

**BOWLING GREEN HOUSING AGENCY**

Financial Condition

As of

June 30, 2003

Together with Auditors' Report





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Bowling Green Housing Agency  
1044 Chelsea Ave.  
Napoleon, Ohio 43545-1202

We have reviewed the Independent Auditor's Report of the Bowling Green Housing Agency, Wood County, prepared by Kevin L. Penn, Inc., for the audit period July 1, 2002 through June 30, 2003. 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 Bowling Green Housing Agency is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

December 16, 2003

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**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

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## Independent Auditor's Report

Board of Trustees  
Bowling Green Housing Agency  
Napoleon, Ohio

I have audited the accompanying financial statements of the Bowling Green Housing Agency, as of June 30, 2003 and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the Bowling Green Housing Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 I 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bowling Green Housing Agency, as of June 30, 2003, and the changes in net assets and revenues, expenditures and other changes for the year ended June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, to the financial statements, effective July 1, 2002, the Bowling Green Housing Agency implemented Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34, and GASB No.38, Certain Financial Statements Note Disclosures.

The Management's Discussion and Analysis (MD&A) on pages 4 – 8, is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. The MD&A has been reviewed in accordance with the standards established by the American Institute of Certified Public Accountants. Such a review, however, is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion on the MD&A information.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2003 on my consideration of the Bowling Green Housing Agency's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Bowling Green Housing Agency taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. In addition, the financial data schedule, pages 17 to 19 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development. These schedules are the responsibility of management of Bowling Green Housing Agency, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kevin L. Penn, Inc.

October 24, 2003





# **Bowling Green Housing Agency**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2003**

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

This Management Discussion and Analysis is new, and will now be presented at the front of each year's financial statements.

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 Agency's financial statements (beginning on page 9).

### **FINANCIAL HIGHLIGHTS**

- During FY 2003, the Agency's net assets increased by \$1,457 (11.57%). Since the Agency engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$12,589 and \$14,406 for FY 2002 and FY 2003 respectively.
- The revenue increased by \$74,525 (or 16.16%) during FY 2003, and was \$461,190 and \$535,715 for FY 2002 and FY 2003 respectively.
- The total expenses of the Agency increased by \$72,168 (or 15.62%). Total expenses were \$462,090 and \$534,258 for FY 2002 and FY 2003 respectively.

The primary focus of the Agency's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus is on both the Agency as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Agency's accountability.

### **Authority-Wide Financial Statements**

The Agency-wide financial statements (see pages 9-10) are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Agency. 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”.

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 Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, 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.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”.

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

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

Finally, Statement of Cash Flows (see page 11) is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

## **Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Agency consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds maintained by the Agency are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

## The Agency's Funds

### Business Type Funds

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

### AUTHORITY –WIDE STATEMENT

#### Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Agency is engaged only in Business-Type Activities.

#### **TABLE 1**

#### STATEMENT OF NET ASSETS

	<u>FY 2003</u>	<u>FY 2002</u>
Current and Other Assets	\$ 41,989	\$ 23,159
Capital Assets	<u>0</u>	<u>0</u>
Total Assets	<u>41,989</u>	<u>23,159</u>
Other Liabilities	15,599	1,304
Non-Current Liabilities	<u>12,344</u>	<u>9,266</u>
Total Liabilities	<u>27,943</u>	<u>10,570</u>
Net Assets:		
Invested in Capital Assets,		
Net of Related Debt	0	0
Restricted	0	0
Unrestricted	<u>14,046</u>	<u>12,589</u>
Total Net Assets	<u>\$ 14,046</u>	<u>\$ 12,589</u>

For More detailed information see page 9 for the Statement of Net Assets.

#### Major Factors Affecting the Statement of Net Assets

Current Assets (primarily cash and investments) were increased by \$18,830 due to the increase in liabilities by \$17,477.

**TABLE 2****CHANGE OF UNRESTRICTED NET ASSETS**

Unrestricted Net Assets 6/30/2002		\$ 12,589
Results of Operations	1,457	
Adjustments:		
Adjusted Results from Operations		1,457
Capital Expenditures		<u>(0)</u>
Unrestricted Net Assets 6/30/03		<u><u>\$ 14,046</u></u>

(1) HUD decreased Fiscal Year 2002 FSS funding by \$102. This adjustment was recorded in FY 2003 and reduces the results of operations.

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

**TABLE 3****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

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

	<u>FY 2003</u>	<u>FY 2002</u>
Revenues		
HUD PHA Operating Grants	\$ 535,275	\$ 459,740
Interest Income	174	400
Other Revenues – Fraud Recovery	<u>266</u>	<u>1,050</u>
Total Revenue	<u>535,715</u>	<u>461,190</u>
Expenses		
Administrative	96,165	96,182
Maintenance	0	0
General	0	0
Housing Assistance Payments	438,093	365,908
Depreciation	<u>0</u>	<u>0</u>
Total Expenses	<u>534,258</u>	<u>462,090</u>
Net Increase/(Decrease)	<u>\$ 1,457</u>	<u>\$ ( 900)</u>

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

Hud PHA Grants increased due to the Agency's increase in leasing. Fiscal year 2003 had a leasing rate of 99.1% or 1,415 unit months leased out of a 1,428 available. Compared to a 93% rate for fiscal year 2002 or 1,329 unit months leased with 1,428 available.

The higher unit months leased would have had an effect on the Housing Assistance Payments increase of \$72,185 from last year. The increase in Payment Standards would also have added to the cause of the increase.

Most other expenses increase moderately due to inflation. Depreciation increased because of the additions to capital assets during fiscal year 2003.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of 6/30/03, the Agency had \$0 invested in capital assets.

#### **Debt Outstanding**

As of 6/30/03, the Agency had no debt outstanding.

### **ECONOMIC FACTORS**

Significant economic factors affecting the Agency 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 Bowling Green Housing Agency, at (419) 592-1735. Specific requests may be submitted to the Director at 1044 Chelsea Ave., Napoleon, OH 43545-1202

BOWLING GREEN HOUSING AGENCY  
STATEMENT OF NET ASSETS  
JUNE 30, 2003

ASSETS

**Current Assets**

Cash and Cash Equivalents (Note 1)	\$ 29,471
Investments – Restricted (Note 1)	12,335
Accrued Interest Receivable	9
Accounts Receivable - Fraud Recovery	174
Total Current Assets	41,989
<b>TOTAL ASSETS</b>	<b>\$ 41,989</b>

LIABILITIES AND NET ASSETS

**Current Liabilities**

Accounts Payable	\$ 7,593
Accounts Payable - FSS Escrow	12,344
Accounts Payable - HUD	7,832
Undistributed Credits - Fraud Recovery	174
Total Current Liabilities	27,943
Total Liabilities	<b>\$ 27,943</b>

**Net Assets**

Unrestricted	\$ 14,046
Total Net Assets	<b>\$ 14,046</b>

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

BOWLING GREEN HOUSING AGENCY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2003

<b>Operating Revenue:</b>	
HUD Operating Subsidies and Grants	\$ 535,275
Total Operating Revenue	535,275
 <b>Operating Expenses:</b>	
Housing Assistance Payments	438,093
Other Administrative Expense	24,949
General Expenses	71,216
Total Operating Expenses	534,258
Operating Income (Loss)	1,017
 Non-Operating Revenues (Expenses)	
Interest Income – Unrestricted	174
Fraud Recovery	266
Total Non-Operating Revenues (Expenses)	440
Change in Net Assets	1,457
Net Assets - Beginning of Year	12,589
Net Assets - End of Year	\$ 14,046

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



BOWLING GREEN HOUSING AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2003

Cash Flows From Operating Activities:	
Cash payments to suppliers for goods and services	\$ (64,393)
Housing assistance payments	(430,261)
HUD operating subsidies and grants	545,719
Other receipts	432
Other payments	<u>(21,700)</u>
Net Cash Provided (Used) by Operating Activities	29,797
Cash Flows From Non-Capital Financing:	
Net Cash Provided (Used) by Non-Capital Financing	<u>-</u>
Cash Flows From Capital and Related Financing Activities:	
Repayment of Long Term Debt	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	-
Cash Flows From Investing Activities:	
Change in Investments - Restricted	<u>(3,775)</u>
Net Cash Provided (Used) by Investing Activities	(3,775)
Increase (Decrease) in Cash and Cash Equivalents	26,022
Cash and Cash Equivalents - Beginning of Year	<u>3,449</u>
Cash and Cash Equivalents - End of Year	<u>\$ 29,471</u>

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

(Continued)

BOWLING GREEN HOUSING AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2003

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$ 1,457
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts Receivable	10,976
Interest Receivable	(9)
Increase (decrease) in liabilities:	
Accounts Payable	17,905
Undistributed Credits - Fraud Recovery	<u>(532)</u>
Net cash used in operating activities	<u><u>\$ 29,797</u></u>

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

**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2003**

**NOTE 1 - Summary of Significant Accounting Policies:**

A. Organization

The Bowling Green Housing Agency (BGHA) is a political subdivision of the State of Ohio, located in Napoleon, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing program. An Annual Contributions Contract was signed by the BGHA and the United States 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 is the "primary government". A fundamental characteristic of a primary government is that it is 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. This criteria, was considered in determining the reporting entity.

B. Basis of Accounting

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. Effective July 1, 2002, the Authority implement GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34, and Statement No. 38, Certain Financial Statement Disclosures. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. The Authority now follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with GASB statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- Notes to the Financial Statements

**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2003**

**NOTE 1 - Summary of Significant Accounting Policies: (continued)**

B. Basis of Accounting (continued)

No cumulative effect adjustments to net assets as of July 1, 2002 were required in connection with the implementation of the GASB statement described above.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue to apply all applicable pronouncements of the Governmental Accounting Standards Board.

C. Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

D. Investments - Restricted

Restricted cash represents monies held, pertaining to the Family Self Sufficiency program.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Financial Statement Format and Content

The format and content of the financial statements included in this report conforms to the format and content submitted to U.S. Department of Housing and Urban Development, via the Real Estate Assessment Center.

**NOTE 2 – Deposits and Investments:**

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

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

**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2003**

**NOTE 2 – Deposits and Investments:** (continued)

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

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1, includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2, includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3, includes uninsured and uncollateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The following show the Authority's deposits (bank balances) in each category:

Category 1.	\$43,100 was covered by federal depository insurance.
Category 2.	None

The book balance at June 30, 2003 was \$41,806.

**NOTE 3 – Administrative Fee:**

The Authority receives and "administrative fee" as part of the annual contributions 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 based rate for each unit per month under HAP contracts. The rates are as follows:

Vouchers:

Units per month x \$47.80/units – July to September
Units per month x \$50.33/units – October to June

**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2003**

**NOTE 4 – Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bowling Green Housing Agency and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

BOWLING GREEN METROPOLITAN HOUSING AUTHORITY  
Balance Sheet  
June 30, 2003

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

<u>FDS Line</u> <u>Item No.</u>	<u>Account Description</u>	
	ASSETS	
111	Cash and Cash Equivalents	\$ 29,471
100	TOTAL CASH	<u>29,471</u>
128	Accounts Receivable – Fraud Recovery	174
129	Accrued Interest Receivable	<u>9</u>
120	TOTAL ACCOUNTS RECEIVABLE	183
132	Cash and Cash Equivalents - Restricted	<u>12,335</u>
150	TOTAL CURRENT ASSETS	<u>41,989</u>
190	TOTAL ASSETS	<u><u>\$ 41,989</u></u>
	LIABILITIES	
312	Accounts Payable	\$ 7,593
331	Accounts Payable - HUD PHA Programs	<u>7,832</u>
310	TOTAL CURRENT LIABILITIES	15,425
353	Noncurrent Liabilities – Other	<u>12,518</u>
	TOTAL NON-CURRENT LIABILITIES	<u>12,518</u>
	TOTAL LIABILITIES	27,943
512	Retained Earnings	<u>14,046</u>
	TOTAL EQUITY	<u>14,046</u>
	TOTAL LIABILITIES AND EQUITY	<u><u>\$ 41,989</u></u>

BOWLING GREEN METROPOLITAN HOUSING AUTHORITY  
Statement of Revenue, Expenses and Changes in Equity  
For the Year Ended June 30, 2003

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

<u>FDS Line</u> <u>Item No.</u>	<u>Account Description</u>	
	Revenue:	
706	HUD PHA Operating Grant	\$ 535,275
711	Investment Income - Unrestricted	174
714	Fraud Recovery	266
700	Total Revenue	<u>535,715</u>
	Expenses:	
912	Audit Fees	2,800
913	Outside Management Fees	71,216
916	Other Operating - Administrative	22,149
969	Total Operating Expenses	<u>96,165</u>
970	Excess Operating Revenue over Expenses	439,550
	Other Expenses	
973	Housing Assistance Payments	438,093
900	Total Expenses	<u>438,093</u>
1010	Total Other Funding Sources(Uses)	<u>-</u>
1000	Excess of Operating Revenue Over Expenses	1,457
1103	Beginning Equity	12,589
	Ending Equity	<u><u>\$ 14,046</u></u>



BOWLING GREEN METROPOLITAN HOUSING AUTHORITY  
Additional Information Required by HUD  
Year Ended June 30, 2003

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

<u>FDS Line</u> <u>Item No.</u>	<u>Account Description</u>	
1113	Maximum Annual Contributions Commitment (Per ACC)	\$ 492,280
1114	Applicable to a Period of Less Than Twelve Months	-
1115	Contingency Reserve, ACC Program Reserve	\$ 84,069
1116	Total Annual Contributions Available	\$ 576,349
1120	Unit Months Available	1,428
1121	Number of Unit Months Leased	1,415

BOWLING GREEN HOUSING AGENCY  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2003

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Amount Received</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Direct Program:				
Section 8 Tenant Based Cluster:				
Housing Choice Vouchers	14.871	C-10022	\$543,107	\$535,275
				-----
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$535,275
				=====

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



Kevin L.  
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## **Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Trustees  
Bowling Green Housing Agency  
Napoleon, Ohio

I have audited the financial statements of Bowling Green Housing Agency as of and for the year ended June 30, 2003, and have issued my report thereon dated October 24, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Bowling Green Housing Agency's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bowling Green Housing Agency's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Kevin L. Penn, Inc.

October 24, 2003



Kevin L.  
Penn, Inc.

Certified Public Accountant  
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## **Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Trustees  
Bowling Green Housing Agency  
Napoleon, Ohio

### Compliance

I have audited the compliance of Bowling Green Housing Agency 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 each of its major federal programs for the year ended June 30, 2003. Bowling Green Housing Agency's major federal programs are 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 each of its major federal programs is the responsibility of Bowling Green Housing Agency's management. My responsibility is to express an opinion on Bowling Green Housing Agency's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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 I 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 Bowling Green Housing Agency's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Bowling Green Housing Agency's compliance with those requirements.

In my opinion, Bowling Green Housing Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

#### Internal Control Over Compliance

The management of Bowling Green Housing Agency 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 my audit, I considered Bowling Green Housing Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My 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 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, regulations, contracts and grants 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

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

Kevin L. Penn, Inc.

October 24, 2003

**Bowling Green Housing Agency**  
 Schedule of Findings and Questioned Costs  
 June 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weakness(es) identified? No  
 Reportable condition(s) identified  
 not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over financial reporting:  
 Material weakness(es) identified? No  
 Reportable condition(s) identified  
 not considered to be material weaknesses? No

Type of auditor's report issued on compliance  
 for major program: Unqualified

Any audit findings disclosed that are required  
 to be reported in accordance with  
 Circular A-133, Section .510(a)? No

Identification of major programs:  
 14.871 Housing Choice Vouchers

Dollar threshold used to distinguish  
 between Type A and Type B programs: \$300,000 (Type A)

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**Bowling Green Housing Agency**  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2003

There were no audit findings, during the 2002 fiscal year.





**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**BOWLING GREEN HOUSING AGENCY**

**WOOD 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  
JANUARY 6, 2004**