VINTON
METROPOLITAN HOUSING AUTHORITY

MCARTHUR, OHIO

SINGLE AUDIT

For the Year Ended September 30, 2011

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Board of Commissioners
Vinton Metropolitan Housing Authority
PO Box 487
McArthur, Ohio 45651

We have reviewed the *Independent Auditors' Report* of the Vinton Metropolitan Housing Authority, Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period October 1, 2010 through September 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

May 14, 2012

This page intentionally left blank

VINTON METROPOLITAN HOUSING AUTHORITY
Table of Contents
For the Year Ended September 30, 2011

This page intentionally left blank.

Independent Accountant's Report

Board of Directors
Vinton Metropolitan Housing Authority
PO Box 487
310 W. High Street
McArthur, Ohio 45651

We have audited the accompanying basic financial statements of the Vinton Metropolitan Housing Authority (the Authority) as of and for the year ended September 30, 2011. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2011, and the results of its operations and changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

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

78 North Plaza Blvd. ~ Chillicothe, OH 45601 JLU 740.775.8448 ~ Fax 740.775.8442

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. The supplemental financial data schedules are presented for the purpose of additional analysis as required by the Department of Housing and Urban Development and are not a required part of the basic financial statements. Such information had been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

J.L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 1, 2012

As management of the Vinton Metropolitan Housing Authority ("Authority"), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2011. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Financial Highlights

1. The Authority has net assets of $54,818. These net assets result from the difference between total assets of $111,939 and total liabilities of $57,121.
2. Current and other assets of $68,974 consist of non-restricted Cash and Cash Equivalents of $66,064 and Prepaid Expenses of $2,910.
3. Current liabilities of $20,083 consist of Accounts Payable of $13,459; Accrued Wages and Payroll Taxes Payable of $2,620; Accrued Compensated Absences of $1,734 and Mortgages Payable of $2,270.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the Statement of Net Assets, Statement of Revenues, Expenses and Change in Net Assets and Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority maintains several programs that are structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated, except land, over their estimated useful lives.

The *Statement of Net Assets* presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net assets, which indicate improved financial condition.

The *Statement of Revenues, Expenses and Change in Net Assets* present information showing how the Authority's net assets changed during the year. This statement summarizes operating revenues and expenses along with nonoperating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The *Statement of Cash Flows* allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is generally classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from noncapital financing activities, 3) Cash flows from capital and related financing activities, and 4) Cash flows from investing activities.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the Authority

Recall that the statement of net assets provides the perspective of the Authority as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the Authority's net assets for 2011 compared to 2010:

Table 1

Condensed Summary of Net Assets

	2011	2010
Assets:		
Current and Other Assets	$68,974	$63,556
Capital Assets (net of accumulated depreciation)	42,965	45,232
Total Assets	111,939	108,788
Liabilities:		
Current Liabilities	20,083	29,267
Long-term Liabilities	37,038	38,807
Total Liabilities	57,121	68,074
Net Assets:		
Invested in Capital Assets, Net of Related Debt	19,664	19,838
Unrestricted	35,154	20,876
Total Net Assets	54,818	$40,714

During 2011, current and other assets increased by $5,418, and current liabilities decreased by $9,184. The change in current assets was mainly due to the change in cash balance. This change was caused by the result of current year activities. The change in current liabilities is mainly due to the decrease in accounts payable.

Table 2

Condensed Summary of Revenues, Expenses and Change in Net Assets

	2011	2010
Operating Revenues (Expenses):		
Operating Revenues	$866,307	$864,151
Operating Expenses (excluding depreciation)	(849,168)	(830,825)
Depreciation Expenses	(2,267)	(3,912)
Operating Income (Loss)	14,872	29,414
Nonoperating Revenue (Expense):		
Interest Income	161	1,221
Interest Expense	(929)	(792)
Total Nonoperating Revenue (Expense)	(768)	429
Change in Net Assets	14,104	29,843
Net Assets, Beginning of Year	40,714	10,871
Net Assets, End of Year	$54,818	$40,714

Financial Operating Activities

The most significant operating expenses for the Authority are Housing Assistance Payments, Administrative Salaries, and Employee Benefits. These expenses account for 95.65% of the total operating expenses. Housing Assistance Payments, which accounts for 83.18 % of the total, represents costs associated with providing housing assistance for low-income tenants. Administrative Salaries, which accounts for 9.84 % of the total, represents costs associated with salaried and hourly employees. Employee Benefits, which accounts for 2.62 % of the total, represents costs associated with fringe benefits provided to employees.

Funding for the most significant operating expenses indicated above is from HUD Grants. These revenues account for 99.34% of the total revenues of $866,307. HUD Grants revenue for 2011 was $860,632. Other Revenue makes up the remaining 0.66%

The Authority monitors its sources of revenues very closely for fluctuations.

Capital Assets and Debt Administration

The Authority's investment in capital assets as of September 30, 2011, amounts to $19,664 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, equipment and vehicles.

Additional information concerning the Authority's capital assets can be found in Note 9 of the notes to the basic financial statements.

As of September 30, 2011, the Authority had $23,301 in mortgages payable with $2,270 due within one year.

Additional information concerning the Authority's long-term obligations can be found in Note 10 of the notes to the basic financial statements.

Economic Factors

The economic outlook for the Authority is uncertain at this time. The slow economy has an impact on low-income households' ability to pay rent. Federal funding is at the discretion of the U.S. Department of Housing and Urban Development and is insufficient to cover operating costs and capital related needs for Public Housing Units. Section 8 administrative fees decreased retroactively to January 1, 2004 by three percent and additional cuts are possible. Locally, we are being impacted by negative employment factors such as stagnant job growth and a sluggish market.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact J. Richard Griffith, Executive Director, 310 W. High Street P.O. Box 487, McArthur, Ohio 45651.

VINTON METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets - Proprietary Fund Type
September 30, 2011

Assets:	
Current Assets:	
Cash - Unrestricted	$66,064
Prepaid Expenses	2,910
Total Current Assets	68,974
Noncurrent Assets:	
Nondepreciable Capital Assets	5,000
Depreciable Capital Assets	37,965
Total Noncurrent Assets	42,965
Total Assets	111,939
Liabilities:	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	2,620
Accounts Payable	13,459
Accrued Compensated Absences	1,734
Mortgages Payable	2,270
Total Current Liabilities	20,083
Noncurrent Liabilities:	
Accrued Compensated Absences	16,007
Mortgages Payable	21,031
Total Noncurrent Liabilities	37,038
Total Liabilities	57,121
Net Assets:	
Invested in Capital Assets, Net of Related Debt	19,664
Unrestricted	35,154
Total Net Assets	$54,818

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

VINTON METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Change in Net Assets
Proprietary Fund Type
For the Year Ended September 30, 2011

Operating Revenues:	
HUD Grants	$860,632
Other Revenue	5,675
Total Operating Revenues	866,307
Operating Expenses:	
Housing Assistance Payments	708,196
Administrative Salaries	83,777
Employee Benefits	22,350
Other - Administrative	9,597
Material and Labor/Maintenance	7,759
Utilities	2,008
General Expenses	15,481
Depreciation	2,267
Total Operating Expenses	851,435
Operating Income (Loss)	14,872
Nonoperating Revenue (Expense):	
Interest Income	161
Interest Expense	(929)
Total Nonoperating Revenue(Expense)	(768)
Change in Net Assets	14,104
Net Assets at Beginning of Year	40,714
Net Assets at End of Year	$54,818

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

VINTON METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows Proprietary Fund Type
For the Year Ended September 30, 2011

Cash Flow from Operating Activities:	
Cash Received from HUD	$860,632
Other Cash Receipts	5,675
Housing Assistance Payments	(708,196)
Administrative Salaries and Benefits	(105,269)
Other Administrative	(21,338)
Ordinary Maintenance	(7,759)
Other Operating Expenses	(17,489)
Net Cash Flow from Operating Activities	6,256
Cash Flow from Capital and Related Financing Activities:	
Cash Payments for Interest	(929)
Cash Payments for Principal	(2,093)
Net Cash Flow from Capital and Related Financing Activities	(3,022)
Cash Flow from Investing Activity:	
Cash Received from Interest	161
Net Increase (Decrease) in Cash and Cash Equivalents	3,395
Cash and Cash Equivalents - Beginning of Year	62,669
Cash and Cash Equivalents - End of Year	$66,064
Reconciliation of Operating Income (Loss) to Net Cash Flow from Operating Activities:	
Operating Income (Loss)	$14,872
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flow from Operating Activities:	
Depreciation	2,267
(Increase) Decrease in Assets:	
Prepaid Expenses	(2,023)
Increase (Decrease) in Liabilities:	
Accounts Payable	(9,718)
Accrued Wages & Benefits	380
Accrued Compensated Absences	478
Net Cash Flow from Operating Activities	$6,256

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

NOTE 1 - DESCRIPTION OF THE AUTHORITY, PROGRAMS AND REPORTING ENTITY

Description of the Authority and Programs

Vinton Metropolitan Housing Authority was created under Section 3735.07 of the Ohio Revised Code. The Authority contracts with the U.S. Department of Housing and Urban Development (HUD) to provide low-income persons with safe and sanitary housing through rent subsidies provided by HUD (Section 8 Housing Assistance). The majority of the Authority's rental income is received from HUD.

A summary of the significant programs administered by the Authority is provided below:

Section 8 Rental Voucher Program - Under the Section 8 Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn, contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Family Self Sufficiency (FSS) Program – This program is designed to help participants achieve economic independence and self-sufficiency.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Authority consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations and the Section 8 program.

The Vinton Metropolitan Housing Authority was established for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program. An Annual Contributions Contract (ACC) was signed by the Vinton Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which were detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability, is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Basis of Presentation – Fund Accounting

The Authority uses a fund to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the funds of the Authority are grouped into the following fund type.

PROPRIETARY FUND TYPE: The proprietary fund is used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund:

Enterprise Fund - The enterprise fund is used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Authority also elects to apply FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

Measurement Focus

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

Basis of Accounting

The proprietary fund type uses the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

Budgetary Data

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates market value.

For purposes of the statement of cash flows and for presentation on the statement of net assets, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2011, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets

Land, buildings, equipment and vehicles are recorded at historical cost. Donated land, buildings, equipment and vehicles are recorded at their fair value on the date donated. The Authority capitalizes all assets with a cost of $3,000 or more. Depreciation is calculated on a straight-line method using half-year convention over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	30
Equipment	7
Vehicles	5-7

Compensated Absences

The Authority reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences.*

Sick leave benefits are accrued as a liability using the vesting method. Sick leave benefits are accrued as a liability for employees who are currently eligible to receive termination benefits and those identified as probable of receiving payment in the future. Vacation benefits are accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The liability for sick leave and vacation benefits is based on accumulated unused balances and employees' wage rates at fiscal year end. Compensated absences are expensed when earned by the employees.

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 tenant revenues, operating grants from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and housing assistance payments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by either internal or external restrictions. The Authority did not have any restricted net assets for the year ended September 30, 2011.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

Legal Requirements

State Statutes require the classification of cash into three categories.

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

Inactive cash is public deposits not required for use within the current five year period of designation of depositories. Inactive funds may only be used to purchase investments which mature or are redeemable within five years from the date of purchase.

Interim cash is public deposits not needed for immediate use but which will be needed before the current depository agreement expires. Interim funds may only be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;

NOTE 3 - CASH AND INVESTMENTS **-** (Continued)

4. Bond and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool. (STAROhio);

7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Public depositories must give security for all public funds on deposit. Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by category of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures.* The Authority held no investments at the end of the year.

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

At September 30, 2011, the carrying amount of all Authority deposits was $66,064. All of the Authority's bank balance was covered by the Federal Deposit Insurance Corporation.

NOTE 4 - DEFINED BENEFIT PENSION PLANS

The employees of the Authority are covered by the Ohio Public Employees Retirement System (OPERS), who administers three separate pension plans. The Traditional Pension Plan is a cost-sharing multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent 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 thereon.

The Combined Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional 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 provide basic retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution requirements of the plan members and the commission are established and may be amended by the Public Employees Retirement Board. The 2011 contribution rate for employees was 10.0% of their covered salaries. The 2011 contribution rate for local government employers was 14.0% of covered payroll.

The portion of the Authority's contributions that was used to fund retirement and disability benefits for the years ended September 30, 2011, 2010 and 2009 was $11,268, $10,827 and $15,424, respectively, which was equal to the required contributions for each year. All required contributions were made prior to each of those fiscal year ends.

NOTE 5 - POSTEMPLOYMENT BENEFITS

In addition to the pension benefit obligation described above, the OPERS provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Plan or Combined Plan. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for postemployment health care coverage. The health care coverage provided by the retirement system is considered another postemployment benefit as described in *GASB Statement No. 12*. Other postemployment benefits are advance-funded on an actuarially determined basis. A portion of each employer's contribution to the Traditional Plan or Combined Plan is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2011 contribution rate for local government employers was 14.0% of covered payroll. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011.

NOTE 5 - POSTEMPLOYMENT BENEFITS – (Continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE 6 - COMPENSATED ABSENCES

Sick leave and vacation policies are established by the Board of Commissioners based on local and state laws.

Sick leave is earned at a rate of 4.60 hours per 80 hours of service. Unused sick leave may be accumulated without limit. At time of separation, employees shall be paid the value of up to 30 days of unused sick leave.

All permanent employees will earn vacation hours accumulated based on length of service. Unused vacation leave will be paid to the employees at the time of separation.

As of September 30, 2011, $17,741 was accrued for unused sick leave and vacation.

NOTE 7 - RISK MANAGEMENT

The Authority maintains comprehensive liability insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage from the prior year. There were no settlements that exceeded insurance coverage during the past three years.

NOTE 8 – ADMINISTRATIVE FEE

The Authority receives an "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

NOTE 9 - CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2011 were as follows:

	Balance at 10/1/10	Additions	Deletions	Balance at 9/30/11
Nondepreciable Capital Assets:				
Land	$5,000	$0	$0	$5,000
Depreciable Capital Assets:				
Building and Improvements	56,039	0	0	56,039
Equipment	11,661	0	0	11,661
Vehicles	22,999	0	0	22,999
Total Depreciable Capital Assets	90,699	0	0	90,699
Total Capital Assets	95,699	0	0	95,699
Accumulated Depreciation:				
Building and Improvements	(17,220)	(1,561)	0	(18,781)
Equipment	(11,661)	0	0	(11,661)
Vehicles	(21,586)	(706)	0	(22,292)
Total Accumulated Depreciation	(50,467)	(2,267)	0	(52,734)
Total Capital Assets	$45,232	(2,267)	$0	$42,965

NOTE 10 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the Authority during the 2011 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at October 1, 2010	Additions	Deductions	Principal Outstanding at September 30, 2011	Amount Due In One Year
Administrative Building Mortgage	2010	4.95%	$25,394	$0	$2,165	$23,231	$2,165
Compensated Absences	n/a	n/a	17,263	4,105	3,627	17,741	1,734
Total Long-Term Obligations			$42,657	$4,105	$5,792	$41,042	$3,899

The Authority entered into a mortgage payable obligation in fiscal year 2010 in the amount of $26,500 at an interest rate of 4.95% for the Authority's administrative building. Payments are required on a monthly basis in the amount of $280 with the final payment due on February 1, 2020.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire debt at September 30, 2011, are as follows:

Year Ending September 30,	Principal	Interest	Total Payment
2012	$2,270	$1,096	$3,366
2013	2,388	978	3,366
2014	2,509	857	3,366
2015	2,636	730	3,366
2016	2,768	598	3,366
2017	2,909	457	3,366
2018	3,057	309	3,366
2019	3,211	155	3,366
2020	1,553	17	1,570
Total of all Payments	$23,301	$5,197	$28,498

NOTE 11 – OPERATING LEASES

The Authority has entered into several leases for equipment. The following table represents the noncancellable rental liabilities:

	Rental
2012	$1,607

The Authority does not have operating leases after 2012. During 2011, the Authority incurred expenses of $2,754 for noncancellable operating leases.

NOTE 12 – ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

NOTE 13 – CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms for the grants. Such audits could lead to reimbursement to the grantor agencies. Authority's management believes disallowance, if any, will be immaterial.

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2011, the Authority was involved in no matters management believes will have a material effect on the basic financial statements.

VINTON METROPOLITAN HOUSING AUTHORITY
Schedule of Net Assets - Proprietary Fund Type
FDS Schedule Submitted to HUD
For the Year Ended September 30, 2011

FDS Line Item No.	Account Description	Section 8
	ASSETS	
111	Cash - unrestricted	$66,064
100	TOTAL CASH	66,064
142	Prepaid expenses and other assets	2,910
150	TOTAL CURRENT ASSETS	68,974
161	Land	5,000
162	Building	56,039
164	Equipment	34,660
166	Accumulated depreciation	(52,734)
160	FIXED ASSETS, NET	42,965
190	TOTAL ASSETS	$111,939
	LIABILITIES	
312	Accounts payable <=90 days	13,459
321	Accrued wages/payroll taxes	2,620
322	Accrued compensated absences - current	1,734
348	Loan Liability-Current	2,270
310	TOTAL CURRENT LIABILITIES	20,083
354	Accrued compensated absences - noncurrent	16,007
355	Loan Liability-noncurrent	21,031
350	TOTAL NONCURRENT LIABILITIES	37,038
300	TOTAL LIABILITIES	57,121
508.1	Invested in capital assets, net of related debt	19,664
512.1	Unrestricted net assets	35,154
513	TOTAL EQUITY	54,818
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	$111,939

VINTON METROPOLITAN HOUSING AUTHORITY
Schedule of Revenues, Expenses and Change in Net Assets
Proprietary Fund Type
FDS Schedule Submitted to HUD
For the Year Ended September 30, 2011

FDS Line Item No.	Account Description	Section 8
	REVENUE	
70600-010	Housing Assistance Payments	$860,632
71100	Investment income - unrestricted	161
71400	Other revenue	5,675
70000	TOTAL REVENUE	866,468
	EXPENSES	
91100	Administrative salaries	83,777
91200	Auditing Fees	6,064
91310	Book-Keeping Fee	3,533
91500	Employee benefits contributions-administrative	22,350
91600	Office Expenses	4,429
91900	Other	5,238
93100	Utilities-water	683
93200	Utilities-electricity	1,325
94200	Ordinary Maintenance and Operations-Material and Other	7,759
96100	Insurance Premiums	3,925
96200	Other general expenses	1,889
96710	Interest of Mortgage Payable	929
96900	TOTAL OPERATING EXPENSES	141,901
97000	EXCESS OPERATING REVENUE OVER EXPENSES	724,567
97300	Housing Assistance Payments	708,196
97400	Depreciation expense	2,267
90000	TOTAL EXPENSES	852,364
10000	EXCESS OF OPERATING REVENUE OVER EXPENSES	14,104
11030	Beginning equity	40,714
	ENDING EQUITY	$54,818
11020	Debt principal payments-Enterprise fund	$2,093

Summary of Activities

For the Year Ended September 30, 2011

	Units
Section 8 Gross Number of Units	196
Section 8 Number of Units Leased	196

VINTON METROPOLITAN HOUSING AUTHORITY
Schedule of Federal Awards Expenditures
For the Year Ended September 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct from Federal Government:			
Section 8 Rental Voucher Program - Contract C-5110	---	14.871	$839,753
Total U.S. Department of Housing and Urban Development			839,753
Total Federal Financial Assistance			$839,753

Note 1 - Significant Accounting Policies

The Authority prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

Board of Directors
Vinton Metropolitan Housing Authority
PO Box 487
310 W. High Street
McArthur, Ohio 45651

We have audited the financial statements of the Vinton Metropolitan Housing Authority (the Authority), as of and for the year ended September 30, 2011 and have issued our report thereon dated March 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

78 North Plaza Blvd. ~ Chillicothe, OH 45601 740.775.8448 ~ Fax 740.775.8442

We intend this report solely for the information and use of the audit committee, the Board of Directors, management and federal awarding agencies. It is not intended to be and should not be used by anyone other than these specified parties.

J.L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 1, 2012

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Independent Accountant's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Directors
Vinton Metropolitan Housing Authority
PO Box 487
310 W. High Street
McArthur, Ohio 45651

Compliance

We have audited the compliance of Vinton Metropolitan Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that could directly and materially affect to its major federal program for the year ended September 30, 2011. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the Authority's major federal programs. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2011.

Internal Control over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on Internal Control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

78 North Plaza Blvd. ~ Chillicothe, OH 45601 JLU 740.775.8448 ~ Fax 740.775.8442

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 percent or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirements will not be prevented, or timely detected and corrected.

Our 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, the Board of Directors, management and federal awarding agencies. It is not intended to be and should not be used by anyone other than these specified parties.

J.L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 1, 2012

A. SUMMARY OF AUDITOR'S RESULTS

1.	***Type of Financial Statement Opinion***	Unqualified
2.	***Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?***	No
3.	***Were there any other significant internal control deficiencies reported at the financial statement level (GAGAS)?***	No
4.	***Was there any material noncompliance reported at the financial statement level (GAGAS)?***	No
5.	***Were there any material internal control weaknesses reported for major federal programs?***	No
6.	***Were there any other significant internal control deficiencies reported for major federal programs?***	No
7.	***Type of Major Program Compliance Opinion***	Unqualified
8.	***Are there any reportable findings under § .510(a)?***	No
9.	***Major Program (list):***	Section 8 Rental Voucher Program CFDA #14.871
10.	***Dollar Threshold: Type A/B Programs***	Type A: >$300,000 Type B: All Other Programs
11.	***Low Risk Auditee?***	No

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs for federal awards.

VINTON METROPOLITAN HOUSING AUTHORITY

VINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 24, 2012