

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

Robert Hinkle  
Chief Deputy Auditor

May 23, 2014

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**DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE, OHIO**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Delaware Metropolitan Housing Authority  
Delaware, Ohio

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of the business-type activities of Delaware Metropolitan Housing Authority, Delaware County as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Delaware Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

I believe the audit evidence I obtained is sufficient and appropriate to support my audit opinions.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Delaware Metropolitan Housing Authority, Delaware County, Ohio as of September 30, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary***

My audit was conducted to opine on the Delaware Metropolitan Housing Authority's basic financial statements taken as a whole. The Supplemental Financial Data Schedules present additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Supplemental Financial Data Schedules and Schedule of Federal Award Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. I subjected these schedules to the auditing procedures I applied to the basic financial statements. I 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated February 14, 2014 on my consideration of the Delaware Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delaware Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

February 14, 2014



# Delaware Metropolitan Housing Authority

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2013

The Delaware Metropolitan Housing Authority's (the Authority's) 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 11).

### FINANCIAL HIGHLIGHTS

- During FY 2013, the Authority's net position increased by \$68,976 (or 22.55%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net positions were \$305,882 and \$374,858 for FY 2012 and FY 2013 respectively.
- The revenue increased by \$239,876 (or 9.85%) during FY 2013, and was \$2,435,723 and \$2,675,599 for FY 2012 and FY 2013 respectively.
- During FY 2013, the total expenses of the Authority increased by \$8,370 (or less than 1%). Total expenses were \$2,597,764 and \$2,606,134 for FY 2012 and FY 2013 respectively.

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide). 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.

### Authority-Wide Financial Statements

The Authority-wide financial statements (see pgs 11-13) are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

The focus of the Statement of Net position (the "Unrestricted Net position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position (formerly equity) is reported in three broad categories:

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

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

Unrestricted: Consists of Net Position that does not meet the definition of “Net position Invested in Capital Assets, Net of Related Debt”, or “Restricted Net position”.

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

The focus of the Statement of Revenues, Expenses and Changes in Fund Net position is the “Change in Net position”, which is similar to Net Income or Loss.

Finally, Statement of Cash Flows (see page 13) is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

## **Fund Financial Statements**

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

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

The Authority’s Programs

### Business Type Funds

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

Other Programs - In addition to the major funds above, the Authority also maintains other grant programs. The only other activity the Authority is involved with is listed below.

Business Activities – represents non-HUD resources developed from a variety of activities.

Home Investment Partnership Program – grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

Community Development Block Grants- grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

## AUTHORITY-WIDE STATEMENT

### Statement of Net position

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

**TABLE 1**

Statement of Net position	FY 2013	FY 2012
Current and Other Assets	\$ 480,556	\$ 409,942
Capital Assets	19,457	24,820
Total Assets	<u>500,013</u>	<u>434,762</u>
Other Liabilities	35,649	20,654
Non-Current Liabilities	89,506	108,226
Total Liabilities	<u>125,155</u>	<u>128,880</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	19,457	24,820
Unrestricted	176,497	184,020
Restricted	178,904	97,042
Total Net Position	<u>\$ 374,858</u>	<u>\$ 305,882</u>

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

#### Major Factors Affecting the Statement of Net Position

Current assets were increased by \$70,614 or 17.23% in fiscal year 2013, while liabilities were decreased by \$3,725 or 2.89%. The NRA cash was increased by \$81,862 or 84.36%. Deferred Revenues were decreased also FSS escrows decreased.

Capital assets were decreased by the current year's purchases of \$992 net depreciation of \$6,355. For more detail see "Capital Assets and Debt Administration" below.

Table 2 presents details on the change in Unrestricted Net position

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position as of 9/30/2012		\$ 184,020
Results of Operations	(12,886)	
Adjustments:		
Depreciation (1)	6,355	
Adjusted Results from Operations		(6,531)
Capital Expenditures		<u>(992)</u>
Unrestricted Net Position as of 09/30/13		<u><u>\$ 176,497</u></u>

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

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

TABLE 3

CHANGE OF RESTRICTED NET POSITION

Restricted Net position as of 9/30/2012		\$ 97,042
Results of Operations		
Unused - HAP grant	64,982	
Fraud Recovery Income/FSS Forfeits	17,369	
NRA CY12 Interest reclassification	(489)	
Adjusted Results from Operations		<u>81,862</u>
Restricted Net position as of 9/30/13		<u><u>\$ 178,904</u></u>

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net position compared to prior year.

**TABLE 4****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

	FY 2013	FY 2012
Revenues		
HUD PHA Operating Grants	\$2,635,916	\$2,410,626
Investment Income	299	1,078
Other Revenues – ALL	39,384	24,019
Total Revenue	<u>2,675,599</u>	<u>2,435,723</u>
Expenses		
Administrative	281,881	327,762
Maintenance	12,079	13,451
General	6,218	7,677
Housing Assistance Payments	2,299,600	2,243,783
Depreciation	6,356	5,091
Total Expenses	<u>2,606,134</u>	<u>2,597,764</u>
Net Increase/(Decrease)	<u>\$69,465</u>	<u>\$ (162,041)</u>

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

HUD PHA Grants increased by \$225,290 or 9.35%. Housing Assistance Payments also increased by \$55,817 or 2.49% these combined resulted in a net increase to the HAP reserve of \$81,862 in FY13. While Investment Income continues to decrease all other revenue increased by \$ 15,365 or 63.97%.

Administrative expenses decreased \$45,881 in part by the reduction of 1 salaried staff person and later in the year the reduction of the contract inspector.

The \$69,465 total increase for FY2013 is the net result of a increase of \$82,351 in the remaining HUD funds and a decrease of \$12,886 in the authority's funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**

As of 09/30/13 the Authority had \$19,457 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

**TABLE 5**

CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)

	Business-type Activities	
	FY 2013	FY 2012
Equipment – Administrative	\$ 68,597	\$ 67,605
Accumulated Depreciation	(49,140)	(42,785)
Total	<u>\$ 19,457</u>	<u>\$24,820</u>

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

**TABLE 6**

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance	\$ 24,820
Additions	992
Disposition	(0)
Depreciation	<u>(6,355)</u>
Ending Balance	<u>\$ 19,457</u>

Additions during the year: Dell Computer System \$992.

**Debt Outstanding**

As of 09/30/13 the Authority has no outstanding debt (bonds, notes, etc.)

## **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, Accountant 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  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

ASSETS

**Current Assets**

Cash and Cash Equivalents - Unrestricted (Note 1)	\$227,420
Accounts Receivable - Fraud Recovery	7,902
Allowance for Doubtful Accounts	(7,902)
Accounts Receivable - Other	2,157
Prepaid Expenses	350
Total Current Assets	<u>229,927</u>

**Non-Current Assets**

Restricted Cash	250,629
Capital Assets:	
Furniture and Equipment	68,597
Accumulated Depreciation	(49,140)
Total Capital Assets	<u>19,457</u>
Total Non-Current Assets	<u>270,086</u>
<b>TOTAL ASSETS</b>	<u><u>\$500,013</u></u>

LIABILITIES AND NET POSITION

**Current Liabilities**

Accounts Payable	\$3,356
Accounts Payable - HUD	761
Accrued Expenses	2,455
Unearned Revenue	16,214
Accrued Compensated Absences	794
Total Current Liabilities	<u>23,580</u>

**Non-Current Liabilities**

Family Self-Sufficiency Deposit Payable	71,725
Accrued Compensated Absences	29,850
Total Non-Current Liabilities	<u>101,575</u>
Total Liabilities	<u><u>\$125,155</u></u>

**Net Position**

Investment in Capital Assets, Net of Related Debt	\$19,457
Restricted	178,904
Unrestricted	176,497
Total Net Position	<u><u>\$374,858</u></u>

The accompanying notes are an integral part of the financial statements.



DELAWARE METROPOLITAN HOUSING AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**Operating Revenue:**

HUD Operating Subsidies and Grants	\$2,635,916
Fraud Recovery	4,818
Other Revenue	34,715
Total Operating Revenue	<u>2,675,449</u>

**Operating Expenses:**

Housing Assistance Payments	2,299,600
Salaries	135,378
Employee Benefits	70,491
Other Administrative Expense	76,806
Material and Operations	12,079
Depreciation Expense	6,355
General Expenses	5,425
Total Operating Expenses	<u>2,606,134</u>

Operating Income (Loss)	69,315
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Non-Operating Revenues (Expenses)

Gain on Sale of Capital Assets	<u>150</u>
Total Non-Operating Revenues (Expenses)	150

Change in Net Position	69,465
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Net Position - Beginning of Year as Previously Stated	305,882
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Prior Period Adjustment (See Note 13)	(489)
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Net Position - Beginning of Year as Restated	<u>305,393</u>
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Net Position - End of Year	<u><u>\$374,858</u></u>
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The accompanying notes are an integral part of the financial statements.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Cash Flows From Operating Activities:	
Cash Received from HUD	\$2,635,916
Cash Received from Other Income	59,414
Cash Payments for Housing assistance payments	(2,299,600)
Cash Payments for Administrative	(98,169)
Cash Payments to Employees for Services	<u>(205,869)</u>
Net Cash Provided (Used) by Operating Activities	91,692
Cash Flows From Capital and Related Financing Activities:	
Fixed Assets Addition	(992)
Gain on Sale of Capital Assets	<u>150</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(842)
Cash Flows From Investing Activities:	
	<u>0</u>
Net Cash Provided (Used) by Investing Activities	0
Increase (Decrease) in Cash and Cash Equivalents	90,850
Cash and Cash Equivalents - Beginning of Year	<u>387,199</u>
Cash and Cash Equivalents - End of Year	<u><u>\$478,049</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$69,315
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	6,355
(Increase) decrease in:	
Accounts Receivable	20,130
Accrued Interest Receivable	(398)
Prepaid Expenses	15
Increase (decrease) in:	
Accounts Payable	1,062
Compensated Absences	793
Deferred Revenue	4,224
Accrued Expenses	(549)
Other Liabilities	<u>(9,255)</u>
Net cash used in operating activities	<u><u>\$91,692</u></u>

The accompanying notes are an integral part of the financial statements.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

**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, 2013  
(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. No projects existed during fiscal year 2013.

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, 2013, 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, 2013  
 (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 Position. The statement of revenues, expenses and changes in Net Position presents increases (i.e. revenues) and decreases (i.e. expenses) in total Net Position. 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. The Authority has elected not to apply FASB statements and interpretations issued after November 30, 1989.

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:

Description	Estimated Useful Lives - Years
Furniture	7
Equipment	7
Computer hardware	3
Computer software	3
Vehicles	5

Total depreciation expense for the 2013 fiscal year was \$6,355.

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, 2013  
(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 Position

Net Position 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 Position 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 Position are available, the Authority first applies restricted Net Position. The Authority did not have Net Position restricted by enabling legislature at September 30, 2013.

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, 2013  
(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 \$71,725 and Housing Assistance Payment equity balance of \$178,904. 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, 2013  
 (CONTINUED)

**2. CASH AND CASH EQUIVALENTS — (CONTINUED)**

Cash and cash equivalents included in the Authority's cash position at September 30, 2013 are as follows:

Demand deposits:

Bank balance - Checking	\$68,586	Bank balance - Savings	\$416,269
Items-in-transit	<u>( 6,831)</u>	Items-in-transit	<u>0</u>
Carrying balance	<u>\$61,755</u>	Carrying balance	<u>\$416,269</u>

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 \$234,855 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, 2013, 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 2013, 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, 2013  
(CONTINUED)

**4. CAPITAL ASSETS**

The following is a summary of capital assets at September 30, 2013:

	<u>Balance</u> <u>10/1/ 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/13</u>
Business – Type Activities – Cost				
Furniture and Equipment	\$ 27,805	\$ 992	\$	\$ 28,797
Vehicles	38,608			38,608
Leasehold Improvements	<u>1,192</u>	<u>          </u>	<u>          </u>	<u>1,192</u>
Total at Cost	67,605	992	0	68,597
Less: accumulated depreciation				
Furniture and Equipment	( 12,211)	(2,874)		(15,085)
Vehicles	( 30,175)	(3,401)		(33,576)
Leasehold Improvements	<u>( 399)</u>	<u>( 80)</u>	<u>          </u>	<u>( 479)</u>
Total accumulated depreciation	(42,785)	(6,355)		( 49,140)
Capital assets, net	<u>\$ 24,820</u>	<u>\$(5,363)</u>	<u>\$ 0</u>	<u>\$ 19,457</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.

**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:

The Traditional Pension Plan — a cost sharing, multiple-employer defined pension plan.

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.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(CONTINUED)

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

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.

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 2013 and 2012, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the years ended September 30, 2013, 2012, and 2011 were \$18,794; \$22,396, and \$24,083, respectively which were equal to the required contributions for each year. In fiscal year 2013, the Authority picked up the employees' share of OPERS that totaled \$13,424. 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 4.0% during calendar year 2012 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. The

DELAWARE METROPOLITAN HOUSING AUTHORITY  
 DELAWARE COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
 (CONTINUED)

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

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 2013 were approximately \$2,353.

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, which allowed additional funds to be allocated to the health care plan.

**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, 2013, the accrual for compensated absences totaled \$30,644 and has been included in the accompanying Statement of Net Position.

The following is a summary of compensated absences at September 30, 2013:

<u>Balance</u> <u>at 10/1/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 9/30/13</u>	<u>Due Within</u> <u>One Year</u>
\$ 29,851	\$ 6,486	\$( 5,693)	\$ 30,644	\$ 794

**8. LEASES**

The Delaware Metropolitan Housing Authority leases office space under a long-term lease that expired on the 30th day of April 2013. 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**

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, 2013.

Litigation

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

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(CONTINUED)

**10. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Delaware Metropolitan Housing Authority and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

**11. SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through February 14, 2014, the date on which the financial statements were available to be issued.

**12. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2013, the Authority implemented Government Accounting Standard Board (GASB) *Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections — 2012 — an amendment of GASB Statements No. 10 and No. 62."*

*GASB Statement No. 62* incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Authority's financial statements.

*GASB Statement No. 63* provides for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. The changes were incorporated in the Authority's fiscal year 2013 financial statements, however, there was no effect on beginning net position.

*GASB Statement No. 65* properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The implementation of this statement did not result in any change in the Authority's financial statements.

*GASB Statement No. 66* resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Authority's financial statements.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(CONTINUED)

**13. PRIOR PERIOD ADJUSTMENT**

The Authority adjusted prior period Net Position as follows:

Net Position as of September 30, 2012	\$ 305,882
Adjustment:	
Increase in HUD Payable	<u>(489)</u>
Restated Net Position as of September 30, 2012	<u>\$ 305,393</u>

The adjustment to prior period Net Position was necessary to properly reflect the understatement of HUD payable.

**14. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended September 30, 2013, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by U. S. Department of Housing and Urban Development.

Delaware Metropolitan Housing Authority  
Statement of Net Assets  
September 30, 2013

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	HOME Program	TOTALS
111	Cash - Unrestricted	\$ 226,508	\$ -	\$ 226,508
113	Cash - Other Restricted	250,629	151	250,780
115	Cash - Restricted for Payment of Current Liab.	761		761
100	Total Cash	<u>477,898</u>	<u>151</u>	<u>478,049</u>
124	Acct Rec-Other Government	1,235		1,235
125	Acct Rec-Misc.	922		922
128	Fraud Recovery	7,902		7,902
128.1	Allow Doubtful Accounts	(7,902)		(7,902)
120	Net Total Receivables	2,157		2,157
142	Prepaid Expenses	<u>350</u>		<u>350</u>
<b>150</b>	<b>Total Current Assets</b>	<u>480,405</u>	<u>151</u>	<u>480,556</u>
164	F/E/M Admin.	67,405		67,405
165	Leasehold Improvements	1,192		1,192
166	Accum Depreciation	<u>(49,140)</u>		<u>(49,140)</u>
160	Net Fixed Assets	<u>19,457</u>	<u>-</u>	<u>19,457</u>
<b>190</b>	<b>TOTAL ASSETS</b>	<u><b>\$ 499,862</b></u>	<u><b>\$ 151</b></u>	<u><b>\$ 500,013</b></u>
312	A/P <= 90 days	\$ 3,356		\$ 3,356
321	Accrued Wage/Taxes Payable	2,455		2,455
322	Accrued Comp Abs - current	794		794
331	Acct. Pay. - HUD PHA Programs	761		761
342	Deferred Revenue	16,063	\$ 151	16,214
345	Other Current Liabilities	<u>12,069</u>		<u>12,069</u>
310	Total Current Liabilities	35,498	151	35,649
353	Non-Current Liabilities - Other	59,656		59,656
354	Accrued Comp Abs. - Noncurrent	<u>29,850</u>		<u>29,850</u>
	Total Liabilities	125,004	151	125,155
508.1	Invested in Capital Assets Net	19,457		19,457
511.1	Restricted Net Assets	178,904		178,904
512.1	Unrestricted Net Assets	<u>176,497</u>		<u>176,497</u>
513	Total Equity/Net Assets	<u>374,858</u>	<u>-</u>	<u>374,858</u>
<b>600</b>	<b>TOTAL LIAB. &amp; EQUITY</b>	<u><b>\$ 499,862</b></u>	<u><b>\$ 151</b></u>	<u><b>\$ 500,013</b></u>

Delaware Metropolitan Housing Authority  
Statement of Revenue and Expenses  
September 30, 2013

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	HOME Program	CDBG Program	Business Activities	TOTALS
706	HUD PHA Operating Grants	\$ 2,435,288	\$ 182,407	\$ 18,221	\$ -	\$ 2,635,916
711	Investment Income - PHA	299				299
714.01	Fraud Recovery - PHA	4,818				4,818
715	Other Revenue	25,896			8,520	34,416
716	Gain or Loss on Sale of Capital Assets	150				150
700	TOTAL REVENUE	2,466,451	182,407	18,221	8,520	2,675,599
911	Admin. Salaries	84,773		12,754	5,964	103,491
912	Audit	5,286				5,286
913	Bookkeeping Fee	11,868				11,868
914	Advertisement & Marketing	75				75
915	Employee Benefits Contributions	48,906		3,915	2,556	55,377
916	Office Expenses	33,196				33,196
918	Travel	5,448				5,448
919	Other	18,587		1,552		20,139
	Total Operating - Admin.	208,139	-	18,221	8,520	234,880
921	Tenant Services – Salaries	31,887				31,887
923	Employee Benefits Contributions	15,114				15,114
925	Total Tenant Services	47,001	-	-	-	47,001
942	Ordinary Maint.	12,079				12,079
	Total Maint.	12,079	-	-	-	12,079
961.2	Insurance - Liab Insurance	4,221				4,221
961.3	Workmen's Compensation	1,204				1,204
	Total Insurance	5,425	-	-	-	5,425
962.1	Comp Abs	793				793
	TOTAL OPERATING EXPENSES	273,437	-	18,221	8,520	300,178
970	Excess Oper. Rev. over Exp.	2,193,014	182,407	-	-	2,375,421
973	HAP	2,107,032	182,407			2,289,439
973.5	HAP Portability-In	10,161				10,161
974	Depreciation Exp	6,356				6,356
900	TOTAL EXPENSES	2,396,986	182,407	18,221	8,520	2,606,134
1000	NET INCOME (LOSS)	\$ 69,465	\$ -	\$ -	\$ -	\$ 69,465

Delaware Metropolitan Housing Authority  
 Additional Information Required by HUD  
 September 30, 2013

Financial Data Schedule Submitted to U.S. Department of HUD

<b>Line item</b>	<b>Account Description</b>	<b>Housing Choice Voucher</b>	<b>HOME Program</b>
11030	Beginning Equity	\$ 305,882	
11170	Administrative Fee Equity	\$ 195,954	
11180	Housing Assistance Payment Equity	\$ 178,904	
11190	Unit Months Available	5,292	332
11210	Number of Unit Months Leased	5,174	332



Delaware Metropolitan Housing Authority

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2013

<b>Federal Grantor</b> Pass Through Grantor/ Program Title	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> Direct Program		
Section 8 Housing Choice Vouchers	14.871	\$ 2,597,614
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 2,597,614</u>

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



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

Board of Trustees  
Delaware Metropolitan Housing Authority  
Delaware, Ohio

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Delaware Metropolitan Housing Authority, Delaware County, Ohio as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued my report thereon dated February 14, 2014.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

Kevin L. Penn, Inc.

February 14, 2014



Kevin L.  
**enn, Inc.**

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

Board of Trustees  
Delaware Metropolitan Housing Authority  
Delaware, Ohio

***Report on Compliance for Each Major Federal Program***

I have audited the Delaware Metropolitan Housing Authority compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Delaware Metropolitan Housing Authority's major federal program for the year ended September 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Delaware Metropolitan Housing Authority's major federal program.

***Management's Responsibility***

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

***Auditor's Responsibility***

My responsibility is to opine on the Delaware Metropolitan Housing Authority's compliance for each of the Delaware Metropolitan Housing Authority's major federal program based on my audit of the applicable compliance requirements referred to above. My compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require me to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Delaware Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my compliance opinion on the Delaware Metropolitan Housing Authority's major program. However, my audit does not provide a legal determination of the Delaware Metropolitan Housing Authority's compliance.

### ***Opinion on Each Major Federal Program***

In my opinion, the Delaware Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2013.

### ***Report on Internal Control Over Compliance***

The Delaware Metropolitan Housing Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing my compliance audit, I considered the Delaware Metropolitan Housing Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine my auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, I have not opined on the effectiveness of the Delaware Metropolitan Housing Authority's internal control over compliance.

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

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

This report only describes the scope of my internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.

February 14, 2014

**Delaware Metropolitan Housing Authority**  
 Schedule of Findings  
 September 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant Deficiency(ies) identified  
 not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over compliance:

Material weakness(es) identified? No

Significant Deficiency(ies) identified  
 not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance  
 for major program: Unmodified

Any audit findings disclosed that are required  
 to be reported in accordance with  
 Circular A-133, Section .510(a)? No

Identification of major programs:  
 14.871 Housing Choice Vouchers

Dollar threshold used to distinguish  
 between Type A and Type B programs: \$300,000 (Type A)

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

**Delaware Metropolitan Housing Authority**  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2013

There were no audit findings, during the 2012 fiscal year.

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# 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  
JUNE 5, 2014**