

BOWLING GREEN HOUSING AGENCY

Financial Condition

As of

June 30, 2004

Together with Auditors' Report



**Auditor of State
Betty Montgomery**

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

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, 2003 through June 30, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 17, 2004

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**BOWLING GREEN HOUSING AGENCY
NAPOLEON, OHIO**

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Independent Auditor's Report

Board of Trustees
Bowling Green Housing Agency
Napoleon, Ohio

I have audited the accompanying financial statements of the Bowling Green Housing Agency, as of June 30, 2004 and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the Bowling Green Housing Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bowling Green Housing Agency, as of June 30, 2004, and the changes in net assets and revenues, expenditures and other changes for the year ended June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 28, 2004 on my consideration of the Bowling Green Housing Agency's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

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

Kevin L. Penn, Inc.

October 28, 2004

Bowling Green Housing Agency

Management's Discussion and Analysis

For the Year Ended June 30, 2004

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

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Agency's financial statements (beginning on page 9).

FINANCIAL HIGHLIGHTS

- During FY 2004, the Authority's net assets decreased by \$2,240 (15.95%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$14,046 and \$11,806 for FY 2003 and FY 2004 respectively.
- The revenue decreased by \$544 (or less than 1%) during FY 2004, and was \$535,715 and \$535,171 for FY 2003 and FY 2004 respectively.
- The total expenses of the Authority increased by \$3,153 (or .59%). Total expenses were \$534,258 and \$537,411 for FY 2003 and FY 2004 respectively.

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

Authority-Wide Financial Statements

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

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Agency. The statement is presented in the format where assets, minus liabilities, equals “Net Assets”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

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

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

Fund Financial Statements

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

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

The Agency's Funds

Business Type Funds

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

AUTHORITY –WIDE STATEMENT

Statement of Net Assets

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

TABLE 1

STATEMENT OF NET ASSETS

| | FY 2004 | FY 2003 |
|--------------------------|------------------|------------------|
| Current and Other Assets | <u>\$ 50,179</u> | <u>\$ 41,899</u> |
| Total Assets | <u>50,179</u> | <u>41,989</u> |
| Other Liabilities | 33,987 | 27,769 |
| Non-Current Liabilities | <u>4,386</u> | <u>174</u> |
| Total Liabilities | <u>38,373</u> | <u>27,943</u> |
| Net Assets: | | |
| Unrestricted | <u>11,806</u> | <u>14,046</u> |
| Total Net Assets | <u>\$ 11,806</u> | <u>\$ 14,046</u> |

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

Major Factors Affecting the Statement of Net Assets

Current Assets (primarily cash and investments) were increased by the net amount of \$8,190 due to the increase in liabilities by \$10,430 and the current year's loss of \$2,240.

TABLE 2**CHANGE OF UNRESTRICTED NET ASSETS**

| | | |
|-----------------------------------|---------|-------------------------|
| Unrestricted Net Assets 6/30/2003 | | \$ 14,046 |
| Results of Operations | (2,240) | |
| Adjustments: | | |
| Adjusted Results from Operations | | (2,240) |
| Capital Expenditures | | <u>(0)</u> |
| Unrestricted Net Assets 6/30/04 | | <u><u>\$ 11,806</u></u> |

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

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

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

| | <u>FY 2004</u> | <u>FY 2003</u> |
|----------------------------------|-------------------|-----------------|
| Revenues | | |
| HUD PHA Operating Grants | \$ 532,965 | \$ 535,275 |
| Investment Income | 124 | 174 |
| Other Revenues – Port Admin Fees | 1,565 | 0 |
| Other Revenues – Fraud Recovery | <u>517</u> | <u>266</u> |
| Total Revenue | <u>535,171</u> | <u>535,715</u> |
| Expenses | | |
| Administrative | 99,809 | 96,165 |
| Housing Assistance Payments | 437,602 | 438,093 |
| Housing Assistance Payments | <u>437,602</u> | <u>438,093</u> |
| Total Expenses | <u>537,411</u> | <u>534,258</u> |
| Net Increase/ (Decrease) | <u>\$ (2,240)</u> | <u>\$ 1,457</u> |

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

HUD PHA Grants decreased due to the changes in HUD funding beginning January 2004. HUD's max funding for HAP per unit beginning 1/1/04 was \$308.75. As instructed by HUD the Authority took what measures they could (Decreasing Payment Standards & increasing minimum rents) to decrease their average HAP payments. The Authority's leasing unit months decreased by 10 with a total of 1,405 in FY04 and 1,415 in FY03.

The Authority at the request of HUD helped Sandusky MHA out of an under leasing problem and has ported units leased in Bowling Green paid for by Sandusky MHA. The Authority receives a port admin fee of 80% of the current rate. These fees are reflected in Other Revenues – Port Admin fees and then again paid out under Administrative Expenses. Thus both items show an increase.

Most other expenses increase moderately due to inflation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of 6/30/04, the Agency had \$0 invested in capital assets.

Debt Outstanding

As of 6/30/04, the Agency had no debt outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Agency are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho, Finance Manager for the Bowling Green Housing Agency, at (419) 592-1735. Specific requests may be submitted to the Director at 1044 Chelsea Ave., Napoleon, OH 43545-1202

BOWLING GREEN HOUSING AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETS

Current Assets

| | |
|--------------------------------------|------------------|
| Cash and Cash Equivalents (Note 1) | \$ 32,741 |
| Investments – Unrestricted | 10,811 |
| Accounts Receivable – Other | 2,237 |
| Accrued Interest Receivable | 4 |
| Accounts Receivable - Fraud Recovery | 4,386 |
| Total Current Assets | 50,179 |
| TOTAL ASSETS | \$ 50,179 |

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|--|-----------|
| Accounts Payable | \$ 6,608 |
| Accounts Payable - FSS Escrow | 10,720 |
| Accounts Payable – HUD | 16,659 |
| Undistributed Credits - Fraud Recovery | 4,386 |
| Total Current Liabilities | 38,373 |
| Total Liabilities | \$ 38,373 |

Net Assets

| | |
|------------------|-----------|
| Unrestricted | \$ 11,806 |
| Total Net Assets | \$ 11,806 |

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

BOWLING GREEN HOUSING AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

Operating Revenue:

| | |
|------------------------------------|------------|
| HUD Operating Subsidies and Grants | \$ 532,965 |
| Total Operating Revenue | 532,965 |

Operating Expenses:

| | |
|------------------------------|---------|
| Housing Assistance Payments | 437,602 |
| Other Administrative Expense | 99,809 |
| General Expenses | 0 |
| Total Operating Expenses | 537,411 |

| | |
|-------------------------|---------|
| Operating Income (Loss) | (4,446) |
|-------------------------|---------|

Non-Operating Revenues (Expenses)

| | |
|---|-------|
| Investment Income – Unrestricted | 124 |
| Fraud Recovery | 2,082 |
| Total Non-Operating Revenues (Expenses) | 2,206 |

| | |
|----------------------|---------|
| Change in Net Assets | (2,240) |
|----------------------|---------|

| | |
|--------------------------------|--------|
| Net Assets - Beginning of Year | 14,046 |
|--------------------------------|--------|

| | |
|--------------------------|-----------|
| Net Assets - End of Year | \$ 11,806 |
|--------------------------|-----------|

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, 2004

| | |
|--|-------------------------|
| Cash Flows From Operating Activities: | |
| Cash payments to suppliers for goods and services | \$ (93,841) |
| Housing assistance payments | (437,602) |
| HUD operating subsidies and grants | 532,965 |
| Other receipts | <u>224</u> |
| Net Cash Provided (Used) by Operating Activities | 1,746 |
| Cash Flows From Non-Capital Financing: | |
| Net Cash Provided (Used) by Non-Capital Financing | <u>-</u> |
| Cash Flows From Capital and Related Financing Activities: | |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>-</u> |
| Cash Flows From Investing Activities: | |
| Change in Investments | <u>1,524</u> |
| Net Cash Provided (Used) by Investing Activities | 1,524 |
| Increase (Decrease) in Cash and Cash Equivalents | 3,270 |
| Cash and Cash Equivalents - Beginning of Year | <u>29,471</u> |
| Cash and Cash Equivalents - End of Year | <u><u>\$ 32,741</u></u> |

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

(Continued)

BOWLING GREEN HOUSING AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

| | |
|---|-----------------|
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities: | |
| Change in Net Assets | \$ (2,240) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in assets: | |
| Accounts Receivable | (2,237) |
| Interest Receivable | 5 |
| Increase (decrease) in liabilities: | |
| Accounts Payable | <u>6,218</u> |
| Net cash used in operating activities | <u>\$ 1,746</u> |

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

**BOWLING GREEN HOUSING AGENCY
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE 1 - Summary of Significant Accounting Policies:

A. Organization

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

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

B. Basis of Accounting

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

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

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

**BOWLING GREEN HOUSING AGENCY
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

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

B. Basis of Accounting (continued)

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

C. Cash and Cash Equivalents

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

D. Investments - Restricted

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

F. Use of Estimates

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

G. Financial Statement Format and Content

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

NOTE 2 – Deposits and Investments:

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

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

**BOWLING GREEN HOUSING AGENCY
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE 2 – Deposits and Investments: (continued)

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

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

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

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

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

| | |
|-------------|---|
| Category 1. | \$43,569 was covered by federal depository insurance. |
| Category 2. | None |

The book balance at June 30, 2004 was \$43,552.

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 \$50.33/units – July to December |
| Units per month x \$47.23/units – January to June |

**BOWLING GREEN HOUSING AGENCY
NAPOLEON, OHIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE 4 – Schedule of Expenditures of Federal Awards

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

BOWLING GREEN METROPOLITAN HOUSING AUTHORITY
Balance Sheet
June 30, 2004

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

| FDS Line <u>Item No.</u> | <u>Account Description</u> | |
|--------------------------------|--------------------------------------|------------------|
| | ASSETS | |
| 111 | Cash and Cash Equivalents | <u>\$ 32,741</u> |
| 100 | TOTAL CASH | 32,741 |
| 125 | Accounts Receivable - Other | 2,237 |
| 128 | Accounts Receivable - Fraud Recovery | 4,386 |
| 129 | Accrued Interest Receivable | <u>4</u> |
| 120 | TOTAL ACCOUNTS RECEIVABLE | 6,627 |
| 132 | Investments Restricted | <u>10,811</u> |
| 150 | TOTAL CURRENT ASSETS | <u>50,179</u> |
| 190 | TOTAL ASSETS | <u>\$ 50,179</u> |
| | LIABILITIES | |
| 312 | Accounts Payable | \$ 17,328 |
| 331 | Accounts Payable - HUD PHA Programs | <u>16,659</u> |
| 310 | TOTAL CURRENT LIABILITIES | 33,987 |
| 353 | Noncurrent Liabilities - Other | <u>4,386</u> |
| | TOTAL NON-CURRENT LIABILITIES | <u>4,386</u> |
| | TOTAL LIABILITIES | 38,373 |
| 512 | Retained Earnings | <u>11,806</u> |
| | TOTAL EQUITY | <u>11,806</u> |
| | TOTAL LIABILITIES AND EQUITY | <u>\$ 50,179</u> |

BOWLING GREEN METROPOLITAN HOUSING AUTHORITY
Statement of Revenue, Expenses and Changes in Equity
For the Year Ended June 30, 2004

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

| FDS Line <u>Item No.</u> | <u>Account Description</u> | |
|--------------------------------|---|-------------------------|
| | Revenue: | |
| 706 | HUD PHA Operating Grant | \$ 532,965 |
| 711 | Investment Income – Unrestricted | 124 |
| 714 | Fraud Recovery | <u>2,082</u> |
| 700 | Total Revenue | 535,171 |
| | Expenses: | |
| 912 | Audit Fees | 4,010 |
| 913 | Outside Management Fees | 72,386 |
| 916 | Other Operating – Administrative | <u>23,413</u> |
| 969 | Total Operating Expenses | <u>99,809</u> |
| 970 | Excess Operating Revenue over Expenses | 435,362 |
| | Other Expenses | |
| 973 | Housing Assistance Payments | <u>437,602</u> |
| 900 | Total Expenses | 437,602 |
| 1010 | Total Other Funding Sources(Uses) | <u>-</u> |
| 1000 | Excess of Operating Revenue Over Expenses | (2,240) |
| 1103 | Beginning Equity | <u>14,046</u> |
| | Ending Equity | <u><u>\$ 11,806</u></u> |

BOWLING GREEN METROPOLITAN HOUSING AUTHORITY
Additional Information Required by HUD
Year Ended June 30, 2004

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) | \$ 516,130 |
| 1114 | Applicable to a Period of Less Than Twelve Months | - |
| 1115 | Contingency Reserve, ACC Program Reserve | \$ 41,179 |
| 1116 | Total Annual Contributions Available | \$ 557,309 |
| 1120 | Unit Months Available | 1,428 |
| 1121 | Number of Unit Months Leased | 1,405 |

BOWLING GREEN HOUSING AGENCY
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2004

| <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 | \$549,624 | \$532,965 |
| | | | | ----- |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | \$532,965 |
| | | | | ===== |

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



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

Board of Trustees
Bowling Green Housing Agency
Napoleon, Ohio

I have audited the financial statements of Bowling Green Housing Agency as of and for the year ended June 30, 2004, and have issued my report thereon dated October 28, 2004. 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.

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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 or other matters that are required to be reported under Government Auditing Standards.

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

Kevin L. Penn, Inc.

October 28, 2004



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

Board of Trustees
Bowling Green Housing Agency
Napoleon, Ohio

Compliance

I have audited the compliance of Bowling Green Housing Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. 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, 2004.

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 caused by error or fraud 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 the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

October 28, 2004

Bowling Green Housing Agency
Schedule of Findings and Questioned Costs
June 30, 2004

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, 2004

There were no audit findings, during the 2003 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
DECEMBER 28, 2004**