AUDITED BASIC FINANCIAL STATEMENTS

OF THE

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELWARE COUNTY

OCTOBER 1, 2007 – SEPTEMBER 30, 2008

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

We have reviewed the *Independent Auditors' Report* of the Delaware Metropolitan Housing Authority, Delaware County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2007 through September 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Delaware Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 16, 2009

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DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Delaware Metropolitan Housing Authority, Delaware County, Ohio (the Authority) as of and for the fiscal year ended September 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware Metropolitan Housing Authority, Delaware County, as of September 30, 2008, and the changes in its financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 9, the Authority implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" and GASB Statement No. 50, "Pension Disclosures".

In accordance with *Government Auditing Standard*s, we have also issued a report dated March 17, 2009 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting supplementary information. However, we did not audit the information and express no opinion on it.

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 17, 2009

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- During fiscal year 2008, the Authority's net assets decreased by $31,660 (or 7%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were $476,160 and $444,500 for fiscal year 2007 and fiscal year 2008, respectively.

- Total revenues decreased by $124,191 (or 5%) during fiscal year 2008, and was $2,567,842 and $2,443,651 for fiscal year 2007 and fiscal year 2008, respectively.

- Total expenses of the Authority increased by $127,669 (or 5%). Total expenses were $2,347,642 and $2,475,311 for fiscal year 2007 and fiscal year 2008, respectively.

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008
(UNAUDITED)

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information".

MD&A

~ Management's Discussion
and Analysis ~ pgs 3-11

Basic Financial Statements

~ Basic Financial Statements – pgs 13-15 ~
~ Notes to the Basic Financial Statements – pgs 16-23 ~

Other Required Supplementary Information

~ Required Supplementary Information – none ~

The primary focus of the Authority's financial statements is on the Authority as a whole. The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (year-to-year or Authority-to-Authority) and enhance the Authority's accountability.

Government-Wide Financial Statements

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

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

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

Net Assets, Invested in Capital Assets: This component of Net Assets consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

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

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

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

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

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

The Authority's Fund

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

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

Business-Type Activities

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

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

> Home Investment Partnership Program – represents other HUD grant resources developed from contracts with the City of Delaware.
>
> Business Activities – represents non-HUD resources developed from a variety of activities, including services to other entities.

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AUTHORITY-WIDE STATEMENT

Statement of Net Assets

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

STATEMENT OF NET ASSETS

	2008	2007
Current and Other Assets	$ 571,559	$ 637,432
Capital Assets	6,084	9,352
Total Assets	577,643	646,784
Current Liabilities	120,839	8,125
Non-Current Liabilities	12,304	162,499
Total Liabilities	133,143	170,624
Net Assets:		
Invested in Capital Assets	6,084	9,352
Restricted	226,744	290,584
Unrestricted	211,672	176,224
Total Net Assets	$444,500	$476,160

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

Major Factors Affecting the Statement of Net Assets

Current and other assets decreased by $65,873 or 10% in fiscal year 2008, and total liabilities decreased by $37,481 or 22%. The Authority used some of their restricted cash to pay for fiscal year HAP expenses and there was a reduction of Family Self Sufficiency (FSS) liability, both caused the reduction in cash and liabilities. Since FSS participants are nearing their contract end date as well as the Authority seeing an increase in participants reaching goals early, the FSS liability previously reported as a non-current liability has been recorded for fiscal year 2008 as a current liability.

Capital assets were decreased by the current year's depreciation of $4,460 less acquisitions of $1,192 for a net decrease of $3,268. For more detail, see "Capital Assets and Debt Administration" on page 10.

CHANGES IN UNRESTRICTED NET ASSETS

Unrestricted Net Assets October 1, 2007		$ 176,224
Results of Operations Related to Administrative Fee	$ 32,180	
Adjustments:		
Depreciation (1)	4,460	
Adjusted Results from Operations		36,640
Capital Expenditures		(1,192)
Unrestricted Net Assets September 30, 2008		$ 211,672

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

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

CHANGES IN RESTRICTED NET ASSETS

Restricted Net Assets October 1, 2007		$ 290,584
Results of Operations		
Adjustments:		
HAP Supplemented from Reserve	$(81,758)	
Allocated Portion of Fraud Recovery Collected	2,271	
Family Self-Sufficiency Forfeits	8,702	
Interest Earned	6,945	
Adjusted Results from Operations		(63,840)
Restricted Net Assets September 30, 2008		$ 226,744

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	2008	2007
Revenues		
HUD PHA Operating Grants	$2,415,073	$2,452,901
Interest	12,909	2,306
Other Revenue	15,669	112,635
Total Revenues	2,443,651	2,567,842
Expenses		
Administrative Salaries and Employee Benefits	195,320	203,970
Other Administrative	78,726	103,325
Maintenance	10,447	8,053
General	7,280	8,292
Housing Assistance Payments	2,179,078	2,018,213
Depreciation	4,460	5,789
Total Expenses	2,475,311	2,347,642
Change in Net Assets	(31,660)	220,200
Net Assets at October 1	476,160	255,960
Net Assets at September 30	$ 444,500	$ 476,160

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

HUD PHA Operating Grants decreased by $37,828 or 2% due to changes in the voucher program funding.

Housing Assistance Payments (HAP) increased because of the increase in Home Program HAP expenditures in fiscal year 2008. The Authority also had increases in HAP expenses for the Voucher program caused by higher payment standards and continuing high leasing rate. In fiscal year 2007, a total of 5,347 unit months were leased, this represents a 101% leasing rate and in fiscal year 2008, a total of 5,235 unit months were leased for a 98.9% leasing rate.

Administrative Salaries and Employee Benefits Expenses decreased due to the staffing changes during the fiscal year.

Most other expenses fluctuated moderately due to inflation and need.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2008, the Authority had $6,084 invested in capital assets, as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation).

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

	Business-Type Activities	
	2008	2007
Capital Assets, Cost	$55,792	$55,104
Accumulated Depreciation	(49,708)	(45,752)
Total	$ 6,084	$ 9,352

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

CHANGE IN CAPITAL ASSETS

	Business-Type Activities
Beginning Balance, Net	$ 9,352
Additions	1,192
Depreciation	(4,460)
Ending Balance, Net	$ 6,084

Additions for fiscal year 2008 totaled $1,192 for leasehold improvements. There were $504 in disposals for 2008 as these items were fully depreciated, and therefore had no impact on the change in capital assets as outlined above.

Debt Outstanding

As of September 30, 2008, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

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DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

Assets		
Current Assets		
Cash and Cash Equivalents	$	223,912
Accounts Receivable, Net		9,893
Accrued Interest Receivable		74
Prepaid Items		369
Total Current Assets		234,248
Non-Current Assets		
Restricted Cash		337,311
Capital Assets:		
Capital Assets, Cost		55,792
Accumulated Depreciation		(49,708)
Total Capital Assets		6,084
Total Non-Current Assets		343,395
Total Assets		577,643
Liabilities		
Current Liabilities		
Accounts Payable		3,201
Accrued Wages and Payroll Taxes		2,851
Accrued Compensated Absences		4,220
Family Self-Sufficiency Deposits Payable		110,567
Total Current Liabilities		120,839
Non-Current Liabilities		
Accrued Compensated Absences		12,304
Total Non-Current Liabilities		12,304
Total Liabilities		133,143
Net Assets		
Invested in Capital Assets		6,084
Restricted		226,744
Unrestricted		211,672
Total Net Assets	$	444,500

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

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Operating Revenues		
HUD PHA Operating Grants		$ 2,415,073
Other Revenues		15,669
Total Operating Revenue		2,430,742
Operating Expenses		
Housing Assistance Payments	$ 2,179,078	
Administrative Salaries	135,281	
Employee Benefits	55,819	
Compensated Absences	4,220	
Other Administrative	78,726	
Material and Labor - Maintenance	10,447	
Depreciation	4,460	
General	7,280	
Total Operating Expenses		2,475,311
Operating Loss		(44,569)
Non-Operating Revenues		
Interest		12,909
Change in Net Assets		(31,660)
Net Assets at October 1, 2007		476,160
Net Assets at September 30, 2008		$ 444,500

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

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Cash flows used in operating activities	
Cash received from HUD Programs	$ 2,409,748
Cash received from other sources	6,977
Cash payments to employees for services	(190,543)
Cash payments for goods and services - HUD Programs	(2,179,078)
Cash payments for goods and services	(129,655)
Net cash used in operating activities	(82,551)
Cash flows used in capital activities	
Purchase of capital assets	(1,192)
Net cash used in capital activities	(1,192)
Cash flows provided by investing activities	
Interest	12,909
Net cash provided by investing activities	12,909
Net change in cash and cash equivalents	(70,834)
Cash and cash equivalents at October 1, 2007	632,057
Cash and cash equivalents at September 30, 2008	$ 561,223
Adjustments to reconcile operating loss to net cash used in operating activities	
Operating Loss	$ (44,569)
Depreciation	4,460
Changes in assets and liabilities:	
Accounts Receivable	(4,982)
Prepaid Items	20
Accounts Payable	(628)
Accrued Wages and Payroll Taxes	556
Accrued Compensated Absences	4,220
Other Liabilities	(41,628)
Net cash used in operating activities	$ (82,551)

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

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.

Excluded Entity

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

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

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

The responsibility of the Authority was to make application to the State of Ohio, Ohio Department of Development pursuant to their Energy, Home Investment Partnership, and Section 403 planning grant programs, and the Ohio Housing Finance Agency for their compensating balance and interim development loan programs in order to obtain grants or deferred loans for the development of the Project. The Hidden Ridge Limited Partnership is comprised of 60 units and is occupied by households whose income at the time of initial occupancy is at or below 50% of the area median income. The project has since been completed. As of September 30, 2008, no further projects exist.

The Authority leases office space from the Hidden Ridge Limited Partnership for $1 per year. The terms of the lease are described in Note 7. In addition, as of September 30, 2008, 28 of the 60 units were occupied by individuals that participate in the Housing Choice Voucher Program that is administered by the Authority.

<u>Fund Accounting</u>

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

Proprietary Fund Types:

Proprietary funds are used to account for the Authority's ongoing activities that are similar to those found in the private sector. The following is the Authority's only proprietary fund type:

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Measurement Focus/Basis of Accounting

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

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold used by the Authority is $500. The following are the useful lives used for depreciation purposes:

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislature adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulation of other governments. The amount reported as restricted net assets at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Authority first applies restricted net assets. The Authority did not have net assets restricted by enabling legislature at September 30, 2008.

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 and Housing Assistance Payment equity balance. See Note 5 for additional information concerning Family Self-Sufficiency restricted assets.

Operating Revenues and Expenses

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

Accounts Receivable

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

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.

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, 2008 are as follows:

Demand deposits:

Bank balance - Checking	$58,525	Bank balance - Savings	$310,826
Items-in-transit	(12,303)	Items-in-transit	-
Carrying balance	$46,222	Carrying balance	$310,826

Of the fiscal year-end cash balance, $58,525 of the checking account balance and $100,000 of the savings was covered by federal deposit insurance, $25 was maintained in petty cash funds and the remaining balance of $210,826 along with $204,150 held in certificates of deposits was covered by pledged and pooled securities held by third-party trustees maintaining collateral for all public funds on deposit.

Based on the Authority having only demand deposits at September 30, 2008, 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 2008, 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.

4. CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2008:

	Balance October 1, 2007	Additions	Disposals	Balance September 30, 2008
Business-Type Activities - Cost				
Furniture and equipment	$ 19,249	$ -	$ (504)	$ 18,745
Vehicles	35,855	-	-	35,855
Leasehold Improvements	-	1,192	-	1,192
Total at cost	55,104	1,192	(504)	55,792
Less: accumulated depreciation				
Furniture and equipment	(16,389)	(841)	504	(16,726)
Vehicles	(29,363)	(3,540)	-	(32,903)
Leasehold Improvements	-	(79)	-	(79)
Total accumulated depreciation	(45,752)	(4,460)	504	(49,708)
Capital assets, net	$ 9,352	$ (3,268)	$ -	$ 6,084

5. FSS ESCROW PAYABLE

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

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

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

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

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

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

Funding Policy – The Authority and covered employees contribute at actuarially determined rates for 2008, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority’s contributions to OPERS for the years ended September 30, 2008, 2007, and 2006 were $18,888, $16,092, and $13,103, respectively which were equal to the required contributions for each year. In fiscal year 2008, the Authority picked up the employees’ share of OPERS that totaled $13,358. Employer contributions equaled 100% of employer charges.

Other Postretirement Benefits – OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). The portion of employer contributions, for all employers, allocated to health care was 6.00% from July 1 through December 31, 2007 and 7.00% from January 1 through September 30, 2008. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to OPERS.

Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute. The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076.

Employer contributions made to fund post-employment benefits were approximately $7,083.

The assumptions and calculations used below were based on the System’s latest Actuarial Review performed as of December 31, 2007 (latest actuarial review). An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2007 was 6.5 percent.

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

Health care costs were assumed to increase at a projected wage inflation rate plus an additional factor ranging from .50% to 4% for the next 7 years. In subsequent years (8 and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

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

As of December 31, 2007, the audited estimated net assets available for OPEB were $12.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were $29.8 billion and $17 billion, respectively.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

7. LEASES

The Delaware Metropolitan Housing Authority leases office space under a long-term lease that expired on the 30^{th} day of April 2008. 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.

8. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2008.

B. Litigation

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

9. CHANGE IN ACCOUNTING PRINCIPLE

For 2008, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions” and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with the Statement for OPERS postemployment healthcare, which are the same as the previously reported liabilities.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any changes to the financial statements.

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DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2008

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers
	Current Assets	
	Cash	
111	Cash - Unrestricted	$ 223,912
113	Cash - Other Restricted	337,311
100	Total Cash	561,223
	Accounts Receivable	
122	HUD Other Project	9,514
125	Miscellaneous	379
128	Fraud Recovery	12,889
128.1	Allowance for Doubtful Accounts	(12,889)
129	Accrued Interest Receivable	74
120	Total Receivables, Net of Allowance for Doubtful Accounts	9,967
	Other Assets	
142	Prepaid Items	369
	Total Other Assets	369
150	Total Current Assets	571,559
	Noncurrent Assets	
	Capital Assets	
164	Furniture and Equipment - Administration	54,600
165	Leasehold Improvements	1,192
166	Accumulated Depreciation	(49,708)
160	Total Capital Assets net of accumulated depreciation	6,084
180	Total Noncurrent Assets	6,084
190	Total Assets	$ 577,643

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

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2008
(Continued)

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers
	Current Liabilities	
312	Accounts Payable	$ 3,201
321	Accrued Wages and Payroll Taxes	2,851
322	Accrued Compensated Absences - Current	4,220
345	Other Current Liabilities	110,567
310	Total Current Liabilities	120,839
	Non-Current Liabilities	
354	Accrued Compensated Absences-Non-Current	12,304
350	Total Non-Current Liabilities	12,304
300	Total Liabilities	133,143
	Net Assets	
508.1	Invested in Capital Assets	6,084
511.1	Restricted Net Assets	226,744
512.1	Unrestricted Net Assets	211,672
	Total Net Assets	444,500
600	Total Liabilities and Net Assets	$ 577,643

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2008

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	14.239 Home Investment Partnership Program	Business Activities	Total
	Revenue				
70600-010	Housing Assistance Payment Revenues	$ 1,988,729	$ -	$ -	$ 1,988,729
70600-020	Administrative Fees Revenues	262,875	-	-	262,875
70600-031	FSS Coordinator	45,506	-	-	45,506
70600	HUD PHA Operating Grants	2,297,110	-	-	2,297,110
70600	HUD PHA Operating Grants	-	117,963	-	117,963
71100	Investment Income - Unrestricted	5,964	-	-	5,964
71400-010	Housing Assistance Payments	2,271	-	-	2,271
71400-020	Administrative Fees	2,271	-	-	2,271
71400	Fraud Recovery	4,542	-	-	4,542
71500	Other Revenue	8,702	-	2,425	11,127
72000	Investment Income - Restricted	6,945	-	-	6,945
70000	Total Revenue	2,323,263	117,963	2,425	2,443,651
	Expenses				
91100	Administrative Salaries	127,023	6,560	1,698	135,281
91200	Auditing Fees	5,360	-	-	5,360
91400	Advertising and Marketing	155	-	-	155
91500	Employee Benefit Contribution - Administrative	53,831	1,643	345	55,819
91600	Office Expenses	17,868	-	-	17,868
91700	Legal Expense	60	-	-	60
91800	Travel	7,043	-	-	7,043
91900	Other	46,689	1,169	382	48,240
91000	Total Operating - Administrative	258,029	9,372	2,425	269,826
94200	Ordinary Maintenance and Operations - Materials and Other	10,447	-	-	10,447
94000	Total Maintenance and Operations	10,447	-	-	10,447
96120	Liability Insurance	6,321	-	-	6,321
96130	Workmen's Compensation	959	-	-	959
96100	Total Insurance Premiums	7,280	-	-	7,280
96200	Compensated Absences	4,220	-	-	4,220
	Total Other General Expenses	4,220	-	-	4,220
96900	Total Operating Expenses	279,976	9,372	2,425	291,773
97000	Excess Operating Revenue Over Operating Expenses	2,043,287	108,591	-	2,151,878
	Other Expenses				
97300-010	Mainstream 1 & 5 year	334,938	-	-	334,938
97300-020	Home-Ownership	39,959	-	-	39,959
97300-050	All Other	1,695,590	-	-	1,695,590
97300	Housing Assistance Payments	2,070,487	-	-	2,070,487
97300	Housing Assistance Payments	-	108,591	-	108,591
97400	Depreciation Expense	4,460	-	-	4,460
90000	Total Expenses	2,354,923	117,963	2,425	2,475,311
10000	Excess of Revenues over Expenses	(31,660)	-	-	(31,660)
11030	Beginning Net Assets	476,160	-	-	476,160
11170	Administrative Fee Equity	217,756	-	-	217,756
11180	Housing Assistance Payment Equity	226,744	-	-	226,744
	Total Ending Net Assets	$ 444,500	$ -	$ -	$ 444,500

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

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers		
11170-001	Administrative Fee Equity - Beginning Balance			$ 185,576
11170-010	Administrative Fee Revenue	$ 262,875		
11170-021	FSS Coordinator Grant	45,506		
11170-040	Investment Income	5,964		
11170-045	Fraud Recovery Revenue	2,271		
11170-050	Other Revenue	-		
11170-060	Total Administrative Fee Revenues		316,616	
11170-080	Total Operating Expenses	279,976		
11170-090	Depreciation	4,460		
11170-110	Total Expenses		284,436	
11170-002	Net Administrative Fee			32,180
11170-003	Administrative Fee Equity - Ending Balance			217,756
11170	Administrative Fee Equity			$ 217,756
11180-001	Housing Assistance Payments Equity - Beginning Balance			$ 290,584
11180-010	Housing Assistance Payment Revenues	1,988,729		
11180-015	Fraud Recovery Revenue	2,271		
11180-020	Other Revenue	8,702		
11180-025	Investment Income	6,945		
11180-030	Total Housing Assistance Payments Revenues		2,006,647	
11180-080	Housing Assistance Payments	2,070,487		
11180-100	Total Housing Assistance Payments Expenses		2,070,487	
11180-002	Net Housing Assistance Payments			(63,840)
11180-003	Housing Assistance Payments Equity - Ending Balance			226,744
11180	Housing Assistance Payments Equity			$ 226,744

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor / Pass Through Grantor Program Title	Pass-Through Number	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Section 8 Housing Choice Vouchers	N/A	14.871	$ 2,297,110
Passed through the City of Delaware:			
Home Investment Partnership Program Community Housing Improvement Program (CHIP)	A-C-06-112-2	14.239	117,963
Total Federal Awards Expenditures			$ 2,415,073

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

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

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

We have audited the financial statements of the Delaware Metropolitan Housing Authority, Delaware County, Ohio (the Authority) as of and for the fiscal year ended September 30, 2008 which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 17, 2009. As disclosed in Note 9, the Authority implemented GASB Statement No.'s 45 and 50. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

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

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Compliance and Other Matters

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 17, 2009

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

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

Compliance

We have audited the compliance of the Delaware Metropolitan Housing Authority, Delaware County, Ohio (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended September 30, 2008. The summary of auditor's results section to the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Delaware Metropolitan Housing Authority, Delaware, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended September 30, 2008.

Internal Control over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 17, 2009

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

SEPTEMBER 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material non-compliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for a major federal program?**	No
(d)(1)(iv)	**Were there any other significant deficiencies reported for a major federal program?**	No
(d)(1)(v)	**Type of Major Program's Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Program (list):**	Section 8 Housing Choice Vouchers/CFDA #14.871
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

SEPTEMBER 30, 2008

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None

DELAWARE METROPOLITAN HOUSING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.505

SEPTEMBER 30, 2008

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**:
2007-001	The Authority did not submit the financial reporting package to the Federal Clearinghouse in a timely manner.	Yes	NA.

DELAWARE METROPOLITAN HOUSING AUTHORITY

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 7, 2009