

**DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY**

Single Audit

For the Fiscal Year Ended September 30, 2022



# OHIO AUDITOR OF STATE KEITH FABER



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Board of Directors  
Delaware Metropolitan Housing Authority  
117 N Greenwood St. Ste 12  
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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, 2021 through September 30, 2022. 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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

May 04, 2023

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**DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE, OHIO**

Table of Content

Independent Auditor's Report	1
<b><u>Prepared by Management:</u></b>	
Management's Discussion and Analysis	4
<b><u>Basic Financial Statements:</u></b>	
Statement of Net Position	13
Statement of Revenues and Expenses and Changes in Net Position	15
Statement of Cash Flows	16
Notes to Financial Statements	17
<b><u>Required Supplementary Information:</u></b>	
Schedule of Authority's Proportionate Share of the Net Pension Liability	37
Schedule of Authority's Proportionate Share of the Net OPEB Liability	38
Schedule of Authority's Contributions	39
Notes to the Required Supplementary Information	40
<b><u>Supplementary Information:</u></b>	
Financial Data Schedule – Balance Sheet	41
Financial Data Schedule – Statement of Revenue and Expenses	42
Schedule of Expenditures of Federal Awards	43
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	44
Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by the Uniform Guidance	46
Schedule of Findings	48
Summary Schedule of Prior Audit Findings	49

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Kevin L.  
**Penn, Inc.**

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## **INDEPENDENT AUDITOR'S REPORT**

Delaware Metropolitan Housing Authority  
Delaware County  
222 Curtis Street  
Delaware, Ohio 43015

To the Board of Trustees

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

I have audited the financial statements of the business-type activities, of the Delaware Metropolitan Housing Authority, Delaware County, Ohio, as of and for the year ended September 30, 2022, 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.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Delaware Metropolitan Housing Authority, Delaware County, Ohio as of September 30, 2022, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of the Delaware Metropolitan Housing Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delaware Metropolitan Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Delaware Metropolitan Housing Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delaware Metropolitan Housing Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.



## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements.

I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delaware Metropolitan Housing Authority's basic financial statements. The Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such 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, the Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated April 14, 2023, 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. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delaware Metropolitan Housing Authority's 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.  
Cleveland, Ohio

April 14, 2023

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

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

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

**FINANCIAL HIGHLIGHTS**

- During FY 2022, the Authority’s net position increased by \$19,354. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net positions were \$316,991 and \$336,345 for FY 2021 and FY 2022 respectively.
- The revenue decreased by \$121,347 during FY 2022, and was \$3,028,154 and \$2,906,807 for FY 2021 and FY 2022 respectively.
- Total expenses increased by \$189,434 during FY 2022 and were \$2,698,019 and \$2,887,453 for FY 2021 and FY 2022 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 pages 13-16) 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.

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

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 16) 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. The funds maintained by the Authority are required by the Department of Housing and Urban Development.

### **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.

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

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.

The net pension liability (NPL) is the largest single liability reported by the Authority at June 30, 2021 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For fiscal year 2018, the Authority adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pension costs (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability or net OPEB liability*. GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority’s proportionate share of each plan’s collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute.

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

The Ohio revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is for the administration of the plan pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

**Statement of Net position**

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

	2022	2021
Current and Other Assets	\$ 663,735	\$ 574,350
Capital Assets	<u>31,545</u>	<u>26,921</u>
Total Assets	<u>695,280</u>	<u>601,271</u>
Deferred Outflows of Resources	<u>34,649</u>	<u>178,672</u>
Current Liabilities		
	14,625	57,400
Non-Current Liabilities	<u>204,163</u>	<u>243,018</u>
Total Liabilities	<u>218,788</u>	<u>300,418</u>
Deferred Inflows of Resources	<u>174,796</u>	<u>162,534</u>
Net position:		
Net Investment in Capital Assets	19,495	26,921
Restricted	36,761	57,192
Unrestricted	<u>280,089</u>	<u>232,878</u>
Total Net Position	<u>\$ 336,345</u>	<u>\$ 316,991</u>

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

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

Current and other assets increased by \$89,385 in fiscal year 2022, mostly due to the current year increases in Restricted & Unrestricted funds. Changes to deferred outflows/inflows, net OPEB asset and net pension liability were the result of GASB 68 and GASB 75 entries for fiscal year 2022 compared to fiscal year 2021.

Capital assets increased \$4,624 in 2022 the result of the current fiscal year depreciation net purchases. For more detail see “Capital Assets and Debt Administration” in the notes.

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

The following table presents details on the change in Unrestricted Net position

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

**TABLE 2**

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net position as of 9/30/2021		\$ 232,878
Results of Operations	51,836	
Adjustments:		
Depreciation (1)	<u>10,169</u>	
Adjusted Results from Operations		62,005
Capital Expenditures		<u>(14,794)</u>
Unrestricted Net position as of 9/30/2022		<u><u>\$ 280,089</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.

**CHANGE OF RESTRICTED NET POSITION**

Restricted Net position as of 9/30/2021		\$ 57,192
Results of Operations		
HAP reserves used	(25,600)	
Fraud Recovery Income	<u>5,169</u>	
Adjusted Results from Operations		<u>(20,431)</u>
Restricted Net position as of 9/30/2022		<u><u>\$ 36,761</u></u>

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

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

**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.

	<u>2022</u>	<u>2021</u>
Revenues		
HUD PHA Operating Grants	\$ 2,814,820	\$ 2,879,796
Investment Income	159	171
Other Revenue	<u>91,828</u>	<u>148,187</u>
Total Revenue	<u>2,906,807</u>	<u>3,028,154</u>
Expenses		
Administrative	336,740	277,695
Tenant Services	1,283	9,730
Maintenance	4,886	6,147
Protective Services	456	456
General and Other	20,804	(30,029)
Pension & OPEB Expense	44,494	-
Housing Assistance Payment	2,468,022	2,427,760
Interest Expense	599	-
Depreciation and Amortization	<u>10,169</u>	<u>6,260</u>
Total Expenses	<u>2,887,453</u>	<u>2,698,019</u>
Change in Net Position	19,354	330,135
Net Position Beginning of Fiscal Year	<u>316,991</u>	<u>(13,144)</u>
Net Position End of Fiscal Year	<u>\$ 336,345</u>	<u>\$ 316,991</u>

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

HUD PHA Grants for FY2022 decreased by \$64,976 due to funding changes in both HAP & Admin funding and Cares Act COVID-19 Admin funding.

Other revenues represent income from providing services to other housing authorities, revenues from tenant fraud recovery, and FSS forfeitures decreased in FY2022 by \$56,359 due to changes in fraud recovery, forfeitures and service incomes.

Housing Assistance Payments Expense in FY22 increased by \$40,262 which is expected due to low fluctuation in unit months leased between fiscal years.

The net increase of \$19,354 was primarily the result of a \$41,312 decrease to HAP reserves offset by a \$21,547 increase in the fiscal year administrative operations.



**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**

As of September 30, 2022, the Authority had \$31,545 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)**

	<u>2022</u>	<u>2021</u>
Building Improvements	\$ 1,192	\$ 1,192
Equipment and Furniture	51,506	36,712
Vehicles	24,900	24,900
Accumulated Depreciation	<u>(46,053)</u>	<u>(35,883)</u>
Total	<u>\$ 31,545</u>	<u>\$ 26,921</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements.

**CHANGE IN CAPITAL ASSETS**

Beginning Balance	\$ 26,921
Additions	14,794
Rounding	(1)
Depreciation	<u>(10,169)</u>
Ending Balance	<u>\$ 31,545</u>

Additions during the fiscal year include postage meter and copier which were obtained through leases and capitalized based on implementation of GASB 87; there were no disposals of assets during fiscal year 2022.

**Debt Outstanding**

During fiscal year 2022, the Authority entered into two lease agreements for the use of a postage meter and a copier. The initial lease liabilities were \$4,291 and \$10,503, respectively and outstanding balance as of September 30, 2022, are \$3,495 and \$8,555, respectively. Lease liability is presented in detail in Note 9 of the notes to the basic financial statements.

**Delaware Metropolitan Housing Authority**  
**DELAWARE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

DELAWARE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

ASSETS

**Current Assets**

Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 540,550
Accounts Receivable - Fraud Recovery	4,260
Allowance for Doubtful Accounts	(4,260)
Accounts Receivable - Other Government	7,891
Prepaid Expenses	<u>424</u>
Total Current Assets	548,865

**Non-Current Assets**

Restricted Cash (Note 2)	77,284
Non-Current Assets	
Depreciable Capital Assets - (Note 4)	19,710
Right of Use Assets - Lease	14,794
Accumulated Amortization - Lease	<u>(2,959)</u>
Total Capital Assets	31,545
Other Assets	<u>37,586</u>
Total Non-Current Assets	

Deferred Outflow of Resources

Net Pension Liability	<u>34,649</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u><u>\$ 729,929</u></u>

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

DELAWARE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

**Current Liabilities**

Accounts Payable	\$ 728
Accrued Expenses	542
Accrued Compensated Absences	10,542
Lease Liability - Current Portion	2,813
Total Current Liabilities	<u>14,625</u>

**Non-Current Liabilities**

Family Self-Sufficiency Deposit Payable	40,523
Net Pension Liability	112,235
Lease Liability - Less Current Portion	9,237
Accrued Compensated Absences	42,168
Total Non-Current Liabilities	<u>204,163</u>
Total Liabilities	<u>\$ 218,788</u>

**Deferred Inflow of Resources**

Net Pension Liability - (Note 5)	\$ 135,962
Net OPEB Liability - (Note 6)	38,834
Total Deferred Inflow of Resources	<u>\$ 174,796</u>

**Net Position**

Net Investment in Capital Assets	\$ 19,495
Restricted	36,761
Unrestricted	280,089
Total Net Position	<u>\$ 336,345</u>

TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 729,929</u>
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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, 2022

**Operating Revenue:**

HUD Operating Subsidies and Grants	\$ 2,814,820
Fraud Recovery	10,337
Other Revenue	81,491
Total Operating Revenue	<u>2,906,648</u>

**Operating Expenses:**

Housing Assistance Payments	2,468,022
Administrative	336,740
Tenant Services	1,283
Material and Operations	4,886
Protective Services	456
General and Insurance	20,804
Pension & OPEB Expense	44,494
Depreciation and Amortization	10,169
Total Operating Expenses	<u>2,886,854</u>

Operating Income (Loss)	19,794
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Non-Operating Revenues (Expenses)

Interest Revenue	159
Interest Expense	<u>(599)</u>
Total Non-Operating Revenues (Expenses)	<u>(440)</u>

Change in Net Position	19,354
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Net Position - Beginning of Year	<u>316,991</u>
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Net Position - End of Year	<u>\$ 336,345</u>
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The accompanying notes are an integral part of the financial statements.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cash Flows From Operating Activities:

Cash received from HUD operating subsidies and grants	\$ 2,827,830
Cash received from other sources	91,828
Cash payments for goods or services - HUD	(2,488,903)
Cash payments for goods and services	(82,246)
Cash payments for employees for services	(270,365)
	<hr/>
Net Cash Provided (Used) by Operating Activities	78,144

Cash Flows From Investing Activities:

Interest Income	159
	<hr/>
Net Cash Provided (Used) by Investing Activities	159

Cash Flows From Financing Activities:

Proceeds from Lease Liability	14,794
Principal paid on Lease	(2,744)
Interest paid on Lease	(599)
Capital Asset Additions	(14,794)
	<hr/>
Net Cash Provided (Used) by Capital and Related Activities	(3,343)
	<hr/>
Net Cash (Decrease) in Cash and Cash Equivalents	74,960

Cash and Cash Equivalents - Beginning of Year	<hr/> 542,874
Cash and Cash Equivalents - End of Year	<u>\$ 617,834</u>

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:

Operating Income (Loss)	\$ 19,794
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation and Amortization	10,169
Accounts Receivable	(338)
Prepaid Expenses	(36)
Other Assets	(14,051)
Deferred Outflow of Resources	144,023
Increase (decrease) in:	
Accounts Payable	(6,975)
Compensated Absences	13,999
Accrued Expenses	490
Other Liabilities	2,654
Unearned Revenue	(6,107)
Accrued Pension	(97,740)
Deferred Inflow of Resources	12,262
	<hr/>
Net Cash Provided (Used) by Operating Activities	<u>\$ 78,144</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, 2022

**NOTE 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, 2022  
(CONTINUED)

**NOTE 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 2022.

The Authority leases office space from the Hidden Ridge Limited Partnership for \$1 per year. The terms of the lease are described in Note 10. In addition, as of September 30, 2022, 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.

*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.



DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus/Basis of Accounting

The 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).

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.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Accounting and Reporting for Nonexchange Transactions (continued)

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.

Deferred inflow/outflow of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. The deferred inflows of resources related to pension and OPEB are explained in Note 6 and 7.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
 DELAWARE COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
 (CONTINUED)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/PEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

Capital Assets

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

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

Total depreciation expense for the 2022 fiscal year was \$7,210.

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.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

Net Position

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets consist of capital assets net of accumulated depreciation and net of related debt. Net position 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 had restricted net position for Housing Assistance Payment equity balance of \$36,761 at September 30, 2022.

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 \$40,523 and Housing Assistance Payment equity balance of \$36,761. 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.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
 DELAWARE COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
 (CONTINUED)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

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.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Adoption of GASB Statement No. 40 had no effect on Net Position and change in Net Position in the prior or current year.

**A. Deposits**

State statues classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority’s Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation for depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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, 2022 are as follows:

Demand deposits:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$ 335,849	\$ 285,873	\$ 621,722
Items-in-transit	<u>(3,888)</u>	<u>-</u>	<u>(3,888)</u>
Carrying balance	<u>\$ 331,961</u>	<u>\$ 285,873</u>	<u>\$ 617,834</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 was covered by pledged and pooled securities held by third-party trustees maintaining adequate collateral for all public funds on deposit. No funds were maintained in petty cash funds

Based on the Authority having only demand deposits at September 30, 2022, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE 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 2021, 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.

**NOTE 4 - CAPITAL ASSETS**

The following is a summary of capital assets at September 30, 2022:

	<u>Balance</u> <u>9/30/2021</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Balance</u> <u>9/30/2022</u>
Capital Assets depreciated				
Furniture and Equipment	\$36,712			\$36,712
Vehicles	24,900			24,900
Leasehold Improvement	1,192			1,192
Intangible Right-to-Use: Leased Equipment	<u>0</u>	<u>\$14,794</u>		<u>14,794</u>
Total Capital Assets Depreciated/Amortized	62,804	14794	0	77,598
Accumulated Depreciation and Amortization				
Furniture and Equipment	(27,294)	(2,157)		(29,451)
Vehicles	(7,470)	(4,980)	(1)	(12,451)
Leasehold Improvement	(1,119)	(73)		(1,192)
Intangible Right-to-Use: Leased Equipment	<u>0</u>	<u>(2,959)</u>		<u>(2,959)</u>
Total Accumulated Depreciation/Amortized	<u>(35,883)</u>	<u>(10,169)</u>	<u>(1)</u>	<u>(46,053)</u>
Total Capital Assets Depreciated – Net	<u>26,921</u>	<u>4,625</u>	<u>(1)</u>	<u>31,545</u>
Total Capital Assets – Net	<u>\$26,921</u>	<u>\$4,625</u>	<u>(1)</u>	<u>\$31,545</u>

**NOTE 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.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE – 6 DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority’s proportionate share of the Ohio Public Employee Retirement System (OPERS) Pension Plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of its fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually. Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the fiscal year is included in *accounts payable* on the accrual basis of accounting.

**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.

OPERS provides retirement, disability, survivor and death benefits, and annual costs-of-living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE – 6 DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)**

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Authority is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the OPERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The 14% employer contribution rate consisted of 13% allocated to pension and 1% allocated to post-employment health care benefits; starting January 1, 2018, the percentages were 14% to pension and 0% to post-employment health care benefits. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

The Authority’s contractually required contribution to OPERS was \$22,144 for fiscal year 2022. Of this amount \$0 is reported within accounts payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on the Authority’s share of the contributions to the pension plan relative to the contributions of all participating entities. The Authority’s employees have only participated in the Traditional Plan. Following is information related to the proportionate share and pension expense:

	<u>Traditional Plan</u>
Proportionate Share of the Net Pension Liability	\$112,235
Proportion of the Net Pension Liability	.0012900%
Change in Proportion from Prior Measurement Date	.00001280%
Pension Expense	(\$18,763)

At September 30, 2022 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total Deferred</u>
	<u>Outflows</u>
Changes of assumptions	\$ 14,035
Difference between expected and actual experience	5,721
Authority contributions subsequent to the measurement date	<u>14,893</u>
Total Deferred Outflows of Resources	<u>\$ 34,649</u>
	 <u>Total Deferred</u>
	<u>Inflows</u>
Difference between expected and actual experience	\$ 2,462
Net difference between projected and actual investment	<u>133,500</u>
Total Deferred Inflows of Resources	<u>\$135,962</u>



DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE – 6 DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)**

The \$14,893 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	
2023	(\$19,500)
2024	(19,500)
2025	(23,806)
2026	(26,700)
2027	<u>(26,700)</u>
Total	<u>(\$116,206)</u>

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requires of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan	Member-Directed Plan
<b>Measurement &amp; Valuation Date</b>	December 31, 2021	December 31, 2021	December 31, 2021
<b>Experience Study</b>	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015
<b>Actuarial Cost Method</b>	Individual entry age	Individual entry age	Individual entry age
<b>Actuarial Assumptions</b>			
<b>Investment Rate of Return</b>	6.9%	6.9%	6.9%
<b>Wage Inflation</b>	2.75%	2.75%	2.75%
<b>Projected Salary increases</b>	2.75%-10.75% (includes wage inflation)	2.75%-8.25% (includes wage inflation)	2.75%-8.25% (includes wage inflation)
<b>Cost of living Adjustments</b>	3.00% Simple	3.00% Simple	3.00% Simple

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE – 6 DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)**

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

**Discount Rate** The discount rate used to measure the total pension liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the Authority’s proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority’s proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(5.9%)	(6.9%)	(7.9%)
<b>Authority’s proportionate share of the net pension liability(asset)</b>	<b>\$ 295,913</b>	<b>\$ 112,235</b>	<b>(\$ 40,609)</b>

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<b>Asset Class</b>	<b>Allocation</b>	<b>Real Rate of Return</b>
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
<b>TOTAL</b>	<b>100.00%</b>	<b>4.21%</b>

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE – 6 DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)**

***Plan Fiduciary Net Position*** Detailed information about the Plan’s fiduciary net position is available in the separately issued OPERS’s financial report.

**Average Remaining Service Life**

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2021, the average of the expected remaining service lives of all employees calculated by OPERS external actuaries for the Traditional Pension Plan was 2.4022 years, for the Combined Plan was 8.2641 years, and for the Member Directed Plan was 10.3928 years. Employers should use these amounts when calculating elements of pension expense subject to amortization requirements as defined in GASB 68 and reported in the Schedule of Collective Pension Amounts.

**NOTE - 7 OTHER POST EMPLOYMENT BENEFITS**

***Net OPEB Asset***

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions –between an employer and its employees - of salaries and benefits for employee services. OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the Authority’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority’s obligation for this liability/asset to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability/asset is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE - 7 OTHER POST EMPLOYMENT BENEFITS (continued)**

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability/asset* on the accrual basis of accounting. Any liability/asset for the contractually-required OPEB contribution outstanding at the end of the fiscal year is included in *accounts payable* on the accrual and basis of accounting.

**Plan Description – OPERS**

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2021, measurement date health care valuation.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
 DELAWARE COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
 (CONTINUED)

**NOTE - 7 OTHER POST EMPLOYMENT BENEFITS (continued)**

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2021 Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero for 2022. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts for 2022 was 0%.

***OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset for OPERS was measured as of December 31, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Authority’s proportion of the net OPEB liability/asset was based on The Authority’s share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Asset	(\$ 37,586)
Proportion of the Net OPEB Asset	0.0012000%
Change in Proportion from Prior Measurement Date	(0.0001210%)
OPEB Expense	( \$ 31,877)

At September 30, 2022, the Authority reported deferred inflows of resources related to OPEB from the following sources:

	<u>Total Deferred Inflows</u>
Difference between expected and actual experience	\$ 5,701
Change in assumptions	15,215
Net difference between projected and actual investment	
Earnings on pension investments	17,918
Total Deferred Inflows of Resources	<u>\$ 38,834</u>

DELAWARE METROPOLITAN HOUSING AUTHORITY  
 DELAWARE COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
 (CONTINUED)

**NOTE - 7 OTHER POST EMPLOYMENT BENEFITS (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30:	
2023	(\$11,869)
2024	(11,869)
2025	(7,928)
2026	(3,584)
2027	<u>(3,584)</u>
Total	<u>(\$ 38,834)</u>

**Actuarial Assumptions – OPERS**

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement:

Wage Inflation	2.75%
Future Salary Increases, including inflation	2.75% - 10.75%
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	1.84%
Health Care Cost Trend Rate	5.5% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females were then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE - 7 OTHER POST EMPLOYMENT BENEFITS (continued)**

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**Average Remaining Service Life**

GASB 75 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in OPEB expense over the average remaining service life of all employees provided with coverage through the health care plans (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2021, the average of the expected remaining service lives of all employees calculated by OPERS external actuaries was 2.5246 years. Employers should use this amount when calculating elements of OPEB expense subject to amortization requirements as defined in GASB 75 and reported in the Schedule of Collective OPEB Amounts.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</b>
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
REITs	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other Investments	7.00	1.93
<b>TOTAL</b>	<b>100.00%</b>	<b>3.45%</b>

DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE - 7 OTHER POST EMPLOYMENT BENEFITS (continued)**

**Discount Rate:** A single discount rate of 6.00 percent was used to measure the OPEB liability/asset on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate:** The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	<u>1% Decrease</u> <u>(5.00%)</u>	<u>Discount Rate</u> <u>(6.00%)</u>	<u>1% Increase</u> <u>(7.00%)</u>
Authority's proportionate share of the net OPEB Asset	(\$ 37,992)	(\$ 37,586)	(\$ 37,104)

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate:** Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB Asset	(\$ 37,992)	(\$ 37,586)	(\$ 37,104)

**NOTE - 8 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, 2022, the accrual for compensated absences totaled \$52,710 and has been included in the accompanying Statement of Net Position.



DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(CONTINUED)

**NOTE - 9 LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities at September 30, 2022:

	<u>Balance</u> <u>At 10/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>At 9/30/22</u>	<u>Due in</u> <u>One year</u>
Compensated Absences	\$ 38,711	\$ 13,999	\$ -	\$ 52,710	\$ 10,542
Net Pension Liability	209,975	-	(97,740)	112,235	-
Lease Liability	<u>-</u>	<u>14,794</u>	<u>(2,744)</u>	<u>12,050</u>	<u>2,813</u>
Total	<u>\$248,686</u>	<u>\$ 28,793</u>	<u>(\$100,484)</u>	<u>\$176,995</u>	<u>\$ 13,355</u>

See Note 6 for information on the net pension liability.

The Authority entered into a sixty-month lease for a postage meter which requires monthly payments of \$79.70 and a sixty-month lease for a copier which requires monthly payments of \$195.08; both leases beginning October 2021. These leases were included in additions based on GASB 87 implementation. The equipment is being amortized over the life of the lease. The imputed interest rate on the lease is 4.50%.

Lease commitments for fiscal years ending September 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,813	\$ 485	\$ 3,298
2024	2,942	356	3,298
2025	3,077	221	3,298
2026	<u>3,218</u>	<u>80</u>	<u>3,298</u>
Total	<u>\$12,050</u>	<u>\$1,142</u>	<u>\$13,192</u>

**NOTE 10 - LEASES**

The Delaware Metropolitan Housing Authority leases office space under a long-term lease that expired on the 30th day of April 2021. 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.

**NOTE 11 - 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, 2022.

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, 2022  
(CONTINUED)

**NOTE 12 - 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 on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE**

GASB Statement No. 87, *Leases*, enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Consortium's financial statements; however, there was no effect on the beginning net position.

**NOTE 14 - 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 April 14, 2023, the date on which the financial statements were available to be issued.

**NOTE 15 - FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended September 30, 2022, 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  
DELAWARE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY  
LAST NINE FISCAL YEARS  
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.00129%	0.00148%	0.00139%	0.00138%	0.00153%	0.00121%	0.00114%	0.00113%	0.00113%
Authority's Proportionate Share of the Net Pension Liability	\$ 112,235	\$ 209,975	\$ 273,952	\$ 378,776	\$ 239,870	\$ 274,543	\$ 198,155	\$ 136,050	\$ 132,977
Authority's Covered Employee Payroll	\$ 158,179	\$ 199,249	\$ 199,230	\$ 193,427	\$ 202,400	\$ 193,103	\$ 145,501	\$ 141,261	\$ 136,493
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	70.95%	106.12%	137.51%	113.42%	118.51%	142.17%	136.19%	96.31%	97.42%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	89.19%

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2014 is not available.

**DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB  
LIABILITY  
LAST SIX FISCAL YEARS  
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.00120%	0.00132%	0.00129%	0.00129%	0.00143%	0.00143%
Authority's Proportionate Share of the Net OPEB Liability	\$(37,586)	\$(23,535)	\$ 178,321	\$ 167,664	\$ 155,287	\$ 144,435
Authority's Covered Employee Payroll	\$ 158,179	\$ 199,249	\$ 199,230	\$ 193,623	\$ 202,400	\$ 193,103
Authority's Proportionate Share of the Net OPEB Liability as a percentage of its covered employee payroll	-23.76%	-11.81%	89.51%	86.59%	76.72%	74.80%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	128.23%	115.57%	47.80%	46.33%	54.14%	68.52%

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2017 is not available.

**DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
LAST TEN YEARS  
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required employer contribution										
Pension	\$ 22,144	\$ 27,892	\$27,892	\$ 27,080	\$ 28,336	\$ 27,035	\$ 20,370	\$19,777	\$ 19,109	\$ 18,794
OPEB	\$ -	\$ -	\$ -	\$ -	\$ 1,032	\$ 3,862	\$ 2,930	\$ 2,825	\$ 1,365	\$ 5,370
Contributions in relation to the contractually required contribution	\$(22,144)	\$(27,892)	\$(27,892)	\$(27,080)	\$ (29,368)	\$ (30,897)	\$(23,300)	\$(22,602)	\$(20,474)	\$(24,164)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$158,179	\$199,249	\$199,230	\$193,427	\$ 202,400	\$ 193,103	\$146,500	\$141,264	\$136,493	\$134,243
Contribution as a percentage of covered-employee payroll:										
Pension	14.00%	14.00%	14.00%	14.00%	13.48%	12.52%	12.00%	12.00%	13.00%	10.00%
OPEB	0.00%	0.00%	0.00%	0.00%	0.52%	1.49%	2.00%	2.00%	1.00%	4.00%

**DELAWARE METROPOLITAN HOUSING AUTHORITY  
DELAWARE COUNTY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
(UNAUDITED)**

***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

***Net Pension Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2022.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

***Net OPEB Liability/Asset***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2022.

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

Delaware Metropolitan Housing Authority  
Statement of Net Assets  
September 30, 2022

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

Line item	Account Description	Housing Choice Voucher	TOTALS
111	Cash - Unrestricted	\$ 540,550	\$ 540,550
113	Cash - Other Restricted	<u>77,284</u>	<u>77,284</u>
100	Total Cash	617,834	617,834
124	Acct Rec-Other Government	7,891	7,891
128	Fraud Recovery	4,260	4,260
128.1	Allow Doubtful Accounts	(4,260)	(4,260)
120	Net Total Receivables	7,891	7,891
142	Prepaid Expenses	<u>424</u>	<u>424</u>
<b>150</b>	<b>Total Current Assets</b>	626,149	626,149
164	F/E/M Admin.	61,612	61,612
165	Leasehold Improvements	15,986	15,986
166	Accum. Depreciation and Amortization	<u>(46,053)</u>	<u>(46,053)</u>
160	Net Fixed Assets	31,545	31,545
174	Other Assets	37,586	37,586
200	Deferred Outflow of Resources	<u>34,649</u>	<u>34,649</u>
<b>190</b>	<b>TOTAL ASSETS</b>	<u><b>729,929</b></u>	<u><b>729,929</b></u>
312	A/P <= 90 days	728	728
321	Accrued Wage/Taxes Payable	542	542
322	Accrued Comp Abs - current	10,542	10,542
343	Lease Liability - current	2,813	2,813
357	Accrued Pension and OPEB Liabilities	<u>112,235</u>	<u>112,235</u>
310	Total Current Liabilities	126,860	126,860
351	Lease Liability - Less Current Portion	9,237	9,237
353	Non-current Liabilities - Other	40,523	40,523
354	Accrued Compensated Absences - Non Current	<u>42,168</u>	<u>42,168</u>
	Total Liabilities	218,788	218,788
400	Deferred Inflow of Resources	174,796	174,796
508.1	Invested in Capital Assets Net	19,495	19,495
511.1	Restricted Net Assets	36,761	36,761
512.1	Unrestricted Net Assets	<u>280,089</u>	<u>280,089</u>
513	Total Equity/Net Assets	<u>336,345</u>	<u>336,345</u>
<b>600</b>	<b>TOTAL LIAB. &amp; EQUITY</b>	<u><b>\$ 729,929</b></u>	<u><b>\$ 729,929</b></u>

See Auditor's Report.

Delaware Metropolitan Housing Authority  
Statement of Revenue and Expenses  
September 30, 2022

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

Line item	Account Description	Housing Choice Voucher	Business Activities	HCV CARES Act Funding	TOTALS
706.01	Housing Assistance Payment Revenue	\$ 2,811,942	\$ -	\$ 2,878	\$ 2,814,820
706	HUD PHA Operating Grants	2,811,942	-	2,878	2,814,820
711	Investment Income - PHA	159	-	-	159
714.01	Fraud Recovery - PHA	10,337	-	-	10,337
		10,337	-	-	10,337
715	Other Revenue	50	81,441	-	81,491
700	TOTAL REVENUE	2,822,488	81,441	2,878	2,906,807
911	Admin. Salaries	96,239	57,009	1,595	154,843
912	Audit	4,760			4,760
913	Bookkeeping Fee	12,575			12,575
914	Advertisement & Marketing	42			42
915	Employee Benefits Contributions	118,342	24,432		142,774
916	Office Expenses	2,637			2,637
917	Legal Expenses	350			350
918	Travel	3,682			3,682
919	Other	59,571			59,571
	Total Operating - Admin.	298,198	81,441	1,595	381,234
924	Tenant Services - Other	-	-	1,283	1,283
	Total Insurance	-	-	1,283	1,283
942	Ordinary Maint.	4,886			4,886
	Total Maint.	4,886	-	-	4,886
952	Protective Services - Other Contract Costs	456			456
950	Total Protective Services	456	-	-	456
961.4	All Other Insurance	6,905			6,905
	Total Insurance	6,905	-	-	6,905
962.1	Comp Abs	13,899			13,899
967	Interest Expense	599	-	-	599
	TOTAL OPERATING EXPENSES	324,943	81,441	2,878	409,262
970	Excess Oper. Rev. over Exp.	2,497,545	-	-	2,497,545
973	HAP	2,468,022			2,468,022
974	Depreciation and Amortization Expense	10,169			10,169
900	TOTAL EXPENSES	2,803,134	81,441	2,878	2,887,453
1000	NET INCOME (LOSS)	\$ 19,354	\$ -	\$ -	\$ 19,354

See Auditor's Report.



DELAWARE METROPOLITAN HOUSING AUTHORITY

Schedule of Expenditures of Federal Award

For the Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Program:			
Section 8 Housing Choice Voucher	14.871	N/A	\$ 2,811,942
Section 8 Housing Choice Voucher - CARES	14.871	N/A	2,878
Total Section 8 Housing Voucher			\$ 2,814,820
Total Expenditures of Federal Awards			\$ 2,814,820

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



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

Delaware Metropolitan Housing Authority  
Delaware County  
222 Curtis Street  
Delaware, Ohio 43015

To the Board of Trustees

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 the business-type activities of the Delaware Metropolitan Housing Authority, Delaware County, (the Authority) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated April 14, 2023.

***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 the Authority's in a separate letter dated April 14, 2023.

### ***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.  
Cleveland, Ohio

April 14, 2023



Kevin L.  
Penn, Inc.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Delaware Metropolitan Housing Authority  
Delaware County  
222 Curtis Street  
Delaware, Ohio 43015

To the Board of Trustees

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

I have audited Delaware Metropolitan Housing Authority, Delaware County's, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Delaware Metropolitan Housing Authority's major federal program for the year ended September 30, 2022. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

***Management's Responsibility***

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on each Major Federal Program***

In my opinion, 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 programs for the year ended September 30, 2022.

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

The 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 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 the Uniform Guidance, 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 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.  
Cleveland, Ohio

April 14, 2023

**Delaware Metropolitan Housing Authority**  
Schedule of Findings  
September 30, 2022

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

v

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

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of major programs:

14.871 Housing Choice Vouchers

Dollar threshold used to distinguish  
between Type A and Type B programs: Type A: > \$750,000  
Type B: all others

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, 2022

There were no audit findings, during the 2021 fiscal year.

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# OHIO AUDITOR OF STATE KEITH FABER



**DELAWARE METROPOLITAN HOUSING AUTHORITY**

**DELAWARE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/16/2023**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)