

**BOWLING GREEN HOUSING AGENCY**

Financial Condition

As of

June 30, 2002

Together with Auditors' Report





**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Bowling Green Housing Agency, Wood County, prepared by Kevin L. Penn, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bowling Green Housing Agency is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

May 30, 2003

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**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

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Penn, Inc.

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## **Independent Auditor's Report**

Board of Trustees  
Bowling Green Housing Agency  
Napoleon, Ohio

I have audited the accompanying balance sheet of Bowling Green Housing Agency as of June 30, 2002, and the related statements of revenues, expenses, equity and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to in the above present fairly, in all material respects, the financial position of Bowling Green Housing Agency as of June 30, 2002 and the results of its operations and the cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated March 20, 2003 on my consideration of Bowling Green Housing Agency's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Bowling Green Housing Agency taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. In addition, the financial data schedule, pages 12 to 14 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development. These schedules are the responsibility of management of Bowling Green Housing Agency, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kevin L. Penn, Inc.

March 20, 2003





BOWLING GREEN HOUSING AGENCY

BALANCE SHEET

JUNE 30, 2002

ASSETS

**Current Assets**

Cash and Cash Equivalents (Note 1)	\$ 3,449
Investments - Restricted	8,560
Accounts Receivable - HUD	10,444
Accounts Receivable – Fraud Recovery	706
	-----
Total Current Assets	23,159
	-----
TOTAL ASSETS	\$ 23,159
	=====

LIABILITIES AND EQUITY

**Current Liabilities**

Accounts Payable	\$ 1,304
Accounts Payable - FSS Escrow	8,560
Undistributed Credits – URI	706
	-----
Total Current Liabilities	10,570
	-----
Total Liabilities	10,570

**Equity**

Retained Earnings	12,589
	-----
Total Equity	12,589
	-----
TOTAL LIABILITIES AND EQUITY	\$ 23,159
	=====

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

BOWLING GREEN HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2002

**Revenue:**

HUD Grants	\$ 459,740
Investment Income – Unrestricted	400
Fraud Recovery	1,050
	-----
Total Revenue	461,190

**Expenses (before depreciation):**

Housing Assistance Payments	365,908
Other Administrative Expense	32,703
Outside Management Fees	63,479
	-----
Total Expenses	462,090
	-----

Net Income(Loss) (900)

Retained Earnings - Beginning of Year 13,489

Retained Earnings - End of Year \$ 12,589  
=====

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

BOWLING GREEN HOUSING AGENCY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2002

Cash Flows from Operating Activities:	
Net Income(Loss)	\$ (900)
Adjustments to reconcile net income(loss) to net cash Provided (used) by operating activities:	
(Increase) decrease in:	
Accounts Receivable	(10,087)
Accrued Interest Receivable	8
Increase (decrease) in:	
Accounts Payable	(1,385)
Accounts Payable - FSS Escrow	6,148
Undistributed Credits - URI	(45)
Deferred Revenue	(37,445)
	-----
Net Cash Provided (Used) by Operating Activities	(43,706)
Cash Flows From Investing Activities:	
Investment in FSS	(3,578)
	-----
Net Cash Provided (Used) by Investing Activities	(3,578)
Cash Flows From Financing Activities:	
	-----
Net Cash Provided (Used) by Financing Activities	0
Net Cash (Decrease) in Cash and Cash Equivalents	(47,284)
Cash and Cash Equivalents – Beginning of Year	50,733
	-----
Cash and Cash Equivalents - End of Year	\$ 3,449
	=====
Supplemental Schedule of Other Cash Activity:	
Interest paid	\$ -
	=====
Income taxes	\$ -

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

**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2002**

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

A. Organization

The Bowling Green Housing Agency (BGHA) is a political subdivision of the State of Ohio, located in Napoleon, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing program. An Annual Contributions Contract was signed by the BGHA and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions, which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability, is the ability of the primary government to impose its will upon the potential component unit. This criteria, was considered in determining the reporting entity.

B. Basis of Accounting

The BGHA's policy is to maintain its accounting records on the accrual basis of accounting, whereby revenues are recognized in the period earned and expenses in the period incurred.

In accordance with Statement Number 20 of the Government Accounting Standards Board (GASB No. 20) "Accounting and Financial Reporting for Proprietary Funds and Other Government Entities the Use Proprietary Fund Accounting," BGHA has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. HMHA will continued to apply all applicable pronouncements of the Governmental Accounting Standards Board.

C. Cash and Cash Equivalents

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

D. Cash and Cash Equivalents - Restricted

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

**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2002**

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

F. Use of Estimates

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

G. Financial Statement Format and Content

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

**NOTE 2 – Deposits and Investments:**

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

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

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

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

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

**BOWLING GREEN HOUSING AGENCY  
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2002**

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

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

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

Category 1.	\$13,312 was covered by federal depository insurance.
Category 2.	None

The book balance at June 30, 2002 was \$12,008.

**NOTE 3 – Administrative Fee:**

The Authority receives and "administrative fee" as part of the annual contributions from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined based rate for each unit per month under HAP contracts. The rates are as follows:

Vouchers:

Units per month x \$45.93/units – July to September
Units per month x \$47.80/units – October to June

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

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

BOWLING GREEN HOUSING AGENCY

Balance Sheet

June 30, 2002

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

FDS Line  
Item No.

Account Description

<b>ASSETS</b>		
111	Cash and Cash Equivalents	\$3,449
		-----
100	<b>TOTAL CASH</b>	3,449
122	Accounts Receivable - HUD Other Projects	10,444
128	Accounts Receivable - Fraud Recovery	706
		-----
120	<b>TOTAL ACCOUNTS RECEIVABLE</b>	11,150
132	Investments Restricted	8,560
		-----
150	<b>TOTAL CURRENT ASSETS</b>	23,159
		-----
190	<b>TOTAL ASSETS</b>	\$23,159
		=====
<b>LIABILITIES</b>		
312	Accounts Payable	\$1,304
		-----
310	<b>TOTAL CURRENT LIABILITIES</b>	1,304
353	Undistributed Credits - Fraud Recovery	9,266
		-----
	<b>TOTAL NON-CURRENT LIABILITIES</b>	9,266
		-----
	<b>TOTAL LIABILITIES</b>	10,570
512	Retained Earnings	12,589
		-----
	<b>TOTAL EQUITY</b>	12,589
		-----
	<b>TOTAL LIABILITIES AND EQUITY</b>	\$23,159
		=====



BOWLING GREEN HOUSING AGENCY  
Statement of Revenue, Expenses and Changes in Equity  
For the Year Ended June 30, 2002

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

<u>FDS Line</u> <u>Item No.</u>	<u>Account Description</u>	
	<b>Revenue:</b>	
706	HUD PHA Operating Grant	\$459,740
711	Investment Income - Unrestricted	400
714	Fraud Recovery	1,050
		-----
700	<b>Total Revenue</b>	461,190
	<b>Expenses:</b>	
912	Audit Fees	2,800
913	Outside Management Fees	63,479
916	Other Operating - Administrative	29,903
		-----
969	Total Operating Expenses	96,182
		-----
970	Excess Operating Revenue over Expenses	365,008
	<b>Other Expenses</b>	
973	Housing Assistance Payments	365,908
		-----
900	<b>Total Expenses</b>	365,908
1010	<b>Total Other Funding Sources(Uses)</b>	-
		-----
1000	<b>Excess of Operating Revenue Over Expenses</b>	(900)
1103	<b>Beginning Equity</b>	13,489
		-----
	<b>Ending Equity</b>	\$12,589
		=====

BOWLING GREEN HOUSING AGENCY  
Additional Information Required by HUD  
Year Ended June 30, 2002

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

<u>FDS Line Item No.</u>	<u>Account Description</u>	
1113	Maximum Annual Contributions Commitment (Per ACC)	\$465,126
1114	Applicable to a Period of Less Than Twelve Months	\$0
1115	Contingency Reserve, ACC Program Reserve	\$31,725
1116	Total Annual Contributions Available	\$496,851
1120	Unit Months Available	1,428
1121	Number of Unit Months Leased	1,329

BOWLING GREEN HOUSING AGENCY  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2002

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Amount Received</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Direct Program:				
Section 8 Tenant Based Cluster:				
Housing Choice Vouchers	14.871	C-10022	\$459,740	\$459,740
				-----
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$459,740
				=====

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



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

Board of Trustees  
Bowling Green Housing Agency  
Napoleon, Ohio

I have audited the financial statements of Bowling Green Housing Agency as of and for the year ended June 30, 2002, and have issued my report thereon dated March 20, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Bowling Green Housing Agency's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance, which I have reported to management of Henry Metropolitan Housing Authority in a separate letter dated March 20, 2003.

### Internal Control Over Financial Reporting

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

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

Kevin L. Penn, Inc.

March 20, 2003



Kevin L.  
Penn, Inc.

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

Board of Trustees  
Bowling Green Housing Agency  
Napoleon, Ohio

### Compliance

I have audited the compliance of Bowling Green Housing Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Bowling Green Housing Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bowling Green Housing Agency's management. My responsibility is to express an opinion on Bowling Green Housing Agency's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bowling Green Housing Agency's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Bowling Green Housing Agency's compliance with those requirements.

In my opinion, Bowling Green Housing Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

#### Internal Control Over Compliance

The management of Bowling Green Housing Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Bowling Green Housing Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Kevin L. Penn, Inc.

March 20, 2003

**Bowling Green Housing Agency**  
 Schedule of Findings and Questioned Costs  
 June 30, 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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

Noncompliance material to financial statements noted? No

Federal Awards

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

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

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

Identification of major programs:  
 14.871 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.



**Bowling Green Housing Agency**  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2002

There were no audit findings, during the 2001 fiscal year.





**Auditor of State  
Betty Montgomery**

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**BOWLING GREEN HOUSING AGENCY**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 17, 2003**