

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
JULY 1, 2014 – JUNE 30, 2015





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Consortium of Northwest Ohio, Henry County, prepared by Wilson Shannon & Snow, Inc., for the audit period July 1, 2014 through June 30, 2015. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 22, 2016

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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 AUDITOR'S REPORT

Consortium of Northwest Ohio
Henry County
1044 Chelsea Avenue
Napoleon, Ohio 43545-1202

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Consortium of Northwest Ohio, Henry County, Ohio (the Consortium), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Consortium's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Consortium's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Consortium of Northwest Ohio, Henry County, Ohio, as of June 30, 2015, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during fiscal year ended June 30, 2015, the Consortium adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Consortium's basic financial statements taken as a whole.

The Financial Data Schedules are presented for purpose of additional analysis as required by the Department of Housing and Urban Development, and are not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Consortium of Northwest Ohio
Board of Directors
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consortium's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 4, 2015

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

It is a privilege to present for you the financial picture of the Consortium of Northwest Ohio, Henry County. 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 year changes), and (d) identify the single enterprise fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Consortium’s financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Net position was \$7,647 and \$21,378 for 2015 and 2014 (as restated), respectively. The statements reflect a decrease in total net position of \$13,731 (or 64%), during 2015. This decrease is reflective of the fiscal year’s activities.
- The total revenues were \$1,599,046 and \$1,605,255 for 2015 and 2014, respectively. The statements reflect a decrease in total revenues of \$6,209 (or less than 1%), during 2015.
- The total expenses were \$1,612,777 and \$1,722,703 for 2015 and 2014, respectively. The statements reflect a decrease in total expenses of \$109,926 (or 6%), during 2015.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management’s Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension Schedules) ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Federal Awards Expenditures ~

The focus is on the Consortium as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal 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, 2015
(UNAUDITED)**

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the Consortium.

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Consortium. The statement is presented in the format where assets and deferred outflow of resources minus liabilities and deferred inflow of resources, equal "Net Position." 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 Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets and deferred outflow of resources, net of liabilities and deferred inflow of resources, for the entire Consortium. Net Position is reported in three broad categories (as applicable):

Net Investment in Capital Assets: This component of Net Position 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: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets," or "Restricted." This account resembles the old operating reserves account.

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

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

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

The Consortium's programs that are consolidated into a single enterprise fund are as follows:

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Consortium subsidizes rents to 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 funding to enable the Consortium to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Business Activities – The Business Activity account was set up to separate the non-HUD activities from the HUD funded programs. This account represents resources developed from management and inspection services provided to other metropolitan housing authorities.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

During 2015, the Consortium adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Consortium's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Consortium's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service,
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Consortium is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law.

The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

In accordance with GASB 68, the Consortium's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Consortium is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$150,817 to \$21,378.

Statement of Net Position

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

STATEMENT OF NET POSITION

	2015	Restated 2014
Current and Other Non-Current Assets	\$ 141,965	\$ 161,557
Capital Assets, Net	18,687	21,813
Total Assets	<u>160,652</u>	<u>183,370</u>
 Deferred Outflow of Resources	 <u>16,285</u>	 <u>-</u>
Current Liabilities	16,389	14,968
Non-Current Liabilities	150,574	147,024
Total Liabilities	<u>166,963</u>	<u>161,992</u>
 Deferred Inflow of Resources	 <u>2,327</u>	 <u>-</u>
 Net Position:		
Net Investment in Capital Assets	17,641	16,637
Restricted	25,222	37,358
Unrestricted	(35,216)	(32,617)
Total Net Position	<u>\$ 7,647</u>	<u>\$ 21,378</u>

Major factors affecting the Statement of Net Position:

The change in the Capital Assets, Net is detailed later in the MD&A and the additions and depreciation expense are the factors that represent the change during the fiscal year. Deferred outflow of \$16,285 was not present in the prior fiscal year total based on GASB 68 being implemented for the fiscal year 2015 financial statements. Current and other non-current assets decreased \$19,592 primarily due to decreases in cash as prior fiscal year reserves were used to cover current fiscal year housing assistance payments which decreased restricted cash as well as restricted net position. The non-current liabilities include the new pension liability, but the prior fiscal year was restated so the fiscal year figures are comparable.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position June 30, 2014, Restated		(\$32,617)
Results of Operations	(\$1,595)	
Adjustments:		
Depreciation (1)	<u>4,393</u>	
Adjusted Results from Operations		2,798
Retirement of Debt		(4,130)
Capital Expenditures		<u>(1,267)</u>
Unrestricted Net Position June 30, 2015		<u>(\$35,216)</u>

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

CHANGE OF RESTRICTED NET POSITION

Restricted Net Position June 30, 2014		\$37,358
Results of Operations:		
HAP Reserves Used	(\$14,538)	
Fraud Recovery Payments	<u>2,402</u>	
Adjusted Results from Operations		<u>12,136</u>
Restricted Net Position June 30, 2015		<u>\$25,222</u>

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2015	Restated 2014
	<u>2015</u>	<u>2014</u>
Revenues		
HUD PHA Operating Grants	\$ 1,593,174	\$ 1,600,447
Interest	101	460
Other Revenues	5,771	4,348
Total Revenue	<u>1,599,046</u>	<u>1,605,255</u>
Expenses		
Administrative	241,076	264,312
Maintenance	12,397	10,647
General	7,481	9,895
Housing Assistance Payments	1,347,296	1,428,865
Depreciation	4,393	8,686
Interest	134	298
Total Expenses	<u>1,612,777</u>	<u>1,722,703</u>
Change in Net Position	(13,731)	(117,448)
Net Position at July 1	21,378	N/A
Net Position at June 30	<u>\$ 7,647</u>	<u>\$ 21,378</u>

Major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position include:

The information necessary to restate the 2014 beginning balance and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include the pension expense of \$10,200 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions under the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$16,810. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

Total 2015 expenses under GASB 68	\$1,612,777
Pension expense under GASB 68	(16,810)
2015 Contractually required contribution made after measurement date	<u>9,219</u>
Adjusted 2015 total expenses	1,605,186
Total 2014 expenses under GASB 27	<u>1,722,703</u>
Decrease in total expenses not related to pension	<u>(\$117,517)</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

HUD PHA Operating Grants decreased by \$7,273 in grant funding from HUD and local sources in fiscal year 2015. Based on leasing rates remained fairly consistent with a slight decrease in fiscal year 2015, grant revenues remained fairly consistent and housing assistance payments decreased \$81,569. During fiscal year 2015, the Consortium received no funding from local sources which resulted in the utilization of prior fiscal year housing assistance payment reserves to cover current fiscal year housing assistance payments as direct federal grants were not sufficient to cover these expenses.

Other revenues represent income from providing services to other housing authorities and revenues from tenant fraud recovery. These revenues tend to fluctuate slightly between fiscal years.

Administrative expenses include salaries and related benefits, along with other administrative expense such as audit fees and office expenses. The Consortium attempts to control these expenses to reduce spending as much as possible; these expenses fluctuate slightly between fiscal years. There have been decreases to staff personnel and working hours between fiscal years which has contributed to the decrease for fiscal year 2015.

Most other expenses fluctuated moderately due to reduction of expenses instituted by the Consortium to minimize costs and budget concerns.

CAPITAL ASSETS

As of the current fiscal year-end, the Consortium had \$18,687 invested in net capital assets as reflected in the following schedule which represents a net decrease (additions less depreciation) of \$3,216 from the end of last fiscal year.

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

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
Buildings	\$ 84,511	\$ 84,511
Furniture, Fixtures, and Equipment	31,550	35,729
Building Improvements	53,241	51,974
Accumulated Depreciation	<u>(150,615)</u>	<u>(150,401)</u>
Total	<u>\$ 18,687</u>	<u>\$ 21,813</u>

The following reconciliation summarizes the change in Capital Assets. Changes in capital projects funding are the main factors affecting a change in capital assets. See Note 4 to the financial statements for more detail of the Capital Assets.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

CHANGE IN CAPITAL ASSETS

	Business Type <u>Activities</u>
Beginning Balance	\$ 21,813
Additions	1,267
Depreciation	<u>(4,393)</u>
Ending Balance	\$ <u>18,687</u>

During the fiscal year 2015, the Consortium had additions of \$1,267 related to building improvements and \$4,179 in disposals of office equipment; these assets were fully depreciated.

DEBT OUTSTANDING

As of June 30, 2015, the Consortium had \$1,046 in debt (mortgage loan) outstanding as compared to \$5,176 at June 30, 2014. The decrease of (\$4,130) represents the current year debt repayment. For further information related to fiscal year 2015 debt activity, see Note 5.

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 demand for 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.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENTS OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 99,260
Restricted Cash	1,046
Intergovernmental Receivable	10,923
Prepaid Items	5,514
Total Current Assets	116,743

Non-Current Assets:

Restricted Cash	25,222
Capital Assets:	
Depreciable Capital Assets	169,302
Accumulated Depreciation	(150,615)
Total Capital Assets	18,687
Total Non-Current Assets	43,909

Total Assets 160,652

Deferred Outflow of Resources 16,285

Liabilities

Current Liabilities:

Accounts Payable	4,823
Accrued Wages and Payroll Taxes	2,645
Intergovernmental Payable	3,304
Accrued Compensated Absences	4,571
Current Portion of Mortgage Note	1,046
Total Current Liabilities	16,389

Non-Current Liabilities:

Accrued Compensated Absences	18,143
Net Pension Liability	132,431
Total Non-Current Liabilities	150,574

Total Liabilities 166,963

Deferred Inflow of Resources 2,327

Net Position

Net Investment in Capital Assets	17,641
Restricted	25,222
Unrestricted	(35,216)
	(35,216)

Total Net Position \$ 7,647

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 POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Operating Revenues		
HUD PHA Operating Grants	\$	1,593,174
Other Revenues		<u>5,771</u>
Total Operating Revenues		<u>1,598,945</u>
Operating Expenses		
Housing Assistance Payments	\$	1,347,296
Salaries		136,503
Employee Benefits		46,338
Other Administrative Expenses		58,235
Material and Labor - Maintenance		12,397
Depreciation		4,393
General		<u>7,481</u>
Total Operating Expenses		<u>1,612,643</u>
Operating Loss		<u>(13,698)</u>
Nonoperating Revenues (Expenses)		
Interest Revenue		101
Interest Expense		<u>(134)</u>
Total Nonoperating Revenues (Expenses)		<u>(33)</u>
Change in Net Position		(13,731)
Net Position at July 1, 2014, Restated		<u>21,378</u>
Net Position at June 30, 2015	\$	<u><u>7,647</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
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Cash flows from operating activities:

Cash received from HUD/grant agencies	\$ 1,604,504
Cash received from other sources	5,771
Cash payments to employees for services	(185,234)
Cash payments for good or services - HUD	(1,347,296)
Cash payments for goods or services	(86,587)

Net cash used by operating activities	(8,842)
---------------------------------------	---------

Cash flows from investing activities:

Interest revenue	107
------------------	-----

Cash flows from capital and related financing activities:

Purchase of capital asset	(1,267)
Principal paid on mortgage note	(4,130)
Interest paid on mortgage note	(134)

Net cash used by capital and related financing activities	(5,531)
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Net change in cash and cash equivalents	(14,266)
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Cash and cash equivalents at July 1, 2014	139,794
---	---------

Cash and cash equivalents at June 30, 2015	\$ 125,528
---	-------------------

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

Operating loss	\$ (13,698)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	4,393
Changes in:	
Accounts receivable	90
Intergovernmental receivable	8,830
Prepaid items	(3,600)
Deferred outflow of resources	(16,285)
Accounts payable	927
Intergovernmental payable	3,270
Accrued wages and payroll taxes	(56)
Net pension liability	2,992
Other liabilities	1,968
Deferred inflow of resources	2,327

Net cash used by operating activities	\$ (8,842)
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The notes to the basic financial statements are an integral part of this statement.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, 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.

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.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 accounts for and reports all receipts 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 position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information about how the Consortium finances and meets cash flow needs.

The Consortium accounts for and reports all 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.

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.

Accounting and Reporting for Nonexchange Transactions

The Consortium accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Consortium receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Consortium has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, Expenses and Changes in Net Position.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 Consortium as assigned a salvage value of \$500 to vehicles. 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.

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 Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is 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 position at fiscal year end of \$25,222 represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Consortium first applies restricted resources. The Consortium did not have net position restricted by enabling legislature at June 30, 2015.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Accounts Receivable

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Consortium has restricted current assets of \$1,046 related the repayment of debt (current liabilities) based on HUD guidelines. The Consortium had non-current restricted assets for Housing Assistance Payment equity balances of \$25,222.

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.

Pensions – Deferred inflow/outflow of Resources

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the Consortium implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION – CONTINUED

Net position June 30, 2014	\$	150,817
Adjustments:		
Less: Net Pension Liability		129,439
Restated Net Position June 30, 2014	\$	21,378

3. CASH AND CASH EQUIVALENTS

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, 2015 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$100,077	\$36,671	\$136,748
Items-in-transit	<u>(11,270)</u>	<u>-</u>	<u>(11,270)</u>
Carrying balance	<u>\$ 88,807</u>	<u>\$36,671</u>	<u>\$125,478</u>

In addition, the Consortium maintains \$50 in petty cash funds. Of the fiscal year-end cash balance, \$136,748 was covered by federal deposit insurance.

Based on the Consortium having only demand deposits at June 30, 2015, the Consortium is not subject to interest rate, credit, concentration, or custodial credit risks.

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

4. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2015:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2015</u>
Capital Assets Depreciated				
Buildings	\$ 84,511	\$ -	\$ -	\$ 84,511
Building Improvements	51,974	1,267	-	53,241
Furniture, fixtures, and equipment	<u>35,729</u>	<u>-</u>	<u>(4,179)</u>	<u>31,550</u>
Total Capital Assets Depreciated	<u>172,214</u>	<u>1,267</u>	<u>(4,179)</u>	<u>169,302</u>
 Capital Assets Depreciated				
Buildings	(63,198)	(4,266)	-	(67,464)
Building Improvements	(51,975)	(127)	-	(52,102)
Furniture, fixtures, and equipment	<u>(35,228)</u>	<u>-</u>	<u>4,179</u>	<u>(31,049)</u>
Total Accumulated Depreciation	<u>(150,401)</u>	<u>(4,393)</u>	<u>4,179</u>	<u>(150,615)</u>
Total Capital Assets, Net	<u>\$ 21,813</u>	<u>\$(3,126)</u>	<u>\$ -</u>	<u>\$ 18,687</u>

5. LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

<u>Description</u>	<u>Restated Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Mortgage Note Payable	\$ 5,176	\$ -	\$(4,130)	\$ 1,046	\$ 1,046
Net Pension Liability	129,439	2,992	-	132,431	-
Compensated Absence Payable	<u>18,143</u>	<u>6,121</u>	<u>(1,550)</u>	<u>22,714</u>	<u>4,571</u>
Total	<u>\$152,758</u>	<u>\$ 9,113</u>	<u>\$(5,680)</u>	<u>\$156,191</u>	<u>\$ 5,617</u>

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.

The aggregate amounts of long-term debt maturities for the remaining fiscal year is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,046	\$ 19	\$ 1,065

See Note 2 and Note 6 for information on the Consortium's net pension liability.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Consortium's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Consortium's obligation for this liability to annually required payments. The Consortium cannot control benefit terms or the manner in which pensions are financed; however, the Consortium does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the fiscal year is included in *accounts payable* on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Consortium participates in OPERS, a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost-sharing, multiple -employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

3. The Combined Plan – A cost-sharing, multiple -employer defined plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides age and service retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 145. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Consortium is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the PERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

The Consortium’s contractually required contribution to OPERS was \$18,558 for fiscal year 2015. Of this amount \$1,615 is reported as accounts payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Consortium’s proportion of the net pension liability was based on the Consortium’s share of the contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional Plan</u>
Proportionate Share of the Net Pension Liability	\$132,431
Proportion of the Net Pension Liability	0.001098%
Pension Expense	\$16,810

The Consortium’s employees have only participated in the Traditional Plan.

At June 30, 2015, the Consortium reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total Deferred Outflows</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 7,066
Consortium contributions subsequent to the measurement date	9,219
	\$ 16,285

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center;">Total Deferred Inflows</td> </tr> <tr> <td style="text-align: center; border-top: 1px solid black;">\$ 2,327</td> </tr> </table>	Total Deferred Inflows	\$ 2,327
Total Deferred Inflows			
\$ 2,327			
Difference between expected and actual experience			

The \$9,219 reported as deferred outflows of resources resulting from Consortium contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Under the Traditional Pension Plan, the 2014 amortization period for the difference between expected and actual experience is 3.1673 years, and 5 years for the net difference between projected and actual investment earning on pension plan investments. These amounts reported as deferred outflows of resources and deferred inflows of resources related will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	
2015	\$ (678)
2016	(678)
2017	(678)
2018	(1,291)
2019	(1,414)
Total	\$ (4,739)

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation		3.75 percent
Price Inflation		3.00 percent
Investment Rate of Return		8.00 percent net of investments expense, including inflation
Actuarial Cost Method		Entry Age Normal

Special tables are used for the period after disability retirement and post-retirement mortality. The most recent experience study was completed December 31, 2010.

The long-term return expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

<u>Asset Class</u>	<u>Target Allocation for 2014</u>	<u>Weighted Average Long- Term Expected Real Rate of Return</u>
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
TOTAL	100.00%	5.28%

Discount Rate The total pension liability was calculated using the discount rate of 8 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Consortium's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8 percent, as well as what the Consortium's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (8 percent) than the current rate:

	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
Consortium's proportionate share of the net pension liability	\$ 243,635	\$ 132,431	\$ 38,770

Plan Fiduciary Net Position Detailed information about the Plan's fiduciary net position is available in the separately issued OPERS's financial report.

Other Post Retirement Benefits – In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Retirement Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan and Combined Plan was 2% during calendar year 2014 (latest information available). Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Employer contributions made to fund post-employment benefits were approximately \$2,650.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions towards the health care fund after the end of the transition period.

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, 2015.

B. Litigation

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

8. 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 2015, 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 fiscal years. There has been no significant reduction in coverage from last fiscal year.

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CONSORTIUM'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Consortium's Proportion of the Net Pension Liability	0.001098%	0.001098%
Consortium's Proportionate Share of the Net Pension Liability	\$132,431	\$129,439
Consortium's Covered Employee Payroll	\$132,556	\$145,707
Consortium's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll	95.07%	98.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	89.19%

(1) Information prior to 2014 is not available

(2) The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CONSORTIUM'S CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required employer contribution	\$18,558	\$20,399	\$20,476	\$21,265	\$21,027	\$20,540	\$19,937	\$18,914	\$22,562	\$21,546
Contributions in Relation to the Contractually Required Contribution	(18,558)	(20,399)	(20,476)	(21,265)	(21,027)	(20,540)	(19,937)	(18,914)	(22,562)	(21,546)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Consortium Covered-Employee Payroll	\$132,556	\$145,707	\$146,257	\$151,893	\$150,193	\$146,714	\$142,407	\$135,837	\$162,903	\$159,011
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.92%	13.85%	13.55%

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Ohio Public Employees' Retirement System

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET POSITION
CONSOLIDATING STATEMENT OF NET POSITION
JUNE 30, 2015**

<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>
Current Assets					
Cash - Unrestricted	\$ 5,902	\$ 31,247	\$ 62,111	\$ -	\$ 99,260
Cash - Restricted	-	1,046	-	-	1,046
Intergovernmental Receivable	2,994	9,847	-	(1,918)	10,923
Accounts Receivable:					
Fraud Recovery	343	3,388	4,457	-	8,188
Allowance for Doubtful Accounts	(343)	(3,388)	(4,457)	-	(8,188)
Total Receivables, Net of Allowance for Doubtful Accounts	-	-	-	-	-
Prepaid Items	-	5,514	-	-	5,514
Total Current Assets	<u>8,896</u>	<u>47,654</u>	<u>62,111</u>	<u>(1,918)</u>	<u>116,743</u>
Non-Current Assets					
Cash - Other Restricted	824	12,732	11,666	-	25,222
Capital Assets					
Buildings	-	84,511	-	-	84,511
Furniture and Equipment - Administration	-	18,792	12,758	-	31,550
Leasehold Improvements	-	53,241	-	-	53,241
Accumulated Depreciation	-	(138,357)	(12,258)	-	(150,615)
Total Capital Assets net of accumulated depreciation	-	18,187	500	-	18,687
Total Noncurrent Assets	<u>824</u>	<u>30,919</u>	<u>12,166</u>	<u>-</u>	<u>43,909</u>
Total Assets	<u>9,720</u>	<u>78,573</u>	<u>74,277</u>	<u>(1,918)</u>	<u>160,652</u>
Deferred Outflow of Resources	-	16,285	-	-	16,285
Current Liabilities					
Accounts Payable	1,799	3,024	-	-	4,823
Accrued Wage/Payroll Taxes Payable	-	2,645	-	-	2,645
Accrued Compensated Absences- Current	-	4,571	-	-	4,571
Intergovernmental Payable	-	1,918	3,304	(1,918)	3,304
Current Portion of Long-Term Debt- Capital Projects/Mortgage	-	1,046	-	-	1,046
Total Current Liabilities	<u>1,799</u>	<u>13,204</u>	<u>3,304</u>	<u>(1,918)</u>	<u>16,389</u>
Non-Current Liabilities					
Accrued Compensationd Absences-Non-Current	-	18,143	-	-	18,143
Net Pension Liability	-	132,431	-	-	132,431
Total Non-Current Liabilities	<u>-</u>	<u>150,574</u>	<u>-</u>	<u>-</u>	<u>150,574</u>
Total Liabilities	<u>1,799</u>	<u>163,778</u>	<u>3,304</u>	<u>(1,918)</u>	<u>166,963</u>
Deferred Inflow of Resources	-	2,327	-	-	2,327
Net Position					
Net Investment in Capital Assets	-	17,141	500	-	17,641
Restricted	824	12,732	11,666	-	25,222
Unrestricted	7,097	(101,120)	58,807	-	(35,216)
Total Net Position	<u>\$ 7,921</u>	<u>\$ (71,247)</u>	<u>\$ 70,973</u>	<u>\$ -</u>	<u>\$ 7,647</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
CONSOLIDATING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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	\$ 378,508	\$ 782,210	\$ 432,456	\$ -	\$ 1,593,174
Other Revenues					
Fraud Recovery	1,697	1,946	1,163	-	4,806
Other Revenue	-	141,274	-	(140,309)	965
Total Other Revenues	<u>1,697</u>	<u>143,220</u>	<u>1,163</u>	<u>(140,309)</u>	<u>5,771</u>
Total Operating Revenues	<u>380,205</u>	<u>925,430</u>	<u>433,619</u>	<u>(140,309)</u>	<u>1,598,945</u>
Expenses					
Housing Assistance Payments	348,760	648,913	349,623	-	1,347,296
Administrative Salaries	-	131,932	-	-	131,932
Compensated Absences	-	4,571	-	-	4,571
Total Salaries	<u>-</u>	<u>136,503</u>	<u>-</u>	<u>-</u>	<u>136,503</u>
Employee Benefit Contribution - Administrative	-	46,338	-	-	46,338
Administrative Expenses					
Auditing Fees	-	6,784	-	-	6,784
Management Fee	67,979	-	72,330	(140,309)	-
Advertising and Marketing	-	780	-	-	780
Office Expenses	157	29,931	270	-	30,358
Travel	-	2,061	-	-	2,061
Other	-	18,252	-	-	18,252
Total Administrative Expenses	<u>68,136</u>	<u>57,808</u>	<u>72,600</u>	<u>(140,309)</u>	<u>58,235</u>
Ordinary Maintenance and Operations - Materials and Other	-	12,397	-	-	12,397
Depreciation	-	4,393	-	-	4,393
General					
Insurance Premiums	-	7,391	-	-	7,391
Other	-	90	-	-	90
Total General	<u>-</u>	<u>7,481</u>	<u>-</u>	<u>-</u>	<u>7,481</u>
Total Operating Expenses	<u>416,896</u>	<u>913,833</u>	<u>422,223</u>	<u>(140,309)</u>	<u>1,612,643</u>
Operating Income/(Loss)	<u>(36,691)</u>	<u>11,597</u>	<u>11,396</u>	<u>-</u>	<u>(13,698)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue	12	51	38	-	101
Interest Expense	-	(134)	-	-	(134)
Total Nonoperating Revenues (Expenses)	<u>12</u>	<u>(83)</u>	<u>38</u>	<u>-</u>	<u>(33)</u>
Change in Net Position	(36,679)	11,514	11,434	-	(13,731)
Beginning Net Position	44,600	46,678	59,539	-	150,817
Restatement for Prior Period Adjustment	-	(129,439)	-	-	(129,439)
Total Ending Net Position	<u>\$ 7,921</u>	<u>\$ (71,247)</u>	<u>\$ 70,973</u>	<u>\$ -</u>	<u>\$ 7,647</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2015**

FDS Line Item No.	Account Description	Bowling Green 14.871 Section 8 Housing Choice Vouchers
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 5,902
113	Cash - Other Restricted	824
100	Total Cash	<u>6,726</u>
	Accounts Receivable	
122	HUD Other Projects	2,994
128	Fraud Recovery	343
128.1	Allowance for Doubtful Accounts	<u>(343)</u>
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>2,994</u>
150	Total Current Assets	<u>9,720</u>
190	Total Assets	<u><u>\$ 9,720</u></u>
	Current Liabilities	
312	Accounts Payable	\$ 1,799
310	Total Current Liabilities	<u>1,799</u>
300	Total Liabilities	<u>1,799</u>
	Net Position	
511.4	Restricted	824
512.4	Unrestricted	<u>7,097</u>
513	Total Net Position	<u>7,921</u>
600	Total Liabilities and Net Position	<u><u>\$ 9,720</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
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FDS Line Item No.	Account Description	Bowling Green
		14.871 Section 8 Housing Choice Vouchers
	Revenue	
70600-010	Housing Assistance Payment Revenues	\$ 311,378
70600-020	Administrative Fees Revenues	67,130
70600	HUD PHA Operating Grants	378,508
71100	Investment Income - Unrestricted	12
71400-010	Housing Assistance Payments	848
71400-020	Administrative Fees	849
71400	Fraud Recovery	1,697
70000	Total Revenue	380,217
	Expenses	
91300	Management Fee	67,979
91600	Office Expenses	157
91000	Total Operating - Administrative	68,136
96900	Total Operating Expenses	68,136
97000	Excess Operating Revenue Over Operating Expenses	312,081
	Other Expenses	
97300	Housing Assistance Payments	348,760
	Total Other Expenses	348,760
90000	Total Expenses	416,896
10000	Excess of Revenues over Expenses	(36,679)
11030	Beginning Net Position	44,600
11170	Administrative Fee Equity	7,097
11180	Housing Assistance Payment Equity	824
	Total Ending Net Position	\$ 7,921

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2015**

FDS Line Item No.	Account Description	Henry		
		14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ 31,247	\$ -	\$ 31,247
113	Cash - Other Restricted	12,732	-	12,732
115	Cash - Restricted for Payment of Current Liabilities	1,046	-	1,046
100	Total Cash	45,025	-	45,025
	Accounts Receivable			
122	HUD Other Projects	4,500	-	4,500
124	Other Government	1,918	3,429	5,347
128	Fraud Recovery	3,388	-	3,388
128.1	Allowance for Doubtful Accounts	(3,388)	-	(3,388)
120	Total Receivables, Net of Allowance for Doubtful Accounts	6,418	3,429	9,847
	Other Assets			
142	Prepaid Expenses and Other Assets	5,514	-	5,514
150	Total Current Assets	56,957	3,429	60,386
	Noncurrent Assets			
	Capital Assets			
162	Buildings	84,511	-	84,511
164	Furniture and Equipment - Administration	18,792	-	18,792
165	Leasehold Improvements	53,241	-	53,241
166	Accumulated Depreciation	(138,357)	-	(138,357)
160	Total Capital Assets net of accumulated depreciation	18,187	-	18,187
180	Total Noncurrent Assets	18,187	-	18,187
200	Deferred Outflow of Resources	16,285	-	16,285
290	Total Assets and Deferred Outflow of Resources	\$ 91,429	\$ 3,429	\$ 94,858
	Current Liabilities			
312	Accounts Payable	\$ 3,024	\$ -	\$ 3,024
321	Accrued Wages and Payroll Taxes	2,645	-	2,645
322	Accrued Compensated Absences - Current	4,571	-	4,571
333	Accounts Payable- Other Government	-	1,918	1,918
343	Current Poriton of Long-Term Debt - Capital Projects/Mortgage	1,046	-	1,046
310	Total Current Liabilities	11,286	1,918	13,204
	Non-Current Liabilities			
354	Accrued Compensationd Absences-Non-Current	18,143	-	18,143
357	Accrued Pension and OPEB Liabilities	47,675	84,756	132,431
350	Total Non-Current Liabilities	65,818	84,756	150,574
300	Total Liabilities	77,104	86,674	163,778
400	Deferred Inflow of Resources	2,327	-	2,327
	Net Position			
508.4	Net Investment in Capital Assets	17,141	-	17,141
511.4	Restricted	12,732	-	12,732
512.4	Unrestricted	(17,875)	(83,245)	(101,120)
513	Total Net Position	11,998	(83,245)	(71,247)
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 91,429	\$ 3,429	\$ 94,858

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

		<u>Henry</u>		
FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
Revenue				
70600-010	Housing Assistance Payment Revenues	\$ 660,672		\$ 660,672
70600-020	Administrative Fees Revenues	121,538		121,538
70600	HUD PHA Operating Grants	782,210	\$ -	782,210
71100	Investment Income - Unrestricted	25	26	51
71400-010	Housing Assistance Payments	973	-	973
71400-020	Administrative Fees	973	-	973
71400	Fraud Recovery	1,946	-	1,946
71500	Other Revenue	-	141,274	141,274
70000	Total Revenue	784,181	141,300	925,481
Expenses				
91100	Administrative Salaries	46,881	85,051	131,932
91200	Auditing Fees	6,784	-	6,784
91400	Advertising and Marketing	554	226	780
91500	Employee Benefit Contribution - Administrative	19,080	27,258	46,338
91600	Office Expenses	11,201	18,730	29,931
91800	Travel	914	1,147	2,061
91900	Other	9,132	9,120	18,252
91000	Total Operating - Administrative	94,546	141,532	236,078
94200	Ordinary Maintenance and Operations - Materials and Other	4,132	8,265	12,397
94000	Total Maintenance and Operations	4,132	8,265	12,397
96120	Liability Insurance	2,557	4,834	7,391
96100	Total Insurance Premiums	2,557	4,834	7,391
96200	Other General Expenses	-	90	90
96210	Compensated Absences	4,571	-	4,571
96000	Total Other General Expenses	4,571	90	4,661
96710	Interest of Mortgage (or Bonds) Payable	134	-	134
96900	Total Operating Expenses	105,940	154,721	260,661
97000	Excess Operating Revenue Over Operating Expenses	678,241	(13,421)	664,820
Other Expenses				
97300	Housing Assistance Payments	648,913	-	648,913
97400	Depreciation Expense	4,393	-	4,393
	Total Other Expenses	653,306	-	653,306
90000	Total Expenses	759,246	154,721	913,967
10000	Excess of Revenues over Expenses	24,935	(13,421)	11,514
11030	Beginning Net Position	33,661	13,017	46,678
11040	Prior Period Adjustments, Equity Transfers and Correction	(46,598)	(82,841)	(129,439)
11170	Administrative Fee Equity	(734)	-	(734)
11180	Housing Assistance Payment Equity	12,732	-	12,732
	Total Ending Net Position	\$ 11,998	\$ (83,245)	\$ (71,247)

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2015**

FDS Line Item No.	Account Description	Williams 14.871 Section 8 Housing Choice Vouchers
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 62,111
113	Cash - Other Restricted	11,666
100	Total Cash	<u>73,777</u>
	Accounts Receivable	
128	Fraud Recovery	4,457
128.1	Allowance for Doubtful Accounts	<u>(4,457)</u>
120	Total Receivables, net of allowance for doubtful accounts	<u>-</u>
150	Total Current Assets	<u>73,777</u>
	Noncurrent Assets	
	Capital Assets	
164	Furniture and Equipment - Administration	12,758
166	Accumulated Depreciation	<u>(12,258)</u>
160	Total Capital Assets net of accumulated depreciation	<u>500</u>
180	Total Noncurrent Assets	<u>500</u>
190	Total Assets	<u>\$ 74,277</u>
	Current Liabilities	
331	Accounts Payable - HUD PHA Programs	\$ 1,674
333	Accounts Payable - Other Government	<u>1,630</u>
310	Total Current Liabilities	<u>3,304</u>
300	Total Liabilities	<u>3,304</u>
	Net Position	
508.4	Investment in Capital Assets	500
511.4	Restricted	11,666
512.4	Unrestricted	<u>58,807</u>
513	Total Net Position	<u>70,973</u>
600	Total Liabilities and Net Position	<u>\$ 74,277</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENITYI WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FDS Line Item No.	Account Description	Williams 14.871 Section 8 Housing Choice Vouchers
	Revenue	
70600-010	Housing Assistance Payment Revenues	\$ 360,708
70600-020	Administrative Fees Revenues	71,748
70600	HUD PHA Operating Grants	<u>432,456</u>
71100	Investment Income - Unrestricted	<u>38</u>
71400-010	Housing Assistance Payments	581
71400-020	Administrative Fees	582
71400	Fraud Recovery	<u>1,163</u>
70000	Total Revenue	<u>433,657</u>
	Expenses	
91300	Management Fee	72,330
91600	Office Expenses	<u>270</u>
91000	Total Operating - Administrative	<u>72,600</u>
96900	Total Operating Expenses	<u>72,600</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>361,057</u>
	Other Expenses	
97300	Housing Assistance Payments	349,623
	Total Other Expenses	<u>349,623</u>
900	Total Expenses	<u>422,223</u>
1000	Excess of Revenues over Expenses	11,434
11030	Beginning Net Positon	<u>59,539</u>
11170	Administrative Fee Equity	59,307
11180	Housing Assistance Payment Equity	11,666
	Total Ending Net Position	<u>\$ 70,973</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FDS Line Item No.	Account Description	Bowling Green - 14,871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 7,242
11170-010	Administrative Fee Revenue	67,130	
11170-040	Investment Income	12	
11170-045	Fraud Recovery Revenue	849	
11170-060	Total Administrative Fee Revenues	<u>67,991</u>	
11170-080	Total Operating Expenses	<u>68,136</u>	
11170-110	Total Expenses		<u>68,136</u>
11170-002	Net Administrative Fee		<u>(145)</u>
11170-003	Administrative Fee Equity - Ending Balance		<u>7,097</u>
11170	Administrative Fee Equity		<u><u>\$ 7,097</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 37,358
11180-010	Housing Assistance Payment Revenues	311,378	
11180-015	Fraud Recovery Revenue	848	
11180-030	Total Housing Assistance Payments Revenues	<u>312,226</u>	
11180-080	Housing Assistance Payments	<u>348,760</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>348,760</u>
11180-002	Net Housing Assistance Payments		<u>(36,534)</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		<u>824</u>
11180	Housing Assistance Payments Equity		<u><u>\$ 824</u></u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FDS Line Item No.	Account Description	Henry - 14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 33,661
11170-010	Administrative Fee Revenue	121,538	
11170-040	Investment Income	25	
11170-045	Fraud Recovery Revenue	973	
11170-060	Total Administrative Fee Revenues		122,536
11170-080	Total Operating Expenses	105,940	
11170-090	Depreciation	4,393	
11170-100	Other Expenses	46,598	
	Comments for Other Expense: Restatement for net pension liability due to GASB 68 implementation.		
11170-110	Total Expenses		156,931
11170-002	Net Administrative Fee		(34,395)
11170-003	Administrative Fee Equity - Ending Balance		(734)
11170	Administrative Fee Equity		<u>\$ (734)</u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ -
11180-010	Housing Assistance Payment Revenues	660,672	
11180-015	Fraud Recovery Revenue	973	
11180-030	Total Housing Assistance Payments Revenues		661,645
11180-080	Housing Assistance Payments	648,913	
11180-100	Total Housing Assistance Payments Expenses		648,913
11180-002	Net Housing Assistance Payments		12,732
11180-003	Housing Assistance Payments Equity - Ending Balance		12,732
11180	Housing Assistance Payments Equity		<u>\$ 12,732</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FDS Line Item No.	Account Description	Williams - 14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 59,539
11170-010	Administrative Fee Revenue	71,748	
11170-040	Investment Income	38	
11170-045	Fraud Recovery Revenue	<u>582</u>	
11170-060	Total Administrative Fee Revenues		72,368
11170-080	Total Operating Expenses	<u>72,600</u>	
11170-110	Total Expenses		<u>72,600</u>
11170-002	Net Administrative Fee		<u>(232)</u>
11170-003	Administrative Fee Equity - Ending Balance		59,307
11170	Administrative Fee Equity		<u>\$ 59,307</u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ -
11180-010	Housing Assistance Payment Revenues	360,708	
11180-015	Fraud Recovery Revenue	<u>581</u>	
11180-030	Total Housing Assistance Payments Revenues		361,289
11180-080	Housing Assistance Payments	<u>349,623</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>349,623</u>
11180-002	Net Housing Assistance Payments		<u>11,666</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		11,666
11180	Housing Assistance Payments Equity		<u>\$ 11,666</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor / Pass Through Grantor Program Title	Pass-Through Number	CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 Housing Choice Vouchers (Direct)	N/A	14.871	\$ 1,593,174
Total U.S. Department of Housing and Urban Development			1,593,174
Total Federal Awards Expenditures			\$ 1,593,174

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.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Consortium of Northwest Ohio
Henry County
1044 Chelsea Avenue
Napoleon, Ohio 43545-1202

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Consortium of Northwest Ohio, Henry County, (the Consortium) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated December 4, 2015 wherein we noted the Consortium adopted Governmental Accounting Standard No 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Consortium's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Consortium's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Consortium's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
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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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Consortium's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Consortium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 4, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Consortium of Northwest Ohio
Henry County
1044 Chelsea Avenue
Napoleon, Ohio 43545-1202

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Consortium of Northwest Ohio's (the Consortium) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Consortium of Northwest Ohio's major federal program for the fiscal year ended June 30, 2015. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Consortium's major federal program.

Management's Responsibility

The Consortium's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Consortium's compliance for the Consortium's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Consortium's major program. However, our audit does not provide a legal determination of the Consortium's compliance.

Wilson, Shannon & Snow, Inc.

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Opinion on the Major Federal Program

In our opinion, the Consortium of Northwest Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

The Consortium's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Consortium's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Consortium's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Shannon & Sons, Inc.

Newark, Ohio
December 4, 2015

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • 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
MARCH 17, 2016**