

DELAWARE METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

September 30, 2014

Together with Auditors' Report



Dave Yost • Auditor of State

Board of Trustees
Delaware Metropolitan Housing Authority
PO Box 1292
222 Curtis Street
Delaware, OH 43015

We have reviewed the *Independent Auditor's Report* of the Delaware Metropolitan Housing Authority, Delaware County, prepared by Kevin L. Penn, Inc., for the audit period October 1, 2013 through September 30, 2014. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 8, 2015

This page intentionally left blank.

**DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE, OHIO**

Table of Content

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statement of Net Position	11
Statement of Revenues and Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	14
Financial Data Schedule – Balance Sheet	25
Financial Data Schedule – Statement of Revenue, Expenses Changes in Equity	26
Financial Data Schedule – Additional Information Required by HUD	27
Schedule of Expenditures of Federal Awards	28
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	29
Independent Auditors' Report on Compliance with Requirements Applicable to the Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133	31
Schedule of Findings	33
Summary Schedule of Prior Audit Findings	34



Kevin L.
Penn, Inc.

Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: klpenncpa@aol.com

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, 2014, 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, 2014, 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 Federal Awards Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, 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 December 15, 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.

December 15, 2014

Delaware Metropolitan Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2014

The Delaware Metropolitan Housing Authority's (the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- During FY 2014, the Authority's net position decreased by \$164,661 (or 43.93%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net positions were \$374,858 and \$210,197 for FY 2013 and FY 2014 respectively.
- The revenue decreased by \$579,299 (or 21.65%) during FY 2014, and was \$2,675,599 and \$2,096,300 for FY 2013 and FY 2014 respectively.
- During FY 2014, the total expenses of the Authority decreased by \$345,173 (or 13.25%). Total expenses were \$2,606,134 and \$2,260,961 for FY 2013 and FY 2014 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: 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 2014
Current and Other Assets	\$ 480,556	\$ 266,962
Capital Assets	19,457	29,819
Total Assets	<u>500,013</u>	<u>296,781</u>
Other Liabilities	35,649	14,935
Non-Current Liabilities	89,506	71,649
Total Liabilities	<u>125,155</u>	<u>86,584</u>
Net Position:		
Net Investment in Capital Assets	19,457	29,819
Unrestricted	176,497	175,045
Restricted	178,904	5,333
Total Net Position	<u>\$ 374,858</u>	<u>\$ 210,197</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 decreased by \$213,594 or 44.45% in fiscal year 2014 and, liabilities also were decreased by \$38,571 or 30.82%. The NRA cash was decreased by \$173,571 or 97%. FSS escrows accounts also decreased by \$30,720 in FY14.

Capital assets were increased by the current year's purchases of \$23,218 net depreciation of \$7,823 and 5,034 of dispositions. 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 9/30/2013		\$ 176,497
Results of Operations	8,910	
Adjustments:		
Depreciation (1)	7,823	
Adjusted Results from Operations		16,733
Capital Expenditures		<u>(18,185)</u>
Unrestricted Net Position as of 09/30/2014		<u><u>\$ 175,045</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 9/30/2013		\$178,904
Results of Operations		
Unused - HAP grant	(182,449)	
Fraud Recovery Income/FSS Forfeits	8,878	
Adjusted Results from Operations		<u>(173,571)</u>
Restricted Net position as of 9/30/2014		<u><u>\$5,333</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 2014
Revenues		
HUD PHA Operating Grants	\$ 2,635,916	\$ 2,059,361
Investment Income	299	580
Other Revenue – All	<u>39,384</u>	<u>36,359</u>
Total Revenue	2,675,599	2,096,300
Expenses		
Administrative	281,881	269,357
Maintenance	12,079	12,029
General	6,218	7,334
Housing Assistance Payment	2,299,600	1,964,418
Depreciation	<u>6,356</u>	<u>7,823</u>
Total Expenses	<u>2,606,134</u>	<u>2,260,961</u>
Net Increase/(Decrease)	<u>\$ 69,465</u>	<u>\$(164,661)</u>

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

HUD PHA Grants decreased by \$576,555 or 21.87%. Housing Assistance Payments also decreased by \$335,182 or 14.58% these combined resulted in a net decrease to the HAP reserve of \$173,571 in FY14. HUD recaptured a major portion of the NRA cash.

Administrative expenses continued to decrease in FY14.

The \$164,661 total decrease for FY2014 is the net result of a decrease of \$173,571 in the remaining HUD funds and an increase of \$8,910 in the authority's funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of 09/30/14 the Authority had \$29,819 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 2014
Equipment – Administrative	\$ 68,597	\$ 70,910
Accumulated Depreciation	(49,140)	(41,091)
Total	<u>\$ 19,457</u>	<u>\$29,819</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	\$ 19,457
Additions	23,219
Disposition	(5,034)
Depreciation	<u>(7,823)</u>
Ending Balance	<u>\$ 29,819</u>

Additions during the year: Mobizent Inspection Software \$5,500 and 2014 Ford Focus \$17,719.

Debt Outstanding

As of 09/30/14 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, 2014

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted (Note 2)	\$209,914
Accounts Receivable - Fraud Recovery	12,737
Allowance for Doubtful Accounts	(12,737)
Accounts Receivable - Other	361
Accounts Receivable - HUD	9,821
Prepaid Expenses	377
Total Current Assets	<u>220,473</u>

Non-Current Assets

Restricted Cash (Note 2)	46,489
Capital Assets: (Note 4)	
Furniture and Equipment	35,489
Vehicles	35,421
Accumulated Depreciation	(41,091)
Total Capital Assets	<u>29,819</u>
Total Non-Current Assets	<u>76,308</u>
TOTAL ASSETS	<u><u>\$296,781</u></u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	\$6,152
Accrued Expenses	2,681
Accounts Payable - HOME	151
Accrued Compensated Absences	5,951
Total Current Liabilities	<u>14,935</u>

Non-Current Liabilities

Family Self-Sufficiency Deposit Payable	41,005
Accrued Compensated Absences	30,644
Total Non-Current Liabilities	<u>71,649</u>
Total Liabilities	<u><u>\$86,584</u></u>

Net Position

Net Investment in Capital Assets	\$29,819
Restricted	5,333
Unrestricted	175,045
Total Net Position	<u><u>\$210,197</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, 2014

Operating Revenue:

HUD Operating Subsidies and Grants	\$2,059,361
Fraud Recovery	6,596
Other Revenue	<u>27,797</u>
Total Operating Revenue	2,093,754

Operating Expenses:

Housing Assistance Payments	1,964,418
Salaries	109,360
Employee Benefits	56,925
Other Administrative Expense	56,664
Tenant Services	46,408
Material and Operations	12,029
Depreciation Expense	7,823
General Expenses	<u>7,334</u>
Total Operating Expenses	<u>2,260,961</u>

Operating Income (Loss) (167,207)

Non-Operating Revenues (Expenses)

Investment Income	580
Gain on Sale of Capital Assets	<u>1,966</u>
Total Non-Operating Revenues (Expenses)	2,546

Change in Net Position (164,661)

Net Position - Beginning of Year 374,858

Net Position - End of Year \$210,197

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Cash Flows From Operating Activities:	
HUD operating subsidies and grants	\$2,049,540
Other receipts	36,939
Housing assistance payments	(1,964,418)
Cash payments to suppliers for goods and services	(154,449)
Cash payments for salaries and benefits	(166,285)
Other payments	<u>(7,334)</u>
Net Cash Provided (Used) by Operating Activities	(206,007)
Cash Flows From Capital and Related Financing Activities:	
Fixed Assets Addition	(23,219)
Investment Income	580
Proceeds from the Sale of Fixed Assets	<u>7,000</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,639)
Cash Flows From Investing Activities:	
	<u>0</u>
Net Cash Provided (Used) by Investing Activities	0
Increase (Decrease) in Cash and Cash Equivalents	(221,646)
Cash and Cash Equivalents - Beginning of Year	<u>478,049</u>
Cash and Cash Equivalents - End of Year	<u><u>\$256,403</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	(167,207)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	7,823
(Increase) decrease in:	
Accounts Receivable	1,796
Accrued Interest Receivable	(9,821)
Prepaid Expenses	(27)
Increase (decrease) in:	
Accounts Payable	2,035
Compensated Absences	5,951
Unearned Revenue	(16,063)
Accrued Expenses	226
Other Liabilities	<u>(30,720)</u>
Net cash used in operating activities	<u><u>\$(206,007)</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, 2014

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, 2014
(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 2014.

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, 2014, 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, 2014
(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 Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements:

Basic Financial Statements:

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

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Accounting and Reporting for Nonexchange Transactions (continued)

Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform). Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting Net Position, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

DELAWARE METROPOLITAN HOUSING AUTHORITY
 DELAWARE COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
 (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

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 2014 fiscal year was \$7,823.

Cash and Cash Equivalents

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

Compensated Absences

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

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

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, 2014.

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Estimates

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

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.

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 \$41,005; Accounts Payable – HOME of \$151 and Housing Assistance Payment equity balance of \$5,333. See Note 4 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.

DELAWARE METROPOLITAN HOUSING AUTHORITY
 DELAWARE COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
 (CONTINUED)

2. CASH AND CASH EQUIVALENTS

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

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

Cash and cash equivalents included in the Authority's cash position at September 30, 2014 are as follows:

Demand deposits:

Bank balance - Checking	\$18,142	Bank balance - Savings	\$241,304
Items-in-transit	<u>(3,068)</u>	Items-in-transit	<u>0</u>
Carrying balance	<u>\$15,074</u>	Carrying balance	<u>\$241,304</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 \$9,446 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, 2014, 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 2014, 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, 2014
(CONTINUED)

4. CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2014:

	<u>Balance</u> <u>10/1/ 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/14</u>
Business – Type Activities – Cost				
Furniture and Equipment	\$ 28,797	\$ 5,500	\$	\$ 34,297
Vehicles	38,608	17,719	(20,906)	35,421
Leasehold Improvements	<u>1,192</u>	<u> </u>	<u> </u>	<u>1,192</u>
Total at Cost	68,597	23,219	(20,906)	70,910
Less: accumulated depreciation				
Furniture and Equipment	(15,085)	(4,790)		(19,875)
Vehicles	(33,576)	(2,953)	15,872	(20,657)
Leasehold Improvements	<u>(479)</u>	<u>(80)</u>	<u> </u>	<u>(559)</u>
Total accumulated depreciation	(49,140)	(7,823)	15,872	(41,091)
Capital assets, net	<u>\$ 19,457</u>	<u>\$15,396</u>	<u>\$(5,034)</u>	<u>\$ 29,819</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, 2014
(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 2014 and 2013, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the years ended September 30, 2014, 2013, and 2012 were \$19,109; \$18,794 and \$22,396, respectively which were equal to the required contributions for each year. In fiscal year 2014, the Authority picked up the employees' share of OPERS that totaled \$15,219. 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 2013 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2013.

DELAWARE METROPOLITAN HOUSING AUTHORITY
 DELAWARE COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
 (CONTINUED)

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

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 2014 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, 2014, the accrual for compensated absences totaled \$36,595 and has been included in the accompanying Statement of Net Position.

The following is a summary of compensated absences at September 30, 2014:

Balance at 10/1/13	<u>Additions</u>	<u>Deletions</u>	Balance at 9/30/14	Due Within <u>One Year</u>
\$ 30,644	\$ 20,883	\$(14,932)	\$ 36,595	\$ 5,951

8. LEASES

The Delaware Metropolitan Housing Authority leases office space under a long-term lease that expired on the 30th day of April 2014. 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, 2014.

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, 2014
(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. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended September 30, 2014, 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, 2014

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

Line item	Account Description	Housing Choice Voucher	HOME Program	TOTALS
111	Cash - Unrestricted	\$ 209,914	\$ -	\$ 209,914
113	Cash - Other Restricted	46,338	151	46,489
100	Total Cash	256,252	151	256,403
122	Acct Rec-HUD	9,821		9,821
124	Acct Rec-Other Government	361		361
128	Fraud Recovery	12,717		12,717
128.1	Allow Doubtful Accounts	(12,717)		(12,717)
120	Net Total Receivables	10,182		10,182
142	Prepaid Expenses	377		377
150	Total Current Assets	266,811	151	266,962
164	F/E/M Admin.	69,718		69,718
165	Leasehold Improvements	1,192		1,192
166	Accum Depreciation	(41,091)		(41,091)
160	Net Fixed Assets	29,819	-	29,819
190	TOTAL ASSETS	\$ 296,630	\$ 151	\$ 296,781
312	A/P <= 90 days	\$ 6,152		\$ 6,152
321	Accrued Wage/Taxes Payable	2,681		2,681
322	Accrued Comp Abs - current	5,951		5,951
333	Acct. Pay. - Other Government		\$ 151	151
310	Total Current Liabilities	14,784	151	14,935
353	Non-Current Liabilities - Other	41,005		41,005
354	Accrued Comp Abs. - Noncurrent	30,644		30,644
	Total Liabilities	86,433	151	86,584
508.1	Net Investment in Capital Assets	29,819		29,819
511.1	Restricted Net Position	5,333		5,333
512.1	Unrestricted Net Position	175,045		175,045
513	Total Equity/Net Position	210,197	-	210,197
600	TOTAL LIAB. & NET POSITION	\$ 296,630	\$ 151	\$ 296,781

Delaware Metropolitan Housing Authority
Statement of Revenue and Expenses
September 30, 2014

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

Line item	Account Description	Housing Choice Voucher	Business Activities	TOTALS
706	HUD PHA Operating Grants	\$ 2,059,361	\$ -	\$ 18,221
711	Investment Income - PHA	580		580
714.01	Fraud Recovery - PHA	6,596		6,596
715	Other Revenue	19,527	8,270	27,797
716	Gain or Loss on Sale of Capital Assets	1,966		1,966
700	TOTAL REVENUE	2,088,030	8,270	2,096,300
911	Admin. Salaries	97,445	5,964	103,409
912	Audit	5,252		5,252
913	Bookkeeping Fee	11,868		11,868
915	Employee Benefits Contributions	54,619	2,306	56,925
916	Office Expenses	21,316		21,316
918	Travel	721		721
919	Other	17,507		17,507
	Total Operating - Admin.	208,728	8,270	216,998
921	Tenant Services - Salaries	33,084		33,084
923	Employee Benefits Contributions	13,324		13,324
925	Total Tenant Services	46,408	-	46,408
942	Ordinary Maint.	12,029		12,029
	Total Maint.	12,029	-	12,029
961.2	Insurance - Liab Insurance	4,494		4,494
961.3	Workmen's Compensation	2,840		2,840
	Total Insurance	7,334	-	7,334
962.1	Comp Abs	5,951		5,951
	TOTAL OPERATING EXPENSES	280,450	8,270	288,720
970	Excess Oper. Rev. over Exp.	1,807,580	-	1,807,580
973	HAP	1,951,429		1,951,429
973.5	HAP Portability-In	12,989		12,989
974	Depreciation Exp	7,823		7,823
900	TOTAL EXPENSES	2,252,691	8,270	2,260,961
1000	NET INCOME (LOSS)	\$ (164,661)	\$ -	\$ (164,661)

Delaware Metropolitan Housing Authority
Additional Information Required by HUD
September 30, 2014

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

Line item	Account Description	Housing Choice Voucher
11030	Beginning Equity	\$ 374,858
11170	Administrative Fee Equity	\$ 204,864
11180	Housing Assistance Payment Equity	\$ 5,333
11190	Unit Months Available	5,292
11210	Number of Unit Months Leased	5,037

Delaware Metropolitan Housing Authority

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2014

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Direct Program		
Section 8 Housing Choice Vouchers	14.871	\$ 2,059,361
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,059,361</u>

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



Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: kpenncpa@aol.com

**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, 2014, and the related notes to the financial statements, and have issued my report thereon dated December 15, 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 we must report under *Government Auditing Standards*.

I noted certain matters that I reported to management of Delaware Metropolitan Housing Authority's in a separate letter dated December 15, 2014

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.

December 15, 2014



Kevin L.
enn, Inc.

Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: klpenncpa@aol.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE 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 the 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, 2014. 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 the 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 each of its major federal program for the year ended September 30, 2014.

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.

December 15, 2014

Delaware Metropolitan Housing Authority
 Schedule of Findings
 September 30, 2014

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, 2014

There were no audit findings, during the 2013 fiscal year.

This page intentionally left blank.



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 21, 2015**