

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
JULY 1, 2006 -JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

Board of Directors
Consortium of Northwest Ohio
1044 Chelsea Avenue
Napoleon, Ohio 43245-1202

We have reviewed the *Independent Auditors' Report* of the Consortium of Northwest Ohio, Henry County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2006 through June 30, 2007. 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 Consortium of Northwest Ohio is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 21, 2008

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Consortium of Northwest Ohio
1044 Chelsea Avenue
Napoleon, OH 43545-1202

We have audited the accompanying financial statements of the Consortium of Northwest Ohio, Henry County, Ohio (the Consortium) as of and for the fiscal year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 financial position of the Consortium of Northwest Ohio, Henry County as of June 30, 2007, and the changes in its financial position and, where applicable, cash flows, thereof for the fiscal 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 December 20, 2007, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
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FAX (740) 345-5635

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 20, 2007

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- During fiscal year 2007, the Consortium's net assets decreased by \$74,194 (or 20.69%). Since the Consortium engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets for fiscal year 2006 were \$358,566 and \$284,372 for fiscal year 2007.

- The revenue decreased by \$41,639 (or 2.12%) during fiscal year 2007, and was \$1,960,336 and \$1,918,697 for fiscal year 2006 and fiscal year 2007, respectively.

- The total expenses of the Authority increased by \$55,333 (or 2.86%). Total expenses were \$1,937,558 and \$1,992,891 for fiscal year 2006 and fiscal year 2007, respectively.

**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

USING THIS ANNUAL REPORT

The following is a graphic outlining the three major sections of the report.

MD&A

~ Management Discussion and Analysis – pgs 3-11 ~

Basic Financial Statements

~ Financial Statements – pgs 13-15 ~
~ Notes to the Basic Financial Statements – pgs 17-24 ~

Other Required Supplementary Information

~ Required Supplementary Information - none~
(Other than MD&A)

The primary focus of the Consortium's financial statements is on the Consortium as a whole (Consortium -wide) and the major individual fund. Both perspectives (Consortium-wide and major fund) allow the user to address relevant questions, broaden basis for comparison (year-to-year or Consortium -to- Consortium), and enhance the Consortium's accountability.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Consortium-Wide Financial Statements

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 Consortium. The statement is presented in the format where assets, minus liabilities, equal "Net Assets". Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all net 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.

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

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

**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

THE CONSORTIUM'S FUNDS

The Consortium's financial statements include all programs that are considered to be within its administrative control. The Consortium generally maintains separate accounting records for each grant program or annual contribution contract, as required by HUD. A list of more significant programs is as follows:

Business-Type Activities:

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

Other Programs - In addition to the major program above, the Consortium also maintains other grant programs. The other activities the Consortium is involved with are listed below:

State/Local – represents resources developed from services provided to other metropolitan housing authorities

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

CONSORTIUM-WIDE STATEMENT

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities of the Consortium using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The following table reflects the condensed Statement of Net Assets compared to the prior year. The Consortium is engaged only in Business-Type Activities.

STATEMENT OF NET ASSETS

	<u>2007</u>	Restated <u>2006</u>
Current and Other Assets	\$ 241,800	\$ 395,072
Capital Assets	<u>91,377</u>	<u>103,439</u>
Total Assets	<u>333,177</u>	<u>498,511</u>
Current Liabilities	14,765	61,946
Non-Current Liabilities	<u>34,040</u>	<u>77,999</u>
Total Liabilities	<u>48,805</u>	<u>139,945</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	61,534	70,604
Restricted	186,569	210,339
Unrestricted	<u>36,269</u>	<u>77,623</u>
Total Net Assets	\$ <u>284,372</u>	\$ <u>358,566</u>

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

**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Major Factors Affecting the Statement of Net Assets

Current assets (primarily cash and investments) were decreased by the \$153,272 which is a result of the changes to HUD's funding. The HUD recapture of \$141,375 during fiscal year 2007 contributed to the overall decrease in cash. For fiscal year 2006, the Authority reported a non-current liability to offset fraud recovery receivable; for fiscal year 2007, the Authority reported an allowance for doubtful accounts to offset the receivable as it doesn't anticipate the full collection of these amounts.

The capital assets had a net decrease of \$12,062. This is the net of current year's depreciation and current year's additions. For more detail see "Capital Assets and Debt Administration" on page 10.

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets June 30, 2006, Restated	\$ 77,623
Results of Operations Related to Administrative Fee	\$ (50,424)
Adjustments:	
Depreciation (1)	<u>14,093</u>
Adjusted Results from Operations	(36,331)
Capital Asset Expenditures	(2,031)
Retirement of Debt	<u>(2,992)</u>
Unrestricted Net Assets June 30, 2007	\$ <u>36,269</u>

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

While the result of operations is a significant measure of the Consortium's activities, the analysis of the changes in unrestricted net assets provides a clearer change in financial well-being.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND ASSETS

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

	<u>2007</u>	<u>2006</u>
Revenues		
HUD PHA Operating Grants	\$1,761,730	\$1,793,351
Interest Income	4,959	5,695
Other Revenues	<u>152,008</u>	<u>161,290</u>
Total Revenue	<u>1,918,697</u>	<u>1,960,336</u>
Expenses		
Administrative Salaries and Benefits Expense	408,285	397,868
Material and Labor - Maintenance	14,736	9,437
General	13,456	11,885
Housing Assistance Payments	1,541,049	1,502,288
Depreciation	14,093	14,544
Interest	<u>1,272</u>	<u>1,536</u>
Total Expenses	<u>1,992,891</u>	<u>1,937,558</u>
Change in Net Assets	(74,194)	22,778
Net Assets at July 1, 2006	<u>358,566</u>	<u>335,788</u>
Net Assets June 30, 2007	<u>\$ 284,372</u>	<u>\$ 358,566</u>

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

HUD PHA Grants decreased due to HUD funding decreases. Housing Assistance Payments decreased by \$38,761 or 2.58% during fiscal year 2007. All three housing authorities have decreases in the number of unit months leased in 2007, a total of 5,825 for 2007 compared to a total of 6,026 in 2006. The Consortium's leasing rate for 2007 was 95.74%

Annual increases and staffing changes, which include the retiring of the long term Director during the fiscal year 2007 contributed to the increase of \$10,417 in the Administrative and Benefits Expense category.

Most other expenses increased moderately due to inflation. Depreciation decreased because of the changes to capital assets during fiscal year 2007.

**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007, the Consortium had \$91,377 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

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

	Business-type Activities	
	<u>2007</u>	<u>2006</u>
Building	\$ 84,511	\$ 84,511
Furniture, Fixtures, and Equipment	65,678	81,442
Building Improvements	51,974	51,974
Accumulated Depreciation	(110,786)	(114,488)
 Total	 \$ <u>91,377</u>	 \$ <u>103,439</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 22 of the notes.

CHANGE IN CAPITAL ASSETS

	Business-type Activities
Beginning Balance	\$ 103,439
Additions	2,031
Depreciation	(14,093)
Ending Balance	\$ <u>91,377</u>

The major additions for fiscal year 2007 were four computers. For fiscal year 2007, there were disposals of \$17,795 in Furniture, Fixtures, and Equipment; these capital assets were fully depreciated.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Debt Outstanding

As of June 30, 2007, the Consortium had \$29,843 in debt (mortgage loan) outstanding as compared to \$32,835 at June 30, 2006. The decrease of \$2,992 represents the current year debt repayment. For further information related to fiscal year 2007 debt activity, see Note 6.

ECONOMIC FACTORS

Significant economic factors affecting the Consortium are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho; Finance Manager for the Consortium of Northwest Ohio, at (419) 526-1622. Specific requests may be submitted to the Authority at 1044 Chelsea Ave, Napoleon OH 43545-1202.

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENTS OF NET ASSETS
JUNE 30, 2007**

Assets

Current Assets

Cash and Cash Equivalents	\$ 233,802
Accounts Receivable - Other	1,135
Prepaid Items	<u>6,863</u>
Total Current Assets	<u>241,800</u>

Non-Current Assets

Fraud Recovery:	
Accounts Receivable	27,128
Allowance for Doubtful Accounts	<u>(27,128)</u>
Total Accounts Receivable - Net	<u>-</u>

Capital Assets:

Depreciable Capital Assets	202,163
Accumulated Depreciation	<u>(110,786)</u>
Total Capital Assets	<u>91,377</u>

Total Non-Current Assets	<u>91,377</u>
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Total Assets	<u><u>333,177</u></u>
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Liabilities

Current Liabilities

Accounts Payable	4,949
Accrued Wages and Payroll Taxes	4,874
Accrued Compensated Absences	1,839
Current Portion of Long-Term Debt	<u>3,103</u>
Total Current Liabilities	<u>14,765</u>

Non-Current Liabilities

Mortgage Payable	26,740
Accrued Compensated Absences	<u>7,300</u>
Total Non-Current Liabilities	<u>34,040</u>

Total Liabilities	<u><u>48,805</u></u>
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Net Assets

Invested in Capital Assets, Net of Related Debt	61,534
Restricted	186,569
Unrestricted	<u>36,269</u>

Total Net Assets	<u><u>\$ 284,372</u></u>
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The notes to the basic financial statements are an integral part of the statements.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Operating Revenues		
HUD PHA Operating Grants	\$	1,761,730
Other Revenues		<u>152,008</u>
Total Operating Revenues		<u>1,913,738</u>
Operating Expenses		
Housing Assistance Payments	\$	1,541,049
Administrative Salaries		166,523
Employee Benefits		47,405
Other Administrative Expense		194,357
Material and Labor - Maintenance		14,736
Depreciation		14,093
General		<u>13,456</u>
Total Operating Expenses		<u>1,991,619</u>
Operating Loss		<u>(77,881)</u>
Nonoperating Revenues and Expenses		
Interest Income		4,959
Interest Expense		<u>(1,272)</u>
Total Nonoperating Revenues		<u>3,687</u>
Change in Net Assets		(74,194)
Net Assets at July 1, 2006		<u>358,566</u>
Net Assets at June 30, 2007	\$	<u><u>284,372</u></u>

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Cash flows from operating activities:

Cash received from HUD	\$ 1,761,730
Cash received from other sources	152,008
Cash payments to employees for services	(213,928)
Cash payments for good or services - HUD	(1,541,049)
Cash payments for goods or services	(261,078)
	(102,317)

Net cash used in operating activities (102,317)

Cash flows from investing activities:

Interest Income	4,959
Sale of Investments	132,031
Purchase of Capital Assets	(2,031)
	134,959

Net cash provided by investing activities 134,959

Cash flows from financing activities:

Repayment of Long-Term Debt	(2,992)
	(2,992)

Net cash used in financing activities (2,992)

Net change in cash and cash equivalents 29,650

Cash and cash equivalents at July 1, 2006 204,152

Cash and cash equivalents at June 30, 2007 **\$ 233,802**

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (77,881)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	14,093
Changes in assets and liabilities:	
Decrease in accounts receivable	47,016
Decrease in prepaid items	2,603
Decrease in accounts payable	(4,385)
Decrease in accrued wages and payroll taxes	(42,451)
Decrease in other liabilities	(41,312)
	(41,312)

Net cash used in operating activities **\$ (102,317)**

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

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Consortium of Northwest Ohio (the Consortium) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Consortium's accounting policies are described below.

Reporting Entity

On November 29, 2000, after receiving and reviewing public comment on section 13 of the United States Housing Act of 1937, HUD published the final rule which implemented the 1998 law that authorizes public housing agencies (PHAs) to administer any or all of their housing programs through a consortium of PHAs. The final rule specifies minimum requirements relating to formation and operation of the consortium and minimum contents of consortium agreements, as required by the statute and further reflects HUD's consideration of public comments received on the proposed rule.

On July 1, 2006, the following organizations: Bowling Green Housing Agency, Henry Metropolitan Housing Authority, and the Williams Metropolitan Housing Authority elected to form a consortium and entered into a consortium agreement among the participating authorities, specified a Lead Agency (Henry Metropolitan Housing Authority), and submitted a joint Plan for all participating authorities in accordance with 24 CFR part 903.

The Consortium was created under the Ohio Revised Code, Section 3735.27. The Consortium contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Consortium depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, in that the financial statements include all organizations, activities and functions for which the Consortium is financially accountable. This report includes all activities considered by management to be part of the Consortium by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Consortium over which the Consortium is financially accountable.

Fund Accounting

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

Proprietary Fund Type:

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

Enterprise Fund – The Consortium 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 Consortium are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the Consortium finances and meets cash flow needs.

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus/Basis of Accounting

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

Capital Assets

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

<u>Description</u>	<u>Estimated Useful Lives -Years</u>
Building	40
Furniture	5
Equipment	7
Vehicles	5

Cash and Cash Equivalents

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

Compensated Absences

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a current liability.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Consortium or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Consortium did not have net assets restricted by enabling legislature at June 30, 2007.

Estimates

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

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method.

Operating Revenues and Expenses

Operating revenues are those revenues that are derived from tenant rentals, HUD subsidies, and other income. Operating expenses are necessary costs incurred to provide the services as it related to the primary activity of the Consortium. Revenues and expenses which do not meet these definitions are reported as non-operating revenues and expenses.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents included in the Consortium's cash position at June 30, 2007 are as follows:

Demand Deposits:	
Bank balance – Checking	\$ 244,052
Items-in-transit	<u>(10,300)</u>
Carrying balance	\$ <u>233,752</u>

Of the fiscal year-end cash balance, \$244,052 was covered by federal deposit insurance. In addition, the Consortium maintains \$50 in petty cash funds.

Based on the Consortium having only demand deposits at June 30, 2007, the Consortium is not subject to interest rate, credit, concentration, or custodial credit risks.

3. RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2007, the Consortium purchased commercial insurance for vehicle, health, general liability, building contents, and real property insurance.

Vehicle insurance carries a \$250 comprehensive deductible and \$500 collision deductible. Property insurance carries a \$500 deductible. The deductible for general liability and electronic data processing insurance are \$500 each. The deductible for public officials' liability insurance is \$1,000.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

4. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2007:

	Balance <u>June 30, 2006</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2007</u>
<u>Governmental Activities - Cost</u>				
Buildings	\$ 84,511	\$ -	\$ -	\$ 84,511
Building improvements	51,974	-	-	51,974
Furniture, fixtures, and equipment	<u>81,442</u>	<u>2,031</u>	<u>(17,795)</u>	<u>65,678</u>
Total at cost	<u>217,927</u>	<u>2,031</u>	<u>(17,795)</u>	<u>202,163</u>
<u>Less: accumulated depreciation</u>				
Buildings	(29,230)	(4,226)	-	(33,456)
Building improvements	(13,961)	(5,198)	-	(19,159)
Furniture, fixture, and equipment	<u>(71,297)</u>	<u>(4,669)</u>	<u>17,795</u>	<u>(58,171)</u>
Total accumulated depreciation	<u>(114,488)</u>	<u>(14,093)</u>	<u>17,795</u>	<u>(110,786)</u>
Capital assets, net	\$ <u>103,439</u>	\$ <u>(12,062)</u>	\$ <u>-</u>	\$ <u>91,377</u>

5. DEFINED BENEFIT PENSION PLANS

Plan Description – All employees of the Consortium are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Pension Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit 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 Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

Funding Policy – The Consortium and covered employees contribute at actuarially determined rates for 2007, 13.7% and 9%, respectively, of covered employee payroll to OPERS. The Consortium's contributions to OPERS for the years ended June 30, 2007, 2006, and 2005 were \$47,007, \$32,907, and \$24,562, respectively. Required contributions are equal to 100% of the dollar amount billed.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

5. DEFINED BENEFIT PENSION PLANS - CONTINUED

Other Postretirement Benefits – OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). A portion (4.5%) of each employer's OPERS contribution is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to OPERS.

Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804.

The assumptions and calculations used below were based on the System's latest Actuarial Review performed as of December 31, 2005 (latest actuarial review). An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5 percent.

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

Health care costs were assumed to increase at a projected wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

As of December 31, 2005, the audited estimated net assets available for OPEB were \$11.1 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

6. LONG-TERM DEBT

At June 30, 2006, the Consortium had an outstanding mortgage note payable of \$32,835. In September 2006, the Consortium refinanced this mortgage and is now obligated to a bond on a mortgage note, which matures September 9, 2015. The note requires monthly installments of \$355.31, including interest at 4% per annum.

	Balance <u>7/1/06</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/07</u>	Due in <u>one year</u>
Mortgage Note Payable	\$ <u>32,835</u>	\$ <u> </u> -	\$ <u>(2,992)</u>	\$ <u>29,843</u>	\$ <u>3,103</u>

The aggregate amounts of long-term debt maturities for the remaining fiscal years following fiscal year 2007 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 3,103	\$1,160	\$ 4,264
2009	3,239	1,025	4,264
2010	3,373	891	4,264
2011	3,512	752	4,264
2012	3,656	608	4,264
2013-2016	<u>12,960</u>	<u>896</u>	<u>13,856</u>
Total	<u>\$29,843</u>	<u>\$5,332</u>	<u>\$35,175</u>

7. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Consortium are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Consortium at June 30, 2007.

B. Litigation

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2007**

FDS Line Item No.	Account Description	<u>Bowling Green</u>	<u>Henry</u>	<u>Williams</u>	State/Local	Total
		14.871 Section 8 Housing Choice Vouchers	14.871 Section 8 Housing Choice Vouchers	14.871 Section 8 Housing Choice Vouchers		
	Current Assets					
	Cash					
111	Cash - Unrestricted	\$ 88,532	\$ 36,492	\$ 90,289	\$ 18,489	\$ 233,802
100	Total Cash	88,532	36,492	90,289	18,489	233,802
	Accounts Receivable					
125	Miscellaneous	-	-	-	1,135	1,135
	Other Assets					
142	Prepaid Items	-	6,863	-	-	6,863
150	Total Current Assets	88,532	43,355	90,289	19,624	241,800
	Noncurrent Assets					
128	Fraud Recovery	4,052	12,457	10,619	-	27,128
128.1	Allowance for Doubtful Accounts	(4,052)	(12,457)	(10,619)	-	(27,128)
120	Total Receivables, net of allowance for doubtful accounts	-	-	-	-	-
	Capital Assets					
162	Buildings	-	84,511	-	-	84,511
164	Furniture and Equipment - Administration	-	46,000	19,678	-	65,678
165	Leasehold Improvements	-	51,974	-	-	51,974
166	Accumulated Depreciation	-	(91,174)	(19,612)	-	(110,786)
160	Total Capital Assets net of accumulated depreciation	-	91,311	66	-	91,377
180	Total Noncurrent Assets	-	91,311	66	-	91,377
190	Total Assets	\$ 88,532	\$ 134,666	\$ 90,355	\$ 19,624	\$ 333,177

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2007**

FDS Line Item No.	Account Description	<u>Bowling Green</u>	<u>Henry</u>	<u>Williams</u>	State/Local	Total
		14,871 Section 8 Housing Choice Vouchers	14,871 Section 8 Housing Choice Vouchers	14,871 Section 8 Housing Choice Vouchers		
Current Liabilities						
312	Accounts Payable	\$ 830	\$ 3,815	\$ 304	\$ -	\$ 4,949
321	Accrued Wages and Payroll Taxes	-	4,874	-	-	4,874
322	Accrued Compensated Absences - Current	-	1,839	-	-	1,839
343	Current Portion of Long-Term Debt - Mortgage Note	-	3,103	-	-	3,103
310	Total Current Liabilities	<u>830</u>	<u>13,631</u>	<u>304</u>	<u>-</u>	<u>14,765</u>
Non-Current Liabilities						
351	Long-Term Debt, Net of Current - Mortgage Note	-	26,740	-	-	26,740
354	Accrued Compensated Absences - Noncurrent	-	7,300	-	-	7,300
350	Total Non-Current Liabilities	<u>-</u>	<u>34,040</u>	<u>-</u>	<u>-</u>	<u>34,040</u>
300	Total Liabilities	<u>830</u>	<u>47,671</u>	<u>304</u>	<u>-</u>	<u>48,805</u>
Net Assets						
508.1	Invested in Capital Assets, Net of Related Debt	-	61,468	66	-	61,534
511.1	Restricted Net Assets	75,597	76,457	34,515	-	186,569
512.1	Unrestricted Net Assets	12,105	(50,930)	55,470	19,624	36,269
	Total Net Assets	<u>87,702</u>	<u>86,995</u>	<u>90,051</u>	<u>19,624</u>	<u>284,372</u>
600	Total Liabilities and Net Assets	<u>\$ 88,532</u>	<u>\$ 134,666</u>	<u>\$ 90,355</u>	<u>\$ 19,624</u>	<u>\$ 333,177</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FDS Line Item No.	Account Description	<u>Bowling Green</u>	<u>Henry</u>	<u>Williams</u>	State/Local	Total
		14.871 Section 8 Housing Choice Vouchers	14.871 Section 8 Housing Choice Vouchers	14.871 Section 8 Housing Choice Vouchers		
Revenue						
706-010	Housing Assistance Payment Revenues	\$ 446,873	\$ 680,339	\$ 383,663	\$ -	\$ 1,510,875
706-020	Administrative Fees Revenues	65,880	108,220	76,755	-	250,855
706	HUD PHA Operating Grants	512,753	788,559	460,418	-	1,761,730
711-010	Housing Assistance Payments	265	2,454	154	-	2,873
711-020	Administrative Fees	83	1,611	392	-	2,086
711	Investment Income - Unrestricted	348	4,065	546	-	4,959
714-010	Housing Assistance Payments	1,032	1,900	599	-	3,531
714-020	Administrative Fees	1,032	1,900	599	-	3,531
714	Fraud Recovery	2,064	3,800	1,198	-	7,062
715	Other Revenue	-	-	-	144,946	144,946
	Total Revenue	515,165	796,424	462,162	144,946	1,918,697
Expenses						
911	Administrative Salaries	-	18,745	-	145,939	164,684
912	Auditing Fees	-	7,514	-	-	7,514
913	Outside Management Fees	66,912	-	77,354	-	144,266
914	Compensated Absences	-	1,839	-	-	1,839
915	Employee Benefit Contribution - Administrative	-	16,078	-	31,327	47,405
916	Other Operating - Administrative	-	31,350	616	10,611	42,577
942	Ordinary Maintenance and Operations - Materials and Other	-	14,736	-	-	14,736
961	Insurance Premiums	-	13,456	-	-	13,456
967	Interest Expense	-	1,272	-	-	1,272
969	Total Operating Expenses	66,912	104,990	77,970	187,877	437,749
970	Excess Operating Revenue Over Operating Expenses	448,253	691,434	384,192	(42,931)	1,480,948
Other Expenses						
973-050	All Other	410,759	730,532	399,758	-	1,541,049
973	Housing Assistance Payments	410,759	730,532	399,758	-	1,541,049
974	Depreciation Expense	-	13,962	131	-	14,093
	Total Other Expenses	410,759	744,494	399,889	-	1,555,142
900	Total Expenses	477,671	849,484	477,859	187,877	1,992,891
1000	Excess of Revenues over Expenses	37,494	(53,060)	(15,697)	(42,931)	(74,194)
1103	Beginning Net Assets	50,208	140,055	105,748	62,555	358,566
	Ending Net Assets	\$ 87,702	\$ 86,995	\$ 90,051	\$ 19,624	\$ 284,372

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FDS Line Item No.	Account Description	Bowling Green - 14.871 Housing Choice Vouchers	
1117-001	Administrative Fee Equity - Beginning Balance		\$ 12,022
1117-010	Administrative Fee Revenue	65,880	
1117-040	Investment Income	83	
1117-045	Fraud Recovery Revenue	1,032	
1117-050	Other Revenue	-	
1117-060	Total Administrative Fee Revenues		66,995
1117-080	Total Operating Expenses	66,912	
1117-110	Total Expenses		66,912
1117-002	Net Administrative Fee		83
1117-003	Administrative Fee Equity - Ending Balance		12,105
1117	Administrative Fee Equity		<u>\$ 12,105</u>
1118-001	Housing Assistance Payments Equity - Beginning Balance		\$ 38,186
1118-010	Housing Assistance Payment Revenues	446,873	
1118-015	Fraud Recovery Revenue	1,032	
1118-025	Investment Income	265	
1118-030	Total Housing Assistance Payments Revenues		448,170
1118-080	Housing Assistance Payments	410,759	
1118-100	Total Housing Assistance Payments Expenses		410,759
1118-002	Net Housing Assistance Payments		37,411
1118-003	Housing Assistance Payments Equity - Ending Balance		75,597
1118	Housing Assistance Payments Equity		<u>\$ 75,597</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FDS Line Item No.	Account Description	Henry - 14.871 Housing Choice Vouchers	
1117-001	Administrative Fee Equity - Beginning Balance		\$ 17,759
1117-010	Administrative Fee Revenue	108,220	
1117-040	Investment Income	1,611	
1117-045	Fraud Recovery Revenue	<u>1,900</u>	
1117-060	Total Administrative Fee Revenues		111,731
1117-080	Total Operating Expenses	104,990	
1117-090	Depreciation	<u>13,962</u>	
1117-110	Total Expenses		<u>118,952</u>
1117-002	Net Administrative Fee		<u>(7,221)</u>
1117-003	Administrative Fee Equity - Ending Balance		<u>10,538</u>
1117	Administrative Fee Equity		<u><u>\$ 10,538</u></u>
1118-001	Housing Assistance Payments Equity - Beginning Balance		\$ 122,296
1118-010	Housing Assistance Payment Revenues	680,339	
1118-015	Fraud Recovery Revenue	1,900	
1118-025	Investment Income	<u>2,454</u>	
1118-030	Total Housing Assistance Payments Revenues		684,693
1118-080	Housing Assistance Payments	<u>730,532</u>	
1118-100	Total Housing Assistance Payments Expenses		<u>730,532</u>
1118-002	Net Housing Assistance Payments		<u>(45,839)</u>
1118-003	Housing Assistance Payments Equity - Ending Balance		<u>76,457</u>
1118	Housing Assistance Payments Equity		<u><u>\$ 76,457</u></u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FDS Line Item No.	Account Description	Williams - 14.871 Housing Choice Vouchers	
1117-001	Administrative Fee Equity - Beginning Balance		\$ 55,891
1117-010	Administrative Fee Revenue	76,755	
1117-040	Investment Income	392	
1117-045	Fraud Recovery Revenue	599	
1117-060	Total Administrative Fee Revenues		77,746
1117-080	Total Operating Expenses	77,970	
1117-090	Depreciation	131	
1117-110	Total Expenses		78,101
1117-002	Net Administrative Fee		(355)
1117-003	Administrative Fee Equity - Ending Balance		55,536
1117	Administrative Fee Equity		<u>\$ 55,536</u>
1118-001	Housing Assistance Payments Equity - Beginning Balance		\$ 49,857
1118-010	Housing Assistance Payment Revenues	383,663	
1118-015	Fraud Recovery Revenue	599	
1118-025	Investment Income	154	
1118-030	Total Housing Assistance Payments Revenues		384,416
1118-080	Housing Assistance Payments	399,758	
1118-100	Total Housing Assistance Payments Expenses		399,758
1118-002	Net Housing Assistance Payments		(15,342)
1118-003	Housing Assistance Payments Equity - Ending Balance		34,515
1118	Housing Assistance Payments Equity		<u>\$ 34,515</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 1,761,730
Total Federal Awards Expenditures			\$ 1,761,730

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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



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

Board of Directors
Consortium of Northwest Ohio
1044 Chelsea Avenue
Napoleon, Ohio 43545-1202

We have audited the financial statements of the Consortium of Northwest Ohio, Henry County, Ohio (the Consortium) as of and for the fiscal year ended June 30, 2007, which collectively comprise the Consortium's financial statements, and have issued our report thereon dated December 20, 2007. 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 Consortium's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Consortium's internal control.

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consortium'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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, federal awarding agencies, pass-through entities, and other members of the Consortium and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 20, 2007



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

Board of Directors
Consortium of Northwest Ohio
1044 Chelsea Avenue
Napoleon, Ohio 43545-1202

Compliance

We have audited the compliance of the Consortium of Northwest Ohio, Henry County, (the Consortium) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2007. The Consortium's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Consortium management. Our responsibility is to express an opinion on the Consortium'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 Consortium'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 Consortium's compliance with those requirements.

In our opinion, the Consortium of Northwest Ohio, Henry County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2007.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Internal Control over Compliance

The management of the Consortium 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 Consortium's 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Consortium's internal control.

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

This report is intended solely for the information and use of the Board of Directors, management, the Auditor of State, federal awarding agencies, pass-through entities, and other members of the Consortium and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shanna E. Snow, Inc.

Newark, Ohio
December 20, 2007

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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.



Mary Taylor, CPA
Auditor of State

CONSORTIUM OF NORTHWEST OHIO

HENRY 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
FEBRUARY 5, 2008**