

**AUDITED BASIC FINANCIAL STATEMENTS**  
**OF THE**  
**CONSORTIUM OF NORTHWEST OHIO**  
**HENRY COUNTY**  
**JULY 1, 2007 -JUNE 30, 2008**





Mary Taylor, CPA  
Auditor of State

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

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, 2007 through June 30, 2008. 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

February 10, 2009

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**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY**

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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 basic financial statements of the Consortium of Northwest Ohio, Henry County, Ohio (the Consortium) as of and for the fiscal year ended June 30, 2008, 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 in the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Consortium of Northwest Ohio, Henry County, as of June 30, 2008, and the respective changes in financial position and its cash flows, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 8, the Consortium implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" and GASB Statement No. 50, "Pension Disclosures".

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2008 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

1-800-523-6611

FAX (740) 345-5635

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

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
December 20, 2008

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(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 2008, the Consortium's net assets increased by \$33,263 (or 11.7%). Since the Consortium engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets for fiscal year 2007 were \$284,372 and \$317,635 for fiscal year 2008.
- Revenues decreased by \$14,375 (or less than 1%) during fiscal year 2008, and was \$1,918,697 and \$1,904,322 for fiscal year 2007 and fiscal year 2008, respectively.
- Expenses of the Consortium decreased by \$121,832 (or 6.1%). Total expenses were \$1,992,891 and \$1,871,059 for fiscal year 2007 and fiscal year 2008, respectively.

**CONSORITUM OF NORTHWEST OHIO  
HENRY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(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**

~ Basic Financial Statements – pgs 13-15 ~  
~ Notes to the Basic Financial Statements – pgs 17-25 ~

**Other Required Supplementary Information**

~ Required Supplementary Information - none~

The primary focus of the Consortium's financial statements is on the Consortium as a whole. The Consortium operates as a single enterprise fund and this presentation allows 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, 2008  
(UNAUDITED)**

**Government-Wide Financial Statements**

The Government-wide financial statements are designed to be corporate-like in that all business-type activities are consolidated into columns, which add to a total for the entire Consortium.

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", 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 to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Consortium. 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, net of accumulated depreciation, 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 Government-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 revenue, 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, 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, 2008  
(UNAUDITED)**

**THE CONSORTIUM'S FUND**

The Consortium consists exclusively of an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector.

The fund maintained by the Consortium is required by the Department of Housing and Urban Development (HUD).

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 (HAP) made to the landlord. The program is administered under an 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:

Business Activities – represents resources developed from services provided to other metropolitan housing authorities.

Community Development Block Grant Program – grant monies are received from the County to administer the Community Housing Improvement Program (CHIP) in a manner similar to the Housing Choice Voucher Program.

Disaster Housing Assistance Payment Program – grant monies are received and grant is administered in a manner similar to the Housing Choice Voucher Program.

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**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

**GOVERNMENT-WIDE STATEMENT**

**Statement of Net Assets**

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

**STATEMENT OF NET ASSETS**

	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 276,289	\$ 241,800
Capital Assets	<u>80,433</u>	<u>91,377</u>
Total Assets	<u>356,722</u>	<u>333,177</u>
Current Liabilities	10,544	14,765
Non-Current Liabilities	<u>28,543</u>	<u>34,040</u>
Total Liabilities	<u>39,087</u>	<u>48,805</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	53,700	61,534
Restricted	164,738	186,569
Unrestricted	<u>99,197</u>	<u>36,269</u>
Total Net Assets	<u>\$ 317,635</u>	<u>\$ 284,372</u>

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

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**CONSORITUM OF NORTHWEST OHIO  
HENRY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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

Current assets (primarily cash and cash equivalents) were increased by the \$34,489 which is a result of the changes to HUD's funding, along with Consortium's cash management during the fiscal year.

The capital assets had a net decrease of \$10,944 This is the net of current year's depreciation. For more detail see "Capital Assets and Debt Administration" on page 10.

**CHANGE OF UNRESTRICTED NET ASSETS**

Unrestricted Net Assets June 30, 2007		\$ 36,269
Results of Operations Related to Administrative Fee	\$ 55,094	
Adjustments:		
Depreciation (1)	<u>10,944</u>	
Adjusted Results from Operations		66,038
Retirement of Debt		<u>(3,110)</u>
Unrestricted Net Assets June 30, 2008		\$ <u>99,197</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.

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**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(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>2008</u>	<u>2007</u>
Revenues		
Operating Grants	\$1,892,606	\$1,761,730
Interest Income	4,070	4,959
Other Revenues	<u>7,646</u>	<u>152,008</u>
Total Revenue	<u>1,904,322</u>	<u>1,918,697</u>
Expenses		
Administrative	215,098	408,285
Material and Labor - Maintenance	7,412	14,736
General	11,215	13,456
Housing Assistance Payments	1,625,236	1,541,049
Depreciation	10,944	14,093
Interest	<u>1,154</u>	<u>1,272</u>
Total Expenses	<u>1,871,059</u>	<u>1,992,891</u>
Change in Net Assets	33,263	(74,194)
Net Assets at July 1	<u>284,372</u>	<u>358,566</u>
Net Assets June 30	<u>\$ 317,635</u>	<u>\$ 284,372</u>

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

Operating Grants increased due to HUD funding increases, along with grants received from Fulton and Paulding Counties. Housing Assistance Payments increased by \$84,187 or 5.5% during fiscal year 2008. Overall, for the Consortium, number of unit months leased in fiscal year 2008 totaled 5,996 compared to 5,825 in fiscal year 2007. The Consortium's leasing rate for 2008 was 98.56%, which was an increase from 2007, which was 95.74%.

Annual staffing changes, which included the retirement of the long term Director in fiscal year 2007, contributed to the decrease in the Administrative expenses category in fiscal year 2008. Administrative expenses include salaries and related benefits, along with other administrative expenses such as audit fees and office expenses.

Most other expenses increased moderately due to inflation. Depreciation decreased because of the changes to capital assets during fiscal year 2008.

**CONSORITUM OF NORTHWEST OHIO  
HENRY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

**CAPTIAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2008, the Consortium had \$80,433 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>2008</u>	<u>2007</u>
Building	\$ 84,511	\$ 84,511
Furniture, Fixtures, and Equipment	61,306	65,678
Building Improvements	51,974	51,974
Accumulated Depreciation	<u>(117,358)</u>	<u>(110,786)</u>
 Total	 \$ <u>80,433</u>	 \$ <u>91,377</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	\$ 91,377
Depreciation	<u>(10,944)</u>
Ending Balance	<u>\$ 80,433</u>

There were no additions for fiscal year 2008. For fiscal year 2008, there were disposals of \$4,372 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, 2008  
(UNAUDITED)**

**Debt Outstanding**

As of June 30, 2008, the Consortium had \$26,733 in debt (mortgage loan) outstanding as compared to \$29,843 at June 30, 2007. The decrease of (\$3,110) represents the current year debt repayment. For further information related to fiscal year 2008 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 Consortium at 1044 Chelsea Ave, Napoleon OH 43545-1202.

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**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENTS OF NET ASSETS  
JUNE 30, 2008**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 83,329
Accounts Receivable	23,050
Accrued Interest Receivable	74
Prepaid Items	5,098
	111,551

Non-Current Assets:

Restricted Cash	164,738
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Capital Assets:

Depreciable Capital Assets	197,791
Accumulated Depreciation	(117,358)
Total Capital Assets	80,433

Total Non-Current Assets	245,171
--------------------------	---------

**Total Assets**

356,722

**Liabilities**

Current Liabilities:

Accounts Payable	3,601
Accrued Wages and Payroll Taxes	2,706
Accrued Compensated Absences	561
Deferred Revenue	437
Current Portion of Mortgage Note	3,239
	10,544

Non-Current Liabilities:

Mortgage Note	23,494
Accrued Compensated Absences	5,049
	28,543

**Total Liabilities**

39,087

**Net Assets**

Invested in Capital Assets, Net of Related Debt	53,700
Restricted	164,738
Unrestricted	99,197
	317,635

**Total Net Assets** \$ 317,635

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, 2008**

<b>Operating Revenues</b>		
Operating Grants		\$ 1,892,606
Other Revenues		<u>7,646</u>
<b>Total Operating Revenues</b>		<u>1,900,252</u>
<b>Operating Expenses</b>		
Housing Assistance Payments	\$ 1,625,236	
Salaries	132,311	
Employee Benefits	33,314	
Other Administrative Expenses	49,473	
Material and Labor - Maintenance	7,412	
Depreciation	10,944	
General	<u>11,215</u>	
<b>Total Operating Expenses</b>		<u>1,869,905</u>
Operating Income		<u>30,347</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income		4,070
Interest Expense		<u>(1,154)</u>
<b>Total Nonoperating Revenues (Expenses)</b>		<u>2,916</u>
Change in Net Assets		33,263
Net Assets at July 1, 2007		<u>284,372</u>
<b>Net Assets at June 30, 2008</b>		<u><u>\$ 317,635</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, 2008**

**Cash flows from operating activities:**

Cash received from HUD/grant agencies	\$ 1,869,992
Cash received from other sources	7,646
Cash payments to employees for services	(166,987)
Cash payments for good or services - HUD	(1,625,236)
Cash payments for goods or services	(70,881)
	14,534
Net cash provided by operating activities	14,534

**Cash flows from investing activities:**

Interest Income	3,995
	3,995
Net cash provided by investing activities	3,995

**Cash flows from capital and related financing activities:**

Principal paid on mortgage note	(3,110)
Interest paid on mortgage note	(1,154)
	(4,264)
Net cash used in capital and related financing activities	(4,264)
Net change in cash and cash equivalents	14,265
Cash and cash equivalents at July 1, 2007	233,802
	233,802
<b>Cash and cash equivalents at June 30, 2008</b>	<b>\$ 248,067</b>

**Reconciliation of operating income to net cash provided by operating activities:**

Operating income	\$ 30,347
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	10,944
Changes in assets and liabilities:	
Accounts receivable	(21,914)
Prepaid items	1,765
Accounts payable	(1,348)
Accrued wages and payroll taxes	(5,697)
Other liabilities	437
	437
<b>Net cash provided by operating activities</b>	<b>\$ 14,534</b>

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, 2008**

**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, 2005, 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, 2008**

**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 Choice Voucher and other grant programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

*Proprietary Fund 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, 2008**

**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.

Basis of Consolidation

The basic financial statements includes the financial activity of the Bowling Green Housing Authority, Henry Metropolitan Housing Authority, and William Metropolitan Housing Authority, which make up the Consortium. Substantially all inter-consortium accounts and transactions have been eliminated.

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 balance sheet date 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, 2008**

**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, net of related debt, 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 amount reported as restricted net assets at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Consortium first applies restricted net assets. The Consortium did not have net assets restricted by enabling legislature at June 30, 2008.

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 basic 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.

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Consortium, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

Accounts Receivable

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

Accrued Interest Receivable

Accrued interest receivable represents the amount of interest earned but unpaid on certificates of deposit as of the balance sheet date. Interest is collected upon maturity.

**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, 2008 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$201,010	\$13,051	\$214,061
Items-in-transit	<u>(7,564)</u>	-	<u>(7,564)</u>
Carrying balance	<u>\$193,446</u>	<u>\$13,051</u>	<u>\$206,497</u>

Of the fiscal year-end cash balance, \$214,061 was covered by federal deposit insurance. In addition, the Consortium has certificates of deposit totaling \$41,520 at June 30, 2008 and maintains \$50 in petty cash funds. The balances of the certificates of deposit were covered by federal deposit insurance.

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED**

Based on the Consortium having only demand deposits at June 30, 2008, 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 2008, 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.

**4. CAPITAL ASSETS**

The following is a summary of capital assets at June 30, 2008:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2008</u>
<u>Governmental Activities - Cost</u>				
Buildings	\$ 84,511	\$ -	\$ -	\$ 84,511
Building improvements	51,974	-	-	51,974
Furniture, fixtures, and equipment	<u>65,678</u>	-	<u>(4,372)</u>	<u>61,306</u>
Total at cost	<u>202,163</u>	-	<u>(4,372)</u>	<u>197,791</u>
<u>Less: accumulated depreciation</u>				
Buildings	(33,456)	(4,226)	-	(37,682)
Building improvements	(19,159)	(5,198)	-	(24,357)
Furniture, fixture, and equipment	<u>(58,171)</u>	<u>(1,520)</u>	<u>4,372</u>	<u>(55,319)</u>
Total accumulated depreciation	<u>(110,786)</u>	<u>(10,944)</u>	<u>4,372</u>	<u>(117,358)</u>
Capital assets, net	\$ <u>91,377</u>	\$ <u>(10,944)</u>	\$ <u>-</u>	\$ <u>80,433</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.

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**5. DEFINED BENEFIT PENSION PLANS - CONTINUED**

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 Consortium 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 2008, 13.85% and 9.5%, respectively, of covered employee payroll to OPERS. At January 1, 2008, employer and employee contribution rates increased to 14% and 10%, respectively. The Consortium's contributions to OPERS for the years ended June 30, 2008, 2007, and 2006 were \$17,881, \$22,562, and \$21,546, respectively. Required contributions are equal to 100% of the dollar amount billed. The employer's contribution to OPERS for June 30, 2008, 2007, and 2006 were \$13,244, \$14,822, and \$13,516, respectively.

**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). The portion of employer contributions, for all employees, allocated to health care was 5.00% from January 1 through January 30, 2007 and 6.00% through December 31, 2007. 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 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,120.

Employer contributions made to fund post-employment benefits were approximately \$7,100.

The assumptions and calculations used below were based on the System's latest Actuarial Review performed as of December 31, 2006 (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 2006 was 6.5 percent.

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**5. DEFINED BENEFIT PENSION PLANS - CONTINUED**

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 5% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

As of December 31, 2006, the audited estimated net assets available for OPEB were \$12 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2008. OEPRS 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, 2008, which allow additional funds to be allocated to the health care plan.

**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.

	<u>Balance</u> <u>7/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/08</u>	<u>Due in</u> <u>one year</u>
Mortgage Note Payable	\$ <u>29,843</u>	\$ _____-	\$( <u>3,110</u> )	\$ <u>26,733</u>	\$ <u>3,239</u>

The aggregate amounts of long-term debt maturities for the remaining fiscal years following fiscal year 2008 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,808	456	4,264
2014-2016	<u>9,145</u>	<u>448</u>	<u>9,593</u>
Total	<u>\$26,733</u>	<u>\$4,180</u>	<u>\$30,913</u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**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, 2008.

**B. Litigation**

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

**8. CHANGE IN ACCOUNTING PRINCIPLE**

For 2008, the Consortium has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement no. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability transition was determined in accordance with this Statement for the PERS postemployment healthcare, which is the same as previously reported liabilities.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

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**CONSORTIUM OF NORTHWEST OHIO**  
**HENRY COUNTY**  
**STATEMENT OF NET ASSETS**  
**CONSOLIDATING STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

<u>Account Description</u>	<u>Bowling Green Housing Authority</u>	<u>Henry Metropolitan Housing Authority</u>	<u>Williams Metropolitan Housing Authority</u>	<u>Eliminations</u>	<u>Consolidated - Consortium Total</u>
<b>Current Assets</b>					
Cash - Unrestricted	\$ 8,419	\$ 29,777	\$ 45,133	\$ -	\$ 83,329
HUD Other Project	6,187	12,355	4,508	-	23,050
Miscellaneous	-	4,749	-	(4,749)	-
Accrued Interest Receivable	37	37	-	-	74
Prepaid Items	-	4,322	7,424	(6,648)	5,098
Interprogram Due From	-	56,087	-	(56,087)	-
<b>Total Current Assets</b>	<b>14,643</b>	<b>107,327</b>	<b>57,065</b>	<b>(67,484)</b>	<b>111,551</b>
<b>Noncurrent Assets</b>					
Cash - Other Restricted	48,756	66,872	49,110	-	164,738
Fraud Recovery	4,286	8,884	9,890	-	23,060
Allowance for Doubtful Accounts	(4,286)	(8,884)	(9,890)	-	(23,060)
<b>Total Receivables, Net of Allowance for Doubtful Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Assets</b>					
Buildings	-	84,511	-	-	84,511
Furniture and Equipment - Administration	-	42,623	18,683	-	61,306
Leasehold Improvements	-	51,974	-	-	51,974
Accumulated Depreciation	-	(99,208)	(18,150)	-	(117,358)
<b>Total Capital Assets net of accumulated depreciation</b>	<b>-</b>	<b>79,900</b>	<b>533</b>	<b>-</b>	<b>80,433</b>
<b>Total Noncurrent Assets</b>	<b>48,756</b>	<b>146,772</b>	<b>49,643</b>	<b>-</b>	<b>245,171</b>
<b>Total Assets</b>	<b>63,399</b>	<b>254,099</b>	<b>106,708</b>	<b>(67,484)</b>	<b>356,722</b>
<b>Current Liabilities</b>					
Accounts Payable	2,368	10,249	2,381	(11,397)	3,601
Accrued Wages and Payroll Taxes	-	2,706	-	-	2,706
Accrued Compensated Absences - Current	-	561	-	-	561
Deferred Revenue	-	437	-	-	437
Current Portion of Long-Term Debt - Mortgage Note	-	3,239	-	-	3,239
Interprogram Due To	-	56,087	-	(56,087)	-
<b>Total Current Liabilities</b>	<b>2,368</b>	<b>73,279</b>	<b>2,381</b>	<b>(67,484)</b>	<b>10,544</b>
<b>Non-Current Liabilities</b>					
Long-Term Debt, Net of Current - Mortgage Note	-	23,494	-	-	23,494
Accrued Compensation Absences-Non-Current	-	5,049	-	-	5,049
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>28,543</b>	<b>-</b>	<b>-</b>	<b>28,543</b>
<b>Total Liabilities</b>	<b>2,368</b>	<b>101,822</b>	<b>2,381</b>	<b>(67,484)</b>	<b>39,087</b>
<b>Net Assets</b>					
Invested in Capital Assets-Net of Related Debt	-	53,167	533	-	53,700
Restricted Net Assets	48,756	66,872	49,110	-	164,738
Unrestricted Net Assets	12,275	32,238	54,684	-	99,197
<b>Total Net Assets</b>	<b>61,031</b>	<b>152,277</b>	<b>104,327</b>	<b>-</b>	<b>317,635</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 63,399</b>	<b>\$ 254,099</b>	<b>\$ 106,708</b>	<b>\$ (67,484)</b>	<b>\$ 356,722</b>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
CONSOLIDATING STATEMENT OF NET ASSETS  
JUNE 30, 2008**

<u>Account Description</u>	<u>Bowling Green Housing Authority</u>	<u>Henry Metropolitan Housing Authority</u>	<u>Williams Metropolitan Housing Authority</u>	<u>Eliminations</u>	<u>Consolidated - Consortium Total</u>
Revenue					
HUD PHA Operating Grants	\$ 557,929	\$ 833,656	\$ 495,729	\$ -	\$ 1,887,314
Other Government Grants	-	5,292	-	-	5,292
Total Operating Grants	<u>557,929</u>	<u>838,948</u>	<u>495,729</u>	<u>-</u>	<u>1,892,606</u>
Other Revenues					
Fraud Recovery	2,720	3,382	730	-	6,832
Other Revenue	-	168,276	-	(167,462)	814
Total Other Revenues	<u>2,720</u>	<u>171,658</u>	<u>730</u>	<u>(167,462)</u>	<u>7,646</u>
Total Operating Revenues	<u>560,649</u>	<u>1,010,606</u>	<u>496,459</u>	<u>(167,462)</u>	<u>1,900,252</u>
Expenses					
Housing Assistance Payments	507,447	721,703	396,086	-	1,625,236
Salaries					
Administrative Salaries	-	131,391	-	-	131,391
Tenant Services - Salaries	-	920	-	-	920
Total Salaries	<u>-</u>	<u>132,311</u>	<u>-</u>	<u>-</u>	<u>132,311</u>
Employee Benefit Contribution - Administrative	-	33,314	-	-	33,314
Other Administrative Expenses					
Auditing Fees	-	7,034	-	-	7,034
Outside Management Fees	81,111	-	86,351	(167,462)	-
Advertising and Marketing	-	240	-	-	240
Office Expenses	-	20,491	-	-	20,491
Travel	-	1,216	-	-	1,216
Other	-	19,873	619	-	20,492
Total Administrative Expenses	<u>81,111</u>	<u>48,854</u>	<u>86,970</u>	<u>(167,462)</u>	<u>49,473</u>
Ordinary Maintenance and Operations - Materials and Other	-	7,412	-	-	7,412
Depreciation	-	11,411	(467)	-	10,944
General					
All Other Insurance	-	10,127	1,088	-	11,215
Total General	<u>-</u>	<u>10,127</u>	<u>1,088</u>	<u>-</u>	<u>11,215</u>
Total Operating Expenses	<u>588,558</u>	<u>965,132</u>	<u>483,677</u>	<u>(167,462)</u>	<u>1,869,905</u>
Operating Income/(Loss)	<u>(27,909)</u>	<u>45,474</u>	<u>12,782</u>	<u>-</u>	<u>30,347</u>
Nonoperating Revenues (Expenses)					
Interest Income					
Investment Income - Unrestricted	171	162	921	-	1,254
Investment Income - Restricted	1,067	1,176	573	-	2,816
Total Interest Income	<u>1,238</u>	<u>1,338</u>	<u>1,494</u>	<u>-</u>	<u>4,070</u>
Interest Expense	<u>-</u>	<u>(1,154)</u>	<u>-</u>	<u>-</u>	<u>(1,154)</u>
Total Nonoperating Revenues (Expenses)	<u>1,238</u>	<u>184</u>	<u>1,494</u>	<u>-</u>	<u>2,916</u>
Change in Net Assets	(26,671)	45,658	14,276	-	33,263
Beginning Net Assets	87,702	106,619	90,051	-	284,372
Total Ending Net Assets	<u>\$ 61,031</u>	<u>\$ 152,277</u>	<u>\$ 104,327</u>	<u>\$ -</u>	<u>\$ 317,635</u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF NET ASSETS - BOWLING GREEN  
FDS SCHEDULE SUBMITTED TO HUD  
JUNE 30, 2008**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>Bowling Green  14.871 Section 8 Housing Choice Vouchers</b>
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 8,419
113	Cash - Other Restricted	48,756
100	Total Cash	<u>57,175</u>
	Accounts Receivable	
122	HUD Other Project	6,187
128	Fraud Recovery	4,286
128.1	Allowance for Doubtful Accounts	(4,286)
129	Accrued Interest Receivable	37
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>6,224</u>
150	Total Current Assets	<u>63,399</u>
190	Total Assets	<u><u>\$ 63,399</u></u>

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF NET ASSETS - BOWLING GREEN  
FDS SCHEDULE SUBMITTED TO HUD  
JUNE 30, 2008  
(CONTINUED)**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>Bowling Green</b>
		<b>14.871 Section 8 Housing Choice Vouchers</b>
	Current Liabilities	
312	Accounts Payable	\$ 2,368
310	Total Current Liabilities	2,368
300	Total Liabilities	2,368
	Net Assets	
511.1	Restricted Net Assets	48,756
512.1	Unrestricted Net Assets	12,275
	Total Net Assets	61,031
600	Total Liabilities and Net Assets	\$ 63,399

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BOWLING GREEN  
FDS SCHEDULE SUBMITTED TO HUD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FDS Line Item No.	Account Description	Bowling Green		Total
		14.871 Section 8 Housing Choice Vouchers	14.228 Community Development Block Grants - CHIP	
	Revenue			
70600-010	Housing Assistance Payment Revenues	\$ 441,844	\$ 36,335	\$ 478,179
70600-020	Administrative Fees Revenues	76,116	3,634	79,750
70600	HUD PHA Operating Grants	517,960	39,969	557,929
71100	Investment Income - Unrestricted	171	-	171
71400-010	Housing Assistance Payments	1,360	-	1,360
71400-020	Administrative Fees	1,360	-	1,360
71400	Fraud Recovery	2,720	-	2,720
72000	Investment Income - Restricted	1,067	-	1,067
70000	Total Revenue	521,918	39,969	561,887
	Expenses			
91300	Outside Management Fees	77,477	3,634	81,111
91000	Total Operating - Administrative	77,477	3,634	81,111
96900	Total Operating Expenses	77,477	3,634	81,111
97000	Excess Operating Revenue Over Operating Expenses	444,441	36,335	480,776
	Other Expenses			
97300	Housing Assistance Payments	471,112	36,335	507,447
90000	Total Expenses	548,589	39,969	588,558
10000	Excess of Revenues Over (Under) Expenses	(26,671)	-	(26,671)
11030	Beginning Net Assets	87,702	-	87,702
11170	Administrative Fee Equity	12,275	-	12,275
11180	Housing Assistance Payment Equity	48,756	-	48,756
	Total Ending Net Assets	\$ 61,031	\$ -	\$ 61,031

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF NET ASSETS - HENRY  
FDS SCHEDULE SUBMITTED TO HUD  
JUNE 30, 2008**

		<u>Henry</u>			
<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>14.871 Section 8 Housing Choice Vouchers</b>	<b>97.109 Disaster Housing Assistance Grant</b>	<b>Business Activities</b>	<b>Total</b>
	Current Assets				
	Cash				
111	Cash - Unrestricted	\$ 16,289	\$ 437	\$ 13,051	\$ 29,777
113	Cash - Other Restricted	65,922	950	-	66,872
100	Total Cash	<u>82,211</u>	<u>1,387</u>	<u>13,051</u>	<u>96,649</u>
	Accounts Receivable				
122	HUD Other Project	12,355	-	-	12,355
125	Miscellaneous	-	-	4,749	4,749
128	Fraud Recovery	8,884	-	-	8,884
128.1	Allowance for Doubtful Accounts	(8,884)	-	-	(8,884)
129	Accrued Interest Receivable	37	-	-	37
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>12,392</u>	<u>-</u>	<u>4,749</u>	<u>17,141</u>
	Other Assets				
142	Prepaid Items	4,322	-	-	4,322
144	Interprogram Due From	-	-	56,087	56,087
150	Total Current Assets	<u>98,925</u>	<u>1,387</u>	<u>73,887</u>	<u>174,199</u>
	Noncurrent Assets				
	Capital Assets				
162	Buildings	84,511	-	-	84,511
164	Furniture and Equipment - Administration	42,623	-	-	42,623
165	Leasehold Improvements	51,974	-	-	51,974
166	Accumulated Depreciation	(99,208)	-	-	(99,208)
160	Total Capital Assets net of accumulated depreciation	<u>79,900</u>	<u>-</u>	<u>-</u>	<u>79,900</u>
180	Total Noncurrent Assets	<u>79,900</u>	<u>-</u>	<u>-</u>	<u>79,900</u>
190	Total Assets	<u>\$ 178,825</u>	<u>\$ 1,387</u>	<u>\$ 73,887</u>	<u>\$ 254,099</u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF NET ASSETS - HENRY  
FDS SCHEDULE SUBMITTED TO HUD  
JUNE 30, 2008  
(CONTINUED)**

FDS Line Item No.	Account Description	Henry			Total
		14.871 Section 8 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Business Activities	
	Current Liabilities				
312	Accounts Payable	\$ 3,601	\$ -	\$ 6,648	\$ 10,249
321	Accrued Wages and Payroll Taxes	2,706	-	-	2,706
322	Accrued Compensated Absences - Current	561	-	-	561
342	Deferred Revenue	-	437	-	437
343	Current Portion of Long-Term Debt - Mortgage Note	3,239	-	-	3,239
347	Interprogram Due To	56,087	-	-	56,087
310	Total Current Liabilities	<u>66,194</u>	<u>437</u>	<u>6,648</u>	<u>73,279</u>
	Non-Current Liabilities				
351	Long-Term Debt, Net of Current - Mortgage Note	23,494	-	-	23,494
354	Accrued Compensationd Absences-Non-Current	5,049	-	-	5,049
350	Total Non-Current Liabilities	<u>28,543</u>	<u>-</u>	<u>-</u>	<u>28,543</u>
300	Total Liabilities	<u>94,737</u>	<u>437</u>	<u>6,648</u>	<u>101,822</u>
	Net Assets				
508.1	Invested in Capital Assets-Net of Related Debt	53,167	-	-	53,167
511.1	Restricted Net Assets	65,922	950	-	66,872
512.1	Unrestricted Net Assets	(35,001)	-	67,239	32,238
	Total Net Assets	<u>84,088</u>	<u>950</u>	<u>67,239</u>	<u>152,277</u>
600	Total Liabilities and Net Assets	<u>\$ 178,825</u>	<u>\$ 1,387</u>	<u>\$ 73,887</u>	<u>\$ 254,099</u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - HENRY  
FDS SCHEDULE SUBMITTED TO HUD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FDS Line Item No.	Account Description	Henry			Total
		14.871 Section 8 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Business Activities	
	Revenue				
70600-010	Housing Assistance Payment Revenues	\$ 706,426	\$ -	\$ -	\$ 706,426
70600-020	Administrative Fees Revenues	127,230	-	-	127,230
70600	HUD PHA Operating Grants	833,656	-	-	833,656
70800	Other Government Grants	-	5,292	-	5,292
71100	Investment Income - Unrestricted	162	-	-	162
71400-010	Housing Assistance Payments	1,691	-	-	1,691
71400-020	Administrative Fees	1,691	-	-	1,691
71400	Fraud Recovery	3,382	-	-	3,382
71500	Other Revenue	-	-	168,276	168,276
72000	Investment Income - Restricted	1,176	-	-	1,176
70000	Total Revenue	838,376	5,292	168,276	1,011,944
	Expenses				
91100	Administrative Salaries	48,385	1,547	81,459	131,391
91200	Auditing Fees	7,034	-	-	7,034
91400	Advertising and Marketing	240	-	-	240
91500	Employee Benefit Contribution - Administrative	5,226	-	28,088	33,314
91600	Office Expenses	18,939	-	1,552	20,491
91800	Travel	1,216	-	-	1,216
91900	Other	11,322	-	8,551	19,873
91000	Total Operating - Administrative	92,362	1,547	119,650	213,559
92100	Tenant Services - Salaries	-	920	-	920
92500	Total Tenant Services	-	920	-	920
94200	Ordinary Maintenance and Operations - Materials and Other	6,401	-	1,011	7,412
94000	Total Maintenance and Operations	6,401	-	1,011	7,412
96140	All Other Insurance	10,127	-	-	10,127
96100	Total Insurance Premiums	10,127	-	-	10,127
96710	Interest Expense	1,154	-	-	1,154
96700	Total Interest Expense	1,154	-	-	1,154
96900	Total Operating Expenses	110,044	2,467	120,661	233,172
97000	Excess Operating Revenue Over Operating Expenses	728,332	2,825	47,615	778,772
	Other Expenses				
97300	Housing Assistance Payments	719,828	1,875	-	721,703
97400	Depreciation Expense	11,411	-	-	11,411
	Total Other Expenses	731,239	1,875	-	733,114
90000	Total Expenses	841,283	4,342	120,661	966,286
10000	Excess of Revenues Over (Under) Expenses	(2,907)	950	47,615	45,658
11030	Beginning Net Assets	86,995	-	19,624	106,619
11170	Administrative Fee Equity	18,166	-	-	18,166
11180	Housing Assistance Payment Equity	65,922	-	-	65,922
	Total Ending Net Assets	\$ 84,088	\$ 950	\$ 67,239	\$ 152,277

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF NET ASSETS - WILLIAMS  
FDS SCHEDULE SUBMITTED TO HUD  
JUNE 30, 2008**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>Williams</b>
		<b>14.871 Section 8 Housing Choice Vouchers</b>
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 45,133
113	Cash - Other Restricted	49,110
100	Total Cash	<u>94,243</u>
	Accounts Receivable	
122	HUD Other Project	4,508
128	Fraud Recovery	9,890
128.1	Allowance for Doubtful Accounts	<u>(9,890)</u>
120	Total Receivables, net of allowance for doubtful accounts	<u>4,508</u>
	Other Assets	
142	Prepaid Items	<u>7,424</u>
150	Total Current Assets	<u>106,175</u>
	Noncurrent Assets	
	Capital Assets	
164	Furniture and Equipment - Administration	18,683
166	Accumulated Depreciation	<u>(18,150)</u>
160	Total Capital Assets net of accumulated depreciation	<u>533</u>
180	Total Noncurrent Assets	<u>533</u>
190	Total Assets	<u><u>\$ 106,708</u></u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF NET ASSETS - WILLIAMS  
FDS SCHEDULE SUBMITTED TO HUD  
JUNE 30, 2008  
(CONTINUED)**

FDS Line Item No.	Account Description	<b>Williams</b>
	Current Liabilities	
312	Accounts Payable	\$ 2,381
310	Total Current Liabilities	2,381
300	Total Liabilities	2,381
	Net Assets	
508.1	Invested in Capital Assets-Net of Related Debt	533
511.1	Restricted Net Assets	49,110
512.1	Unrestricted Net Assets	54,684
	Total Net Assets	104,327
600	Total Liabilities and Net Assets	\$ 106,708

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - WILLIAMS  
FDS SCHEDULE SUBMITTED TO HUD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>Williams 14.871 Section 8 Housing Choice Vouchers</b>
	Revenue	
70600-010	Housing Assistance Payment Revenues	\$ 409,743
70600-020	Administrative Fees Revenues	85,986
70600	HUD PHA Operating Grants	<u>495,729</u>
71100	Investment Income - Unrestricted	<u>921</u>
71400-010	Housing Assistance Payments	365
71400-020	Administrative Fees	365
71400	Fraud Recovery	<u>730</u>
72000	Investment Income - Restricted	<u>573</u>
70000	Total Revenue	<u>497,953</u>
	Expenses	
91300	Outside Management Fees	86,351
91900	Other	619
91000	Total Operating - Administrative	<u>86,970</u>
96140	All Other Insurance	<u>1,088</u>
96100	Total Insurance Premiums	<u>1,088</u>
96900	Total Operating Expenses	<u>88,058</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>409,895</u>
	Other Expenses	
97300	Housing Assistance Payments	396,086
97400	Depreciation Expense	(467)
	Total Other Expenses	<u>395,619</u>
900	Total Expenses	<u>483,677</u>
1000	Excess of Revenues over Expenses	14,276
1103	Beginning Net Assets	<u>90,051</u>
11170	Administrative Fee Equity	55,217
11180	Housing Assistance Payment Equity	49,110
	Total Ending Net Assets	<u>\$ 104,327</u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF CHANGES IN EQUITY BALANCES - BOWLING GREEN  
FDS SCHEDULE SUBMITTED TO HUD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>Bowling Green - 14.871 Housing Choice Vouchers</b>	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 12,105
11170-010	Administrative Fee Revenue	76,116	
11170-040	Investment Income	171	
11170-045	Fraud Recovery Revenue	1,360	
11170-060	Total Administrative Fee Revenues		77,647
11170-080	Total Operating Expenses	77,477	
11170-110	Total Expenses		77,477
11170-002	Net Administrative Fee		170
11170-003	Administrative Fee Equity - Ending Balance		12,275
11170	Administrative Fee Equity		<u>\$ 12,275</u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 75,597
11180-010	Housing Assistance Payment Revenues	441,844	
11180-015	Fraud Recovery Revenue	1,360	
11180-025	Investment Income	1,067	
11180-030	Total Housing Assistance Payments Revenues		444,271
11180-080	Housing Assistance Payments	471,112	
11180-100	Total Housing Assistance Payments Expenses		471,112
11180-002	Net Housing Assistance Payments		(26,841)
11180-003	Housing Assistance Payments Equity - Ending Balance		48,756
11180	Housing Assistance Payments Equity		<u>\$ 48,756</u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF CHANGES IN EQUITY BALANCES - HENRY  
FDS SCHEDULE SUBMITTED TO HUD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>Henry - 14.871 Housing Choice Vouchers</b>	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 10,538
11170-010	Administrative Fee Revenue	127,230	
11170-040	Investment Income	162	
11170-045	Fraud Recovery Revenue	<u>1,691</u>	
11170-060	Total Administrative Fee Revenues		129,083
11170-080	Total Operating Expenses	110,044	
11170-090	Depreciation	<u>11,411</u>	
11170-110	Total Expenses		<u>121,455</u>
11170-002	Net Administrative Fee		<u>7,628</u>
11170-003	Administrative Fee Equity - Ending Balance		<u>18,166</u>
11170	Administrative Fee Equity		<u><u>\$ 18,166</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 76,457
11180-010	Housing Assistance Payment Revenues	706,426	
11180-015	Fraud Recovery Revenue	1,691	
11180-025	Investment Income	<u>1,176</u>	
11180-030	Total Housing Assistance Payments Revenues		709,293
11180-080	Housing Assistance Payments	<u>719,828</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>719,828</u>
11180-002	Net Housing Assistance Payments		<u>(10,535)</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		<u>65,922</u>
11180	Housing Assistance Payments Equity		<u><u>\$ 65,922</u></u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
STATEMENT OF CHANGES IN EQUITY BALANCES - WILLIAMS  
FDS SCHEDULE SUBMITTED TO HUD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>FDS Line Item No.</b>	<b>Account Description</b>	<b>Williams - 14.871 Housing Choice Vouchers</b>	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 55,536
11170-010	Administrative Fee Revenue	85,986	
11170-040	Investment Income	921	
11170-045	Fraud Recovery Revenue	365	
11170-060	Total Administrative Fee Revenues		87,272
11170-080	Total Operating Expenses	88,058	
11170-090	Depreciation	(467)	
11170-110	Total Expenses		87,591
11170-002	Net Administrative Fee		(319)
11170-003	Administrative Fee Equity - Ending Balance		55,217
11170	Administrative Fee Equity		<u>\$ 55,217</u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 34,515
11180-010	Housing Assistance Payment Revenues	409,743	
11180-015	Fraud Recovery Revenue	365	
11180-025	Investment Income	573	
11180-030	Total Housing Assistance Payments Revenues		410,681
11180-080	Housing Assistance Payments	396,086	
11180-100	Total Housing Assistance Payments Expenses		396,086
11180-002	Net Housing Assistance Payments		14,595
11180-003	Housing Assistance Payments Equity - Ending Balance		49,110
11180	Housing Assistance Payments Equity		<u>\$ 49,110</u>

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 1,847,345
<i>Passed through Fulton County:</i>			
Community Development Block Grants - Community Housing Improvement Program (CHIP)	B-C-06-024-1	14.228	28,964
<i>Passed through Paulding County:</i>			
Community Development Block Grants - Community Housing Improvement Program (CHIP)	B-C-06-058-1	14.228	<u>11,005</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>1,887,314</u>
<b><u>Federal Emergency Management Agency</u></b>			
Disaster Housing Assistance Grant	N/A	97.109	<u>5,292</u>
<b>Total Federal Emergency Management Agency</b>			<u>5,292</u>
<b>Total Federal Awards Expenditures</b>			<u><u>\$ 1,892,606</u></u>

**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, 2008, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated December 20, 2008. As disclosed in Note 8, we noted the Consortium implemented GASB Statement No.'s 45 and 50. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Consortium's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we have not opined 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 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 the applicable accounting basis, such that there is more than a remote likelihood that the Consortium's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Consortium's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies 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. However, we noted a certain matter that we reported to the Consortium's management in a separate letter dated December 20, 2008.

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

We intend this report solely for the information and use of the Board of Directors, management, Auditor of State, federal awarding agencies and pass-through entities, and other members of the Consortium. We intend it for no one other than these specified parties.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
December 20, 2008



**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, Ohio (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 apply to its major federal program for the fiscal year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Consortium's major federal program. The Consortium's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the 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 reasonably assure about whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the 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, 2008.

**Internal Control over Compliance**

The Consortium's management 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 directly and materially affect 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.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANT**  
Ten West Locust Street  
Newark, Ohio 4305  
(740) 345-661  
1-800-523-661  
FAX (740) 345-563

Consortium of Northwest Ohio  
Board of Directors  
Report on Compliance with Requirements Applicable to  
Its Major Program and on Internal Control over  
Compliance in Accordance with *OMB Circular A-133*  
Page 2

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Consortium's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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.

We intend this report solely for the information and use of the Board of Directors, management, the Auditor of State, federal awarding agencies and pass-through entities, and other members of the Consortium. It is not intended for anyone other than these specified parties.

Wilson, Shanna E. Snow, Inc.

Newark, Ohio  
December 20, 2008

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**CONSORTIUM OF NORTHWEST OHIO  
HENRY COUNTY**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**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 24, 2009**