

VINTON METROPOLITAN HOUSING AUTHORITY

Vinton County, Ohio

Single Audit

October 1, 2004 through September 30, 2005

Fiscal Year Audited Under GAGAS: 2005

BALESTRA, HARR & SCHERER, CPAS, INC.

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**Auditor of State
Betty Montgomery**

Board of Commissioners
Vinton Metropolitan Housing Authority
PO Box 487
310 West High St.
McArthur, OH 45651

We have reviewed the *Independent Auditor's Report* of the Vinton Metropolitan Housing Authority, Vinton County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period October 1, 2004 to September 30, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 28, 2006

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VINTON METROPOLITAN HOUSING AUTHORITY

Basic Financial Statements
For the Year Ended September 30, 2005

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Vinton Metropolitan Housing Authority
PO Box 487
310 W High Street
McArthur, OH 45651

We have audited the accompanying financial statements of the business-type activities of the Vinton Metropolitan Housing Authority (the Authority), Vinton County, as of and for the year ended September 30, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

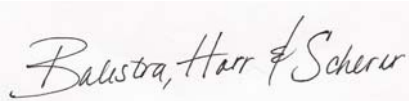
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of September 30, 2005, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2006, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Vinton Metropolitan Housing Authority taken as a whole. The supplemental financial data (pages 23 through 25) is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The supplemental financial data and the accompanying schedule of federal awards expenditures have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 12 to the basic financial statements, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3* and GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Post-employment Benefit Expenditures/Expense and Liabilities by Cost Sharing Employers*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

March 28, 2006

Vinton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2005
Unaudited

It is a privilege to present for you the financial picture of Vinton Metropolitan Housing Authority. The Vinton Metropolitan Housing Authority's ("the Authority's") management 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 subsequent year challenges), and d) identify the single enterprise fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and current known facts, please read it in conjunction with the Authority's basic financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2005 are as follows:

- Revenues increased by \$10,431 (or .15%) during fiscal year 2005, and were \$721,455 and \$711,024 for 2005 and 2004, respectively.
- Expenses increased by \$5,992 (or .01%) during fiscal year 2005, and were \$727,268 and \$721,276 for 2005 and 2004, respectively.

USING THIS ANNUAL FINANCIAL REPORT

<p>MD&A ~Management Discussion and Analysis (new)~</p>
<p>Basic Financial Statements ~Statement of Net Assets~ ~Statement of Revenues, Expenses and Changes in Net Assets~ ~Statement of Cash Flows~ ~Notes to the Basic Financial Statements~</p>

The focus is on the Authority as a single enterprise fund. This format 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.

BASIC FINANCIAL STATEMENTS

The basic financial statements, beginning on page 8, are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

These statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Assets", 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".

Vinton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2005
Unaudited

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

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

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. The Authority did not have any restricted net assets during 2005.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt” and “Restricted Net Assets”. This account resembles the old operating reserves account.

The basic financial statements also include a Statement of Revenues, Expenses and Changes in Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as HUD grants, Operating Expenses, such as administrative, utilities, maintenance, and depreciation expense, and Non-operating revenues (expenses) such as investment income and interest expense.

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

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

The Authority’s programs that are consolidated into a single enterprise fund are as follows:

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires a participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Vinton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2005
Unaudited

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

TABLE 1

	2005	2004	Change
Assets			
Current and Other Assets	\$117,947	\$103,708	\$14,239
Capital Assets	70,833	77,342	(6,509)
Total Assets	<u>188,780</u>	<u>181,050</u>	<u>7,730</u>
Liabilities			
Long-term Liabilities	40,341	46,877	(6,536)
Other Liabilities	49,145	29,066	20,079
Total Liabilities	<u>89,486</u>	<u>75,943</u>	<u>13,543</u>
Net Assets			
Invested in Capital Assets, Net of Debt	47,717	43,286	4,431
Unrestricted	51,577	61,821	(10,244)
Total Net Assets	<u>\$99,294</u>	<u>\$105,107</u>	<u>(\$5,813)</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Capital assets decreased due to depreciation expense during 2005. Other liabilities increased due to an increase in HUD Advances Payable from 2004 to 2005.

Vinton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2005
Unaudited

TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The following schedule compares the revenues and expenses for the current and previous fiscal years.

	2005	2004	Change
Revenues			
Operating Subsidies and Grants	\$ 721,455	\$ 710,587	\$ 10,868
Investment Income	-	437	(437)
TOTAL REVENUE	721,455	711,024	10,431
Expenses			
Housing Assistance Payments	575,210	570,233	4,977
Administrative Salaries	57,360	53,763	3,597
Employee Benefits	19,169	18,097	1,072
Other Administrative Expenses	49,192	50,303	(1,111)
Material and Labor/Maintenance	11,597	11,624	(27)
Utilities	1,969	1,111	858
General	4,586	7,164	(2,578)
Interest	1,676	1,454	222
Depreciation	6,509	7,527	(1,018)
TOTAL EXPENSES	727,268	721,276	5,992
CHANGE IN NET ASSETS	(5,813)	(10,252)	4,439
NET ASSETS, BEGINNING OF YEAR	105,107	115,359	(10,252)
NET ASSETS, END OF YEAR	\$ 99,294	\$ 105,107	\$ (5,813)

The increase in revenues is primarily due to more operating subsidies and grants in 2005 as well as a decline in housing assistance payments from 2004 to 2005.

Vinton Metropolitan Housing Authority
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2005
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$70,833 invested in a variety of capital assets as reflected in the following Table 3, which represents a net decrease (depreciation) of \$6,509 from the end of last year after the restatement of capital assets. For additional information regarding Capital Assets, please see Note 5 to the basic financial statements.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF ACCUMULATED DEPRECIATION)

	2005	2004
Land	\$5,000	\$5,000
Building and Improvements	48 ,525	50,691
Equipment	881	1,938
Vehicles	16,427	19,713
TOTAL	<u>\$70,833</u>	<u>\$77,342</u>

DEBT ADMINISTRATION

The Authority's debt is listed as current and long-term debt on the statement of net assets and consists of a capital lease obtained for the purchase of a new vehicle in 2003 and a mortgage obtained in 2002 for the construction of the Vinton Metropolitan Housing Authority's current administration building. For additional information regarding debt, please see Notes 7 and 8 to the basic financial statements.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

Vinton Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on consistent and sound financial condition of the Authority.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Richard Griffith, Executive Director of the Vinton Metropolitan Housing Authority at 740-596-5963.

VINTON METROPOLITAN HOUSING AUTHORITY
 McARTHUR, OHIO
 STATEMENT OF NET ASSETS - PROPRIETARY FUND TYPE
 AS OF SEPTEMBER 30, 2005

	<u>Section 8 Vouchers</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$111,969
Accounts Receivable - Other	582
Prepaid Expenses and Other Assets	<u>5,396</u>
Total Current Assets:	117,947
Noncurrent Assets:	
Nondepreciable Capital Assets	5,000
Capital Assets, Net of Accumulated Depreciation	<u>65,833</u>
Total Noncurrent Assets:	70,833
Total Assets	<u><u>\$188,780</u></u>
 Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	1,955
Accounts Payable	20,308
Accounts Payable - HUD	24,384
Mortgage Payable	<u>2,498</u>
Total Current Liabilities:	49,145
Long Term Liabilities:	
Accrued Compensated Absences	19,723
Capital Leases Payable	4,250
Mortgage Payable - Net of Current Portion	<u>16,368</u>
Total Long Term Liabilities:	<u>40,341</u>
Total Liabilities	89,486
 Net Assets	
Invested in Capital Assets, Net of Related Debt	47,717
Unrestricted Net Assets	<u>51,577</u>
Total Net Assets	<u><u>\$ 99,294</u></u>

See accompanying notes to the basic financial statements

VINTON METROPOLITAN HOUSING AUTHORITY
 McARTHUR, OHIO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS-
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

Operating Revenues:

HUD Grants	\$ 721,455
Total Operating Revenues	721,455

Operating Expenses:

Housing Assistance Payments	575,210
Administrative Salaries	57,360
Employee Benefits	19,169
Other Administrative Expenses	49,192
Material and Labor/Maintenance	11,597
Utilities	1,969
General Expenses	4,586
Depreciation	6,509
Total Operating Expenses	725,592
Operating Loss	(4,137)

Non-operating Revenues (Expenses):

Interest Expense	(1,676)
Total Non-operating Revenues (Expenses)	(1,676)
Change in Net Assets	(5,813)
Net Assets, Beginning of the Year	105,107
Net Assets, End of Year	\$ 99,294

See accompanying notes to the basic financial statements

VINTON METROPOLITAN HOUSING AUTHORITY
McARTHUR, OHIO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Cash Flows From Operating Activities:	
Cash received from HUD	\$ 722,506
Cash payments for Housing Assistance Payments	(550,825)
Cash payments for Administrative Salaries & Benefits	(75,352)
Cash payments for Other Administrative	(54,984)
Cash payments for Ordinary Maintenance	(11,597)
Cash payments for Other Operating Expenses	<u>(6,555)</u>
Net Cash Provided (Used) by Operating Activities	<u>23,193</u>
Cash Flows From Capital and related financing Activities:	
Capital Lease - Principal Payment	(8,500)
Capital Lease - Interest Payment	(750)
Mortgage - Principal Payment	(2,440)
Mortgage - Interest Payment	<u>(926)</u>
Net Cash Used By Capital Financing Activities	<u>(12,616)</u>
Net Increase In Cash	10,577
Cash At The Beginning Of Year	<u>101,392</u>
Cash At End Of Year	<u>\$ 111,969</u>

Reconciliation of Operating Loss to Net Cash Provided (Used) By Operating Activities:

Operating Loss	\$ (4,137)
Adjustments to Reconcile Net (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	6,509
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:	
(Increase) Decrease In:	
Prepaid Expenses and Other Assets	(4,713)
HUD Receivable	1,633
A/R - Other	(582)
Increase (Decrease) In:	
Accounts Payable	(1,079)
Compensated Absences Payable	702
HUD Advance	24,384
Accrued Wages	<u>476</u>
Total Adjustments	<u>20,821</u>
Net Cash Provided By Operating Activities	<u>\$ 23,193</u>

See accompanying notes to the basic financial statements.

Vinton Metropolitan Housing Authority

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 1—DESCRIPTION OF THE HOUSING AUTHORITY AND THE REPORTING ENTITY

Reporting Entity

The Vinton Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code.

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 the 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 are 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.

Description of Program

HOUSING CHOICE VOUCHERS - SECTION 8

The Authority administers the Housing Choice Voucher Program to operate housing programs within its jurisdiction. The program provides rental assistance to help very low income families afford decent, safe, and sanitary rental housing.

NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Vinton Metropolitan Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applies to governmental units. The Governmental Accounting Standards Board 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.

A. 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.

Vinton Metropolitan Housing Authority
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

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 of 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 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 do not conflict with or contradict GASB pronouncements.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 these funds are included on the balance sheet. Proprietary fund type income statements represent increases (e.g. revenues and other financing sources) and decreases (e.g. expenditures and other financing uses) in net total assets.

C. BASIS OF ACCOUNTING

The proprietary fund type uses 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.

D. 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.

E. CASH AND CASH EQUIVALENTS

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

Vinton Metropolitan Housing Authority
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS (Continued)

The Authority has investments in the form of certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value which is based upon quoted market prices. Nonparticipating investment contracts such as certificates of deposit are reported at cost.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the Authority with an original maturity of three months or less at the time they are purchased by the Authority are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. The Authority had no investments at September 30, 2005.

F. CAPITAL ASSETS

The capital asset values initially were determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated capital assets are capitalized at estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

Enterprise Fund Capital Assets: Capital assets reflected in the enterprise fund are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 years
Equipment	7 years
Vehicles	5-7 years

The Authority's policy is not to capitalize interest in the construction or purchase of capital assets.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond September 30, 2005, 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.

Vinton Metropolitan Housing Authority
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. COMPENSATED ABSENCES

The Authority implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end. In the proprietary fund, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

I. TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments

J. INTERGOVERNMENTAL REVENUES

Grants, entitlements or shared revenues received for enterprise fund operating purposes are recognized in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as revenue.

K. NET ASSETS

Net assets represents 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 internal or external restrictions. The Authority did not have any restricted net assets for the year ended September 30, 2005.

L. USE OF 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 certain reported amounts and accompanying notes. Accordingly, actual results could differ from those estimates.

Vinton Metropolitan Housing Authority

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 3—CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS

For fiscal year 2005, Vinton Metropolitan Housing Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures", and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Post-employment Benefit Expenditures/Expenses and Liability by Cost-Sharing Employers." GASB 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments. GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other post-employment benefit (OPEB) plans. The implementation of this bulletin and GASB Statement No. 40 had no effect on the Authority's financial statements.

NOTE 4—CASH AND CASH EQUIVALENTS

The Governmental Accounting Standards Board has established three (3) risk categories for deposits. Category 1 includes deposits insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 includes uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution or its trust department or agent but not in the Authority's name. For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2005, the bank balances of the Authority's cash totaled \$122,926. \$100,000 was insured by FDIC insurance. \$22,926 was a category 3 deposit and subject to custodial credit risk, however, was secured by pooled securities of Vinton County National Bank.

HUD Handbook 7475.1, Chapter 4, section 1, authorized the PHA to make investments in direct obligations of the Federal Government, obligation of Federal Government Agencies, securities of Government-sponsored Agencies and demand and savings deposits and certificates of deposits.

The Authority had only checking accounts and petty cash on hand and classified all as cash. As of September 30, 2005 the book balance was \$111,969.

Vinton Metropolitan Housing Authority

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 5—PROPERTY AND EQUIPMENT

A summary of the Authority's capital assets follows:

	Restated* Balance 09/30/04	Additions	Deletions	Ending Balance 09/30/05
Nondepreciable Capital Assets				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital Assets Being Depreciated				
Building and Improvements	56,039	-	-	56,039
Equipment	11,661	-	-	11,661
Vehicles	22,999	-	-	22,999
Total Capital Assets, Being Depreciated	90,699	-	-	90,699
Less Accumulated Depreciation:				
Building and Improvements	(5,348)	(2,166)	-	(7,514)
Equipment	(9,723)	(1,057)	-	(10,780)
Vehicles	(3,286)	(3,286)	-	(6,572)
Total Accumulated Depreciation	(18,357)	(6,509)	-	(24,866)
Total Capital Assets Being Depreciated, Net	72,342	(6,509)	-	65,833
Total Capital Assets, Net	\$ 77,342	\$ (6,509)	\$ -	\$ 70,833

*Restated to reflect the reclassification of land out of buildings and improvements

NOTE 6—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. The rate is as follows:

Units per month X \$39.57/unit

NOTE 7—CAPITAL LEASES

The Authority entered into a capital lease obligation in fiscal year 2003 for the purchase of a vehicle. The lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Capital Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. This lease was capitalized and the amount reported as part of capital assets was \$22,999. The Authority made payments for both fiscal years 2005 and 2006 during fiscal year 2005. The following is a schedule of the minimum lease payments required under the capital lease and the present value of the minimum lease payments as of September 30, 2005:

Vinton Metropolitan Housing Authority

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 7—CAPITAL LEASES (Continued)

	<u>Year Ending</u> <u>September 30,</u>	<u>Payment</u> <u>Amount</u>
	2007	<u>\$4,625</u>
Total of All Payments:		4,625
Less Amount Representing Interest:		<u>(375)</u>
Present Value of Minimum Lease Payments:		<u>\$ 4,250</u>

NOTE 8—MORTGAGE PAYABLE

The Authority entered into a mortgage payable obligation in fiscal year 2002 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 \$280.47 with the final payment due on March 25, 2012. The following is an amortization schedule of the payments required under the mortgage as of September 30, 2005:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Payment</u> <u>Amount</u>
2006	\$2,498	\$868	\$3,366
2007	2,624	742	3,366
2008	2,755	611	3,366
2009	2,897	469	3,366
2010	3,045	321	3,366
2011-2012	<u>5,047</u>	<u>129</u>	<u>5,302</u>
Total of all Payments	<u>\$18,866</u>	<u>\$3,140</u>	<u>\$22,132</u>

NOTE 9—DEFINED BENEFIT AND PENSION PLAN OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM PENSION PLAN

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – 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 thereon.
- 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

Vinton Metropolitan Housing Authority

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 9—DEFINED BENEFIT AND PENSION PLAN OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM PENSION PLAN (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The 2005 member contribution rate was 8.5% for the Authority's employees. The 2005 employer contribution rate was 13.55% of covered payroll.

As of September 30, 2005, the Authority had no outstanding amounts owed to OPERS. The Authority's contribution to OPERS for the years ending September 30, 2005, 2004 and 2003 were \$7,650, \$7,285, and \$7,624 respectively which are equal to the required contributions for each year.

NOTE 10—POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For the Authority, the rate was 13.55% of covered payroll for both fiscal years 2005 and 2004; 4.0% was used to fund health care for the calendar years 2005 and 2004.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review - The assumptions and calculations below were based on OPERS' latest Actuarial Reviews performed as of December 31, 2004.

Funding Method – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

Investment Return – The investment assumption rate for 2004 was 8.00%.

Vinton Metropolitan Housing Authority

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 10—POSTEMPLOYMENT BENEFITS (Continued)

Active Employee Total Payroll – An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from .50% to 6.30%.

Health Care – Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The following disclosures are required:

1. The number of active contributing participants in the Traditional Pension and Combined Plans totaled 376,109 for 2005.
2. The portion of the Authority's contributions that were used to fund postemployment benefits was \$2,258 for 2005.
3. \$10.8 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2004.
4. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

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 skyrocketing health care costs.

Under HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 11—OTHER EMPLOYEE BENEFITS

Compensated Absences: Vacation and sick leave 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 (90) hours of service. Unused sick leave may be accumulated without limit. At the 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. All vacation time accumulated will be paid upon separation.

At September 30, 2005, \$19,723 was accrued by the Authority for unused vacation and sick leave.

Vinton Metropolitan Housing Authority

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2005

NOTE 12—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 of the grants. Such audits could lead to reimbursement to the grantor agencies. Authority's management believes disallowances, if any, will be immaterial.

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2005, the Authority was involved in no matters management believes will have a material effect on the basic financial statements.

NOTE 13—ECONOMIC DEPENDENCY

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

NOTE 14—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.

VINTON METROPOLITAN HOUSING AUTHORITY
 McARTHUR, OHIO
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
Section 8 Housing Choice Vouchers	14.871	<u>\$721,455</u>
TOTAL - ALL PROGRAMS		<u><u>\$721,455</u></u>

See accompanying Notes to the Schedule of Federal Awards Expenditures.

VINTON METROPOLITAN HOUSING AUTHORITY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the accrual basis of accounting.

Vinton Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
September 30, 2005

FDS Line Item No.	Account Description	Section 8
	ASSETS	
111	Cash-unrestricted	\$ 111,969
100	TOTAL CASH	<u>111,969</u>
124	Accounts Receivable - Other	582
120	TOTAL ACCOUNTS RECEIVABLE	<u>582</u>
142	Prepaid expenses and other assets	5,396
150	TOTAL CURRENT ASSETS	<u>117,947</u>
161	Land	5,000
162	Building	56,039
164	Equipment	34,660
166	Accumulated depreciation	(24,866)
160	FIXED ASSETS, NET	<u>70,833</u>
190	TOTAL ASSETS	<u>\$ 188,780</u>
	LIABILITIES	
312	Accounts payable <=90 days	20,308
321	Accrued wages/payroll taxes	1,955
331	Account payable - HUD	24,384
348	Loan Liability-Current	2,498
	TOTAL CURRENT LIABILITIES	<u>49,145</u>
355	Loan liability - noncurrent	16,368
353	Noncurrent liabilities - other	4,250
354	Accrued compensated absences - noncurrent	19,723
350	TOTAL NONCURRENT LIABILITIES	<u>40,341</u>
300	TOTAL LIABILITIES	89,486
508.1	Invested in capital assets, net of related debt	47,717
512.1	Unrestricted net assets	51,577
513	TOTAL EQUITY	<u>99,294</u>
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	<u>\$ 188,780</u>

Vinton Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended September 30, 2005

FDS Line Item No.	Account Description	Section 8
	REVENUE	
706	HUD PHA Operating Grant	\$ 721,455
700	TOTAL REVENUE	<u>721,455</u>
	EXPENSES	
911	Administrative salaries	57,360
915	Employee benefit contributions-administrative	19,169
916	Other operating-administrative	49,192
931	Utilities-Water	208
932	Utilities-Electricity	1,761
942	Ordinary Maintenance and Operations-Material and Other	11,597
962	Other general expenses	4,586
967	Interest expense	1,676
969	TOTAL OPERATING EXPENSES	<u>145,549</u>
970	EXCESS OPERATING REVENUE OVER EXPENSES	575,906
973	Housing Assistance Payments	575,210
974	Depreciation expense	6,509
900	TOTAL EXPENSES	<u>727,268</u>
1000	DEFICIENCY OF OPERATING REVENUE UNDER EXPENSES	(5,813)
1103	Beginning equity	105,107
	ENDING EQUITY	<u>\$ 99,294</u>
1102	Debt principal payments-Enterprise fund	(10,940)

VINTON METROPOLITAN HOUSING AUTHORITY

FOR THE YEAR ENDED SEPTEMBER 30, 2005

SUMMARY OF ACTIVITIES

At the close of fiscal year ended September 30, 2005, the Vinton Metropolitan Housing Authority had the following operations management:

	<u>Units</u>
<u>Section 8 Housing Vouchers Program</u>	<u>187</u>
TOTAL	<u>187</u>
<u>Prior Audit Findings</u>	
No prior audit findings.	

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

Board of Commissioners
Vinton Metropolitan Housing Authority
PO Box 487
310 W High Street
McArthur, OH 45651

We have audited the financial statements of the business-type activities of the Vinton Metropolitan Housing Authority, Vinton County, Ohio (the Authority), as of and for the year ended September 30, 2005 and have issued our report thereon dated March 28, 2006, wherein we noted the Authority adopted Governmental Accounting Standards Board Statement No. 40 and GASB Technical Bulletin 2004-2. 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.

Internal Control Over Financial Reporting

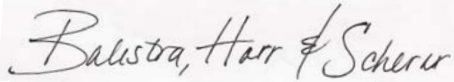
In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*.

Vinton Metropolitan Housing Authority
Vinton County
Independent Accountants' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the audit committee, management, the Members of Board, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored, slightly textured background.

Balestra, Harr & Scherer, CPAs, Inc.

March 28, 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

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Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Vinton Metropolitan Housing Authority
PO Box 487
310 W High Street
McArthur, OH 45651

Compliance

We have audited the compliance of the 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 are applicable to its major federal program for the year ended September 30, 2005. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

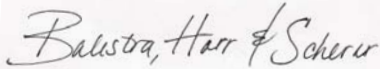
In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit we considered the internal control over compliance with requirements that could have a direct and material effect on 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulation, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Balestra, Harr & Scherer, CPAs, Inc.

March 28, 2006

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SEPTEMBER 30, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

SUMMARY OF AUDITOR'S RESULTS

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

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SEPTEMBER 30, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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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 11, 2006**