

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
JULY 1, 2013 - JUNE 30, 2014





Dave Yost • Auditor of State

Board of Directors
Consortium of Northwest Ohio
1044 Chelsea Avenue
Napoleon, OH 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, 2013 through June 30, 2014. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 1, 2014

This page intentionally left blank.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION – PROPRIETARY FUND	13
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND	14
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	15
NOTES TO THE BASIC FINANCIAL STATEMENTS	16
SUPPLEMENTAL DATA:	
STATEMENT OF NET POSITION -CONSOLIDATING STATEMENT OF NET POSITION	26
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – CONSOLIDATING STATEMENT OF NET POSITION	27
ENTITY WIDE BALANCE SHEET SUMMARY – BOWLING GREEN – FDS SCHEDULE SUBMITTED TO HUD	28
ENTITY WIDE REVENUE AND EXPENSE SUMMARY – BOWLING GREEN – FDS SCHEDULE SUBMITTED TO HUD	29
ENTITY WIDE BALANCE SHEET SUMMARY – HENRY – FDS SCHEDULE SUBMITTED TO HUD	30
ENTITY WIDE REVENUE AND EXPENSE SUMMARY – HENRY – FDS SCHEDULE SUBMITTED TO HUD	31
ENTITY WIDE BALANCE SHEET SUMMARY – WILLIAMS – FDS SCHEDULE SUBMITTED TO HUD	32

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

TABLE OF CONTENTS
(Continued)

<u>TITLE</u>	<u>PAGE</u>
ENTITY WIDE REVENUE AND EXPENSE SUMMARY – WILLIAMS – FDS SCHEDULE SUBMITTED TO HUD	33
STATEMENT OF CHANGES IN EQUITY BALANCES – BOWLING GREEN – FDS SCHEDULE SUBMITTED TO HUD	34
STATEMENT OF CHANGES IN EQUITY BALANCES – HENRY – FDS SCHEDULE SUBMITTED TO HUD	35
STATEMENT OF CHANGES IN EQUITY BALANCES – WILLIAMS – FDS SCHEDULE SUBMITTED TO HUD	36
SCHEDULE OF FEDERAL AWARDS EXPENDITURES AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES	37
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	38
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	40
SCHEDULE OF FINDINGS - <i>OMB CIRCULAR A-133 § .505</i>	42



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Consortium of Northwest Ohio
1044 Chelsea Avenue
Napoleon, OH 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, 2014, 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
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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

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, 2014, and the changes in 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.

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*, 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
Henry County
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 September 17, 2014, 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
September 17, 2014

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Consortium of Northwest Ohio's (the Consortium) Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Consortium's financial activity, (c) identify changes in the Consortium's financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns. The Consortium consists of the Bowling Green, Henry, and Williams Metropolitan Housing Authorities.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Consortium's financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- During fiscal year 2014, the Consortium's net position decreased by \$117,448 (or 43.8%). Since the Consortium engages only in business-type activities, the decrease is all in the category of business-type net position. Net position for fiscal year 2013 was \$268,265 and \$150,817 for fiscal year 2014.
- Revenues decreased by \$154,137 (or 8.8%) during fiscal year 2014, and were \$1,759,392 and \$1,605,255 for fiscal year 2013 and fiscal year 2014, respectively.
- Expenses of the Consortium decreased by \$118,322 (or 6.4%) for fiscal year 2014. Total expenses were \$1,841,025 and \$1,722,703 for fiscal year 2013 and fiscal year 2014, respectively.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

USING THIS ANNUAL REPORT

The following is a graphic outlining the three major sections of the report.

<p>MD&A</p> <p>~ Management Discussion and Analysis – pgs 4-12 ~</p>

<p>Basic Financial Statements</p> <p>~ Basic Financial Statements – pgs 13-15 ~ ~ Notes to the Basic Financial Statements – pgs 16-24 ~</p>

<p>Other Required Supplementary Information</p> <p>~ Required Supplementary Information - none~</p>

The primary focus of the Consortium's financial statements is on the Consortium as a whole. The Consortium operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden basis for comparison (year-to-year or Consortium -to- Consortium), and enhance the Consortium's accountability.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Government-Wide Financial Statements

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

These Statements include a Statement of Net 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, minus liabilities, 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" portion) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Consortium. Net Position is reported in three broad categories:

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 assets that do not meet the definition of "Net Investment in Capital Assets", or "Restricted".

The Government-wide 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 grant revenue, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as interest revenue and 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, Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities, and from capital and related financing activities.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

THE CONSORTIUM'S FUND

The Consortium consists exclusively of an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Consortium is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:

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

Other Programs - In addition to the major program above, the Consortium also maintains other grant programs. The other activities the Consortium is involved with are listed below:

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

Home Investment Partnerships Program – grant monies are received from the County to administer this program in a manner similar to the Housing Choice Voucher Program.

Community Development Block Grants – Community Housing Improvement Program – grant monies are received from the County to administer this program in a manner similar to the Housing Choice Voucher Program.

This space was intentionally left blank.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

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

STATEMENT OF NET POSITION

	<u>2014</u>	<u>2013</u>
Current and Other Non-Current Assets	\$161,557	\$289,275
Capital Assets, Net	<u>21,813</u>	<u>30,499</u>
Total Assets	<u>183,370</u>	<u>319,774</u>
Current Liabilities	14,968	27,873
Non-Current Liabilities	<u>17,585</u>	<u>23,636</u>
Total Liabilities	<u>32,553</u>	<u>51,509</u>
Net Position:		
Net Investment in Capital Assets	16,637	21,358
Restricted	37,358	101,521
Unrestricted	<u>96,822</u>	<u>145,386</u>
Total Net Position	\$ <u>150,817</u>	\$ <u>268,265</u>

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

This space was intentionally left blank.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Major Factors Affecting the Statement of Net Position

Current and other non-current assets (primarily cash and cash equivalents) were decreased by \$127,718 which is a result from decreases in revenues so that the use of reserve funds to cover the reduction of revenues while maintaining a consistent level of expenditures during fiscal year 2014. Total liabilities decreased \$18,956 due to a decrease in unearned revenue which relate to administrative fee revenues and a decrease in mortgage note payable related to payments made on the debt.

Capital assets had a net decrease of \$8,686 which represents the current year's depreciation. For more detail see "Capital Assets and Debt Administration" on page 11.

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, 2013		\$ 145,386
Results of Operations:	\$(53,285)	
Adjustments:		
Depreciation (1)	<u>8,686</u>	
Adjusted Results from Operations		(44,599)
Retirement of Debt		<u>(3,965)</u>
Unrestricted Net Position June 30, 2014		\$ <u>96,822</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, 2013		\$ 101,521
Results of Operations:		
HAP Reserves Used	\$(65,947)	
Fraud Recovery Payments	<u>1,784</u>	
Adjusted Results from Operations		(64,163)
Restricted Net Position June 30, 2014		\$ <u>37,358</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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.

	<u>2014</u>	<u>2013</u>
Revenues		
HUD PHA Operating Grants	\$1,600,447	\$1,750,816
Interest Income	460	88
Other Revenues	<u>4,348</u>	<u>8,488</u>
Total Revenue	<u>1,605,255</u>	<u>1,759,392</u>
Expenses		
Administrative	264,312	258,993
Material and Labor - Maintenance	10,647	10,703
General	9,895	8,607
Housing Assistance Payments	1,428,865	1,553,592
Depreciation	8,686	8,686
Interest	<u>298</u>	<u>444</u>
Total Expenses	<u>1,722,703</u>	<u>1,841,025</u>
Change in Net Position	(117,448)	(81,633)
Net Position at July 1	<u>268,265</u>	<u>349,898</u>
Net Position June 30	<u>\$ 150,817</u>	<u>\$ 268,265</u>

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

HUD PHA Operating Grants decreased by \$150,369 due to HUD funding changes and changes in grants received from local sources. Housing Assistance Payments also decreased by \$124,727 during fiscal year 2014. There was little fluctuation in units months leased, noting a slight decrease between fiscal year 2014 and fiscal year 2013.

Administrative expenses include salaries and related benefits, along with other administrative expenses such as audit fees and office expenses.

Most other expenses fluctuated moderately due to inflation and current fiscal year needs.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the Consortium had \$21,813 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

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

	Business-type Activities	
	<u>2014</u>	<u>2013</u>
Building	\$ 84,511	\$ 84,511
Furniture, Fixtures, and Equipment	35,729	35,729
Building Improvements	51,974	51,974
Accumulated Depreciation	<u>(150,401)</u>	<u>(141,715)</u>
Total	\$ <u>21,813</u>	\$ <u>30,499</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 21 of the notes.

CHANGE IN CAPITAL ASSETS

	Business-type Activities
Beginning Balance	\$ 30,499
Depreciation	<u>(8,686)</u>
Ending Balance	\$ <u>21,813</u>

There were no additions or disposals of capital assets for fiscal year 2014.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Debt Outstanding

As of June 30, 2014, the Consortium had \$5,176 in debt (mortgage loan) outstanding as compared to \$9,141 at June 30, 2013. The decrease of (\$3,965) represents the current year debt repayment. For further information related to fiscal year 2014 debt activity, see Note 7.

ECONOMIC FACTORS

Significant economic factors affecting the Consortium are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho; Finance Manager for the Consortium of Northwest Ohio, at (419) 526-1622. Specific requests may be submitted to the Consortium at 1044 Chelsea Ave, Napoleon OH 43545-1202.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENTS OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014**

Assets

Current Assets:

Cash and Cash Equivalents	\$	99,799
Restricted Cash		2,637
Intergovernmental Receivable		19,753
Accounts Receivable, Net		90
Accrued Interest Receivable		6
Prepaid Items		1,914
		1,914
Total Current Assets		124,199

Non-Current Assets:

Restricted Cash		37,358
Capital Assets:		
Depreciable Capital Assets		172,214
Accumulated Depreciation		(150,401)
Total Capital Assets		21,813
Total Non-Current Assets		59,171

Total Assets

183,370

Liabilities

Current Liabilities:

Accounts Payable		3,896
Accrued Wages and Payroll Taxes		2,701
Intergovernmental Payable		34
Unearned Revenue		2,603
Accrued Compensated Absences		1,550
Current Portion of Mortgage Note		4,184
		4,184
Total Current Liabilities		14,968

Non-Current Liabilities:

Accrued Compensated Absences		16,593
Mortgage Note		992
		992
Total Non-Current Liabilities		17,585

Total Liabilities

32,553

Net Position

Net Investment in Capital Assets		16,637
Restricted		37,358
Unrestricted		96,822
		96,822

Total Net Position

\$ 150,817

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, 2014**

Operating Revenues		
HUD PHA Operating Grants	\$	1,600,447
Other Revenues		<u>4,348</u>
Total Operating Revenues		<u>1,604,795</u>
Operating Expenses		
Housing Assistance Payments	\$	1,428,865
Salaries		145,170
Employee Benefits		67,402
Other Administrative Expenses		51,740
Material and Labor - Maintenance		10,647
Depreciation		8,686
General		<u>9,895</u>
Total Operating Expenses		<u>1,722,405</u>
Operating Loss		<u>(117,610)</u>
Nonoperating Revenues (Expenses)		
Interest Revenue		460
Interest Expense		<u>(298)</u>
Total Nonoperating Revenues (Expenses)		<u>162</u>
Change in Net Position		(117,448)
Net Position at July 1, 2013		<u>268,265</u>
Net Position at June 30, 2014	\$	<u><u>150,817</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, 2014**

Cash flows from operating activities:

Cash received from HUD/grant agencies	\$ 1,566,844
Cash received from other sources	4,348
Cash payments to employees for services	(213,789)
Cash payments for good or services - HUD	(1,428,865)
Cash payments for goods or services	(70,861)
	(142,323)
Net cash used by operating activities	(142,323)

Cash flows from investing activities:

Interest Revenue	474
	474

Cash flows from capital and related financing activities:

Principal paid on mortgage note	(3,965)
Interest paid on mortgage note	(298)
	(4,263)
Net cash used by capital and related financing activities	(4,263)
Net change in cash and cash equivalents	(146,112)
Cash and cash equivalents at July 1, 2013	285,906
	285,906
Cash and cash equivalents at June 30, 2014	\$ 139,794

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

Operating loss	\$ (117,610)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	8,686
Changes in assets and liabilities:	
Accounts receivable	1,543
Intergovernmental receivable	(19,753)
Prepaid items	(198)
Accounts payable	257
Intergovernmental payable	(285)
Accrued wages and payroll taxes	52
Unearned revenue	(13,850)
Other liabilities	(1,165)
	(142,323)
Net cash used by operating activities	\$ (142,323)

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Consortium of Northwest Ohio (the Consortium) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Consortium's accounting policies are described below.

Reporting Entity

On November 29, 2000, after receiving and reviewing public comment on section 13 of the United States Housing Act of 1937, HUD published the final rule which implemented the 1998 law that authorizes public housing agencies (PHAs) to administer any or all of their housing programs through a consortium of PHAs. The final rule specifies minimum requirements relating to formation and operation of the consortium and minimum contents of consortium agreements, as required by the statute and further reflects HUD's consideration of public comments received on the proposed rule.

On July 1, 2005, the following organizations: Bowling Green Housing Agency, Henry Metropolitan Housing Authority, and the Williams Metropolitan Housing Authority elected to form a consortium and entered into a consortium agreement among the participating authorities, specified a Lead Agency (Henry Metropolitan Housing Authority), and submitted a Joint Plan for all participating authorities in accordance with 24 CFR part 903.

The Consortium was created under the Ohio Revised Code, Section 3735.27. The Consortium contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Consortium depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, in that the financial statements include all organizations, activities and functions for which the Consortium is financially accountable. This report includes all activities considered by management to be part of the Consortium by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Consortium over which the Consortium is financially accountable.

Fund Accounting

The Consortium uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 Housing Choice Voucher and other grant programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Proprietary Fund Type:

Proprietary funds are used to account for the Consortium's ongoing activities that are similar to those found in the private sector. The following is the Consortium's proprietary fund type:

Enterprise Fund – The Consortium 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.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold used by the Consortium is \$500. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Lives -Years</u>
Building	40
Furniture	5
Equipment	7
Vehicles	5

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Compensated Absences

The Consortium accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. All employees who meet the termination policy of the Consortium for years of service are included in the calculation of the compensated absences accrual amount.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a current liability.

Net 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 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, 2014.

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.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 had current restricted assets of \$2,603 for payments of current liabilities associated with administration fees received but not yet earned and \$34 for interest earned on Housing Assistance Payment cash balance which will be repaid to HUD based on a provision of the Housing Choice Voucher Program. The Consortium had non-current restricted assets for Housing Assistance Payment equity balances of \$37,358.

Accrued Interest Receivable

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as a receivable or revenue or unearned revenue of the current fiscal period.

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.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Consortium. Funds are deposited in either interest bearing or non-interest bearing accounts at the Consortium's discretion. Security shall be furnished for all accounts in the Consortium's name.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

Cash and cash equivalents included in the Consortium's cash position at June 30, 2014 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$105,009	\$19,966	\$124,975
Items-in-transit	<u>(6,897)</u>	<u>-</u>	<u>(6,897)</u>
Carrying balance	<u>\$98,112</u>	<u>\$19,966</u>	<u>\$118,078</u>

In addition, the Consortium had certificates of deposit totaling \$21,666 at June 30, 2014 and maintains \$50 in petty cash funds. Of the fiscal year-end cash balance, including certificates of deposit, \$146,641 was covered by federal deposit insurance.

Based on the Consortium having only demand deposits at June 30, 2014, the Consortium is not subject to interest rate, credit, concentration, or custodial credit risks.

3. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2014</u>
<u>Business Type Activities - Cost</u>				
Buildings	\$ 84,511	\$ -	\$ -	\$ 84,511
Building improvements	51,974	-	-	51,974
Furniture, fixtures, and equipment	<u>35,729</u>	<u>-</u>	<u>-</u>	<u>35,729</u>
Total at cost	<u>172,214</u>	<u>-</u>	<u>-</u>	<u>172,214</u>
<u>Less: accumulated depreciation</u>				
Buildings	(58,932)	(4,266)	-	(63,198)
Building improvements	(47,555)	(4,420)	-	(51,975)
Furniture, fixture, and equipment	<u>(35,228)</u>	<u>-</u>	<u>-</u>	<u>(35,228)</u>
Total accumulated depreciation	<u>(141,715)</u>	<u>(8,686)</u>	<u>-</u>	<u>(150,401)</u>
Capital assets, net	<u>\$ 30,499</u>	<u>\$ (8,686)</u>	<u>\$ -</u>	<u>\$ 21,813</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

4. 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 2014, 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.

5. DEFINED BENEFIT PENSION PLANS

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.
2. The Member-Directed 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-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit 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 retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

5. DEFINED BENEFIT PENSION PLANS – CONTINUED

Funding Policy – The Consortium and covered employees contribute at actuarially determined rates for fiscal year 2014, 14% and 10%, respectively, of covered employee payroll to OPERS. The Consortium's contributions to OPERS for the years ended June 30, 2014, 2013, and 2012 were \$20,399, \$20,476, and \$21,265, respectively. Required contributions are equal to 100% of the dollar amount billed. The employee's contribution to OPERS for June 30, 2014, 2013, and 2012 were \$14,571, \$14,626, and \$15,190, respectively. Required contributions are equal to 100% of the charges.

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.

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 was 1% during calendar year 2013 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 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 for fiscal year 2014 were approximately \$1,456.

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.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

6. COMPENSATED ABSENCES

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave is to be used in the year of service earned; one year of vacation hours earned and unused may be carried over to the next fiscal year. Sick leave may be accumulated and is paid out based on Board policy upon termination or retirement. As of June 30, 2014, the accrual for compensated absences totaled \$18,143 and has been included in the accompanying Statement of Net Position.

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended June 30, 2014:

<u>Description</u>	<u>Balance</u> <u>07/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/14</u>	<u>Due Within</u> <u>One Year</u>
Mortgage Note Payable	\$ 9,141	\$ -	\$(3,965)	\$ 5,176	\$ 4,184
Compensated Absence Payable	<u>19,308</u>	<u>4,806</u>	<u>(5,971)</u>	<u>18,143</u>	<u>1,550</u>
Total	<u>\$28,449</u>	<u>\$4,806</u>	<u>\$(9,936)</u>	<u>\$23,319</u>	<u>\$ 5,734</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 years following fiscal year 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,184	\$ 80	\$ 4,264
2016	<u>992</u>	<u>73</u>	<u>1,065</u>
Total	<u>\$ 5,176</u>	<u>\$ 153</u>	<u>\$ 5,329</u>

8. 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, 2014.

B. Litigation

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

This page intentionally left blank.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET POSITION
CONSOLIDATING STATEMENT OF NET POSITION
JUNE 30, 2014**

<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	\$ 7,853	\$ 46,069	\$ 45,877	\$ -	\$ 99,799
Cash - Restricted	-	2,637	-	-	2,637
HUD Other Projects	1,147	1,134	17,472	-	19,753
Accounts Receivable:					
Miscellaneous	-	6,158	-	(6,068)	90
Fraud Recovery	195	1,521	4,011	-	5,727
Allowance for Doubtful Accounts	(195)	(1,521)	(4,011)	-	(5,727)
Total Receivables, Net of Allowance for Doubtful Accounts	-	6,158	-	(6,068)	90
Accrued Interest Receivable	-	6	-	-	6
Prepaid Items	-	1,914	-	-	1,914
Total Current Assets	9,000	57,918	63,349	(6,068)	124,199
Non-Current Assets					
Cash - Other Restricted	37,358	-	-	-	37,358
Capital Assets					
Buildings	-	84,511	-	-	84,511
Furniture and Equipment - Administration	-	22,971	12,758	-	35,729
Leasehold Improvements	-	51,974	-	-	51,974
Accumulated Depreciation	-	(138,143)	(12,258)	-	(150,401)
Total Capital Assets net of accumulated depreciation	-	21,313	500	-	21,813
Total Noncurrent Assets	37,358	21,313	500	-	59,171
Total Assets	46,358	79,231	63,849	(6,068)	183,370
Current Liabilities					
Accounts Payable	1,758	3,896	4,310	(6,068)	3,896
Accrued Wage/Payroll Taxes Payable	-	2,701	-	-	2,701
Accrued Compensated Absences- Current	-	1,550	-	-	1,550
Accounts Payable- HUD PHA Programs	-	34	-	-	34
Unearned Revenue	-	2,603	-	-	2,603
Current Portion of Long-Term Debt- Capital Projects/Mortgage	-	4,184	-	-	4,184
Total Current Liabilities	1,758	14,968	4,310	(6,068)	14,968
Non-Current Liabilities					
Long-Term Debt, Net of Current - Mortgage Note	-	992	-	-	992
Accrued Compensationd Absences-Non-Current	-	16,593	-	-	16,593
Total Non-Current Liabilities	-	17,585	-	-	17,585
Total Liabilities	1,758	32,553	4,310	(6,068)	32,553
Net Position					
Net Investment in Capital Assets	-	16,137	500	-	16,637
Restricted	37,358	-	-	-	37,358
Unrestricted	7,242	30,541	59,039	-	96,822
Total Net Position	\$ 44,600	\$ 46,678	\$ 59,539	\$ -	\$ 150,817

**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, 2014**

<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	\$ 469,065	\$ 689,713	\$ 441,669	\$ -	\$ 1,600,447
Other Revenues					
Fraud Recovery	1,141	1,910	517	-	3,568
Other Revenue	-	132,447	-	(131,667)	780
Total Other Revenues	<u>1,141</u>	<u>134,357</u>	<u>517</u>	<u>(131,667)</u>	<u>4,348</u>
Total Operating Revenues	<u>470,206</u>	<u>824,070</u>	<u>442,186</u>	<u>(131,667)</u>	<u>1,604,795</u>
Expenses					
Housing Assistance Payments	391,191	636,683	400,991	-	1,428,865
Administrative Salaries	-	145,170	-	-	145,170
Employee Benefit Contribution - Administrative	-	67,402	-	-	67,402
Administrative Expenses					
Auditing Fees	-	6,887	-	-	6,887
Management Fee	61,099	-	70,568	(131,667)	-
Advertising and Marketing	-	57	-	-	57
Office Expenses	50	24,573	356	-	24,979
Travel	-	1,146	-	-	1,146
Other	419	18,252	-	-	18,671
Total Administrative Expenses	<u>61,568</u>	<u>50,915</u>	<u>70,924</u>	<u>(131,667)</u>	<u>51,740</u>
Ordinary Maintenance and Operations - Materials and Other	-	10,647	-	-	10,647
Depreciation	-	8,686	-	-	8,686
General					
Insurance Premiums	-	9,895	-	-	9,895
Total General	<u>-</u>	<u>9,895</u>	<u>-</u>	<u>-</u>	<u>9,895</u>
Total Operating Expenses	<u>452,759</u>	<u>929,398</u>	<u>471,915</u>	<u>(131,667)</u>	<u>1,722,405</u>
Operating Income/(Loss)	<u>17,447</u>	<u>(105,328)</u>	<u>(29,729)</u>	<u>-</u>	<u>(117,610)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue	114	240	106	-	460
Interest Expense	-	(298)	-	-	(298)
Total Nonoperating Revenues (Expenses)	<u>114</u>	<u>(58)</u>	<u>106</u>	<u>-</u>	<u>162</u>
Change in Net Position	17,561	(105,386)	(29,623)	-	(117,448)
Beginning Net Position	<u>27,039</u>	<u>152,064</u>	<u>89,162</u>	<u>-</u>	<u>268,265</u>
Total Ending Net Position	<u>\$ 44,600</u>	<u>\$ 46,678</u>	<u>\$ 59,539</u>	<u>\$ -</u>	<u>\$ 150,817</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2014**

FDS Line Item No.	Account Description	Bowling Green 14.871 Section 8 Housing Choice Vouchers
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 7,853
113	Cash - Other Restricted	37,358
100	Total Cash	<u>45,211</u>
	Accounts Receivable	
122	HUD Other Projects	1,147
128	Fraud Recovery	195
128.1	Allowance for Doubtful Accounts	<u>(195)</u>
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>1,147</u>
150	Total Current Assets	<u>46,358</u>
190	Total Assets	<u><u>\$ 46,358</u></u>
	Current Liabilities	
312	Accounts Payable	\$ 1,758
310	Total Current Liabilities	<u>1,758</u>
300	Total Liabilities	<u>1,758</u>
	Net Position	
511.4	Restricted	37,358
512.4	Unrestricted	<u>7,242</u>
513	Total Net Position	<u>44,600</u>
600	Total Liabilities and Net Position	<u><u>\$ 46,358</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, 2014**

FDS Line Item No.	Account Description	Bowling Green
		14.871 Section 8 Housing Choice Vouchers
	Revenue	
70600-010	Housing Assistance Payment Revenues	\$ 408,536
70600-020	Administrative Fees Revenues	60,529
70600	HUD PHA Operating Grants	469,065
71100	Investment Income - Unrestricted	114
71400-010	Housing Assistance Payments	571
71400-020	Administrative Fees	570
71400	Fraud Recovery	1,141
70000	Total Revenue	470,320
	Expenses	
91300	Management Fee	61,099
91600	Office Expenses	50
91900	Other	419
91000	Total Operating - Administrative	61,568
96900	Total Operating Expenses	61,568
97000	Excess Operating Revenue Over Operating Expenses	408,752
	Other Expenses	
97300	Housing Assistance Payments	391,191
	Total Other Expenses	391,191
90000	Total Expenses	452,759
10000	Excess of Revenues over Expenses	17,561
11030	Beginning Net Position	27,039
11170	Administrative Fee Equity	7,242
11180	Housing Assistance Payment Equity	37,358
	Total Ending Net Position	\$ 44,600

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2014**

		<u>Henry</u>		
FDS Line Item No.	<u>Account Description</u>	<u>14.871 Section 8 Housing Choice Vouchers</u>	<u>Business Activities</u>	<u>Total</u>
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ 39,210	\$ 6,859	\$ 46,069
115	Cash - Restricted for Payment of Current Liabilities	2,637	-	2,637
100	Total Cash	<u>41,847</u>	<u>6,859</u>	<u>48,706</u>
	Accounts Receivable			
122	HUD Other Projects	1,134	-	1,134
125	Miscellaneous	-	6,158	6,158
128	Fraud Recovery	1,521	-	1,521
128.1	Allowance for Doubtful Accounts	(1,521)	-	(1,521)
129	Accrued Interest Receivable	6	-	6
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>1,140</u>	<u>6,158</u>	<u>7,298</u>
	Other Assets			
142	Prepaid Expenses and Other Assets	1,914	-	1,914
150	Total Current Assets	<u>44,901</u>	<u>13,017</u>	<u>57,918</u>
	Noncurrent Assets			
	Capital Assets			
162	Buildings	84,511	-	84,511
164	Furniture and Equipment - Administration	22,971	-	22,971
165	Leasehold Improvements	51,974	-	51,974
166	Accumulated Depreciation	(138,143)	-	(138,143)
160	Total Capital Assets	<u>21,313</u>	<u>-</u>	<u>21,313</u>
	net of accumulated depreciation			
180	Total Noncurrent Assets	<u>21,313</u>	<u>-</u>	<u>21,313</u>
190	Total Assets	<u>\$ 66,214</u>	<u>\$ 13,017</u>	<u>\$ 79,231</u>
	Current Liabilities			
312	Accounts Payable	\$ 3,896	\$ -	\$ 3,896
321	Accrued Wages and Payroll Taxes	2,701	-	2,701
322	Accrued Compensated Absences - Current	1,550	-	1,550
331	Accounts Payable- HUD PHA Programs	34	-	34
342	Unearned Revenue	2,603	-	2,603
343	Current Poriton of Long-Term Debt - Capital Projects/Mortgage	4,184	-	4,184
310	Total Current Liabilities	<u>14,968</u>	<u>-</u>	<u>14,968</u>
	Non-Current Liabilities			
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage	992	-	992
354	Accrued Compensationd Absences-Non-Current	16,593	-	16,593
350	Total Non-Current Liabilities	<u>17,585</u>	<u>-</u>	<u>17,585</u>
300	Total Liabilities	<u>32,553</u>	<u>-</u>	<u>32,553</u>
	Net Position			
508.4	Net Investment in Capital Assets	16,137	-	16,137
512.4	Unrestricted	17,524	13,017	30,541
513	Total Net Position	<u>33,661</u>	<u>13,017</u>	<u>46,678</u>
600	Total Liabilities and Net Position	<u>\$ 66,214</u>	<u>\$ 13,017</u>	<u>\$ 79,231</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FDS Line Item No.	Account Description	Henry		
		14,871 Section 8 Housing Choice Vouchers	Business Activities	Total
Revenue				
70600-010	Housing Assistance Payment Revenues	\$ 583,023		\$ 583,023
70600-020	Administrative Fees Revenues	106,690		106,690
70600	HUD PHA Operating Grants	689,713	\$ -	689,713
71100	Investment Income - Unrestricted	171	69	240
71400-010	Housing Assistance Payments	955	-	955
71400-020	Administrative Fees	955	-	955
71400	Fraud Recovery	1,910	-	1,910
71500	Other Revenue	-	132,447	132,447
70000	Total Revenue	691,794	132,516	824,310
Expenses				
91100	Administrative Salaries	48,626	96,544	145,170
91200	Auditing Fees	2,296	4,591	6,887
91400	Advertising and Marketing	19	38	57
91500	Employee Benefit Contribution - Administrative	22,968	44,434	67,402
91600	Office Expenses	12,604	11,969	24,573
91800	Travel	534	612	1,146
91900	Other	9,132	9,120	18,252
91000	Total Operating - Administrative	96,179	167,308	263,487
94200	Ordinary Maintenance and Operations - Materials and Other	3,915	6,732	10,647
94000	Total Maintenance and Operations	3,915	6,732	10,647
96120	Liability Insurance	2,623	4,872	7,495
96130	Workmen's Compensation	1,080	1,320	2,400
96100	Total Insurance Premiums	3,703	6,192	9,895
96710	Interest of Mortgage (or Bonds) Payable	298	-	298
96900	Total Operating Expenses	104,095	180,232	284,327
97000	Excess Operating Revenue Over Operating Expenses	587,699	(47,716)	539,983
Other Expenses				
97300	Housing Assistance Payments	636,683	-	636,683
97400	Depreciation Expense	8,686	-	8,686
	Total Other Expenses	645,369	-	645,369
90000	Total Expenses	749,464	180,232	929,696
10000	Excess of Revenues over Expenses	(57,670)	(47,716)	(105,386)
11030	Beginning Net Position	91,331	60,733	152,064
11170	Administrative Fee Equity	33,661	-	33,661
11180	Housing Assistance Payment Equity	-	-	-
	Total Ending Net Position	\$ 33,661	\$ 13,017	\$ 46,678

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2014**

FDS Line Item No.	Account Description	Williams
		14.871 Section 8 Housing Choice Vouchers
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 45,877
100	Total Cash	45,877
	Accounts Receivable	
122	HUD Other Projects	17,472
128	Fraud Recovery	4,011
128.1	Allowance for Doubtful Accounts	(4,011)
120	Total Receivables, net of allowance for doubtful accounts	17,472
150	Total Current Assets	63,349
	Noncurrent Assets	
	Capital Assets	
164	Furniture and Equipment - Administration	12,758
166	Accumulated Depreciation	(12,258)
160	Total Capital Assets net of accumulated depreciation	500
180	Total Noncurrent Assets	500
190	Total Assets	\$ 63,849
	Current Liabilities	
312	Accounts Payable	\$ 4,310
310	Total Current Liabilities	4,310
300	Total Liabilities	4,310
	Net Position	
508.4	Investment in Capital Assets	500
512.4	Unrestricted	59,039
513	Total Net Position	59,539
600	Total Liabilities and Net Position	\$ 63,849

CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Williams

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	14.228 Community Development Block Grants - Community Housing Improvement Program	14.239 Home Investment Partnerships Program	Total
	Revenue				
70600-010	Housing Assistance Payment Revenues	\$ 366,512			\$ 366,512
70600-020	Administrative Fees Revenues	69,825			69,825
70600	HUD PHA Operating Grants	436,337	\$ 485	\$ 4,847	441,669
71100	Investment Income - Unrestricted	106	-	-	106
71400-010	Housing Assistance Payments	258	-	-	258
71400-020	Administrative Fees	259	-	-	259
71400	Fraud Recovery	517	-	-	517
70000	Total Revenue	436,960	485	4,847	442,292
	Expenses				
91300	Management Fee	70,083	485	-	70,568
91600	Office Expenses	356	-	-	356
91000	Total Operating - Administrative	70,439	485	-	70,924
96900	Total Operating Expenses	70,439	485	-	70,924
97000	Excess Operating Revenue Over Operating Expenses	366,521	-	4,847	371,368
	Other Expenses				
97300	Housing Assistance Payments	396,144	-	4,847	400,991
	Total Other Expenses	396,144	-	4,847	400,991
900	Total Expenses	466,583	485	4,847	471,915
1000	Excess of Revenues over Expenses	(29,623)	-	-	(29,623)
11030	Beginning Net Position	89,162	-	-	89,162
11170	Administrative Fee Equity	59,539			59,539
11180	Housing Assistance Payment Equity	-			-
	Total Ending Net Position	\$ 59,539	\$ -	\$ -	\$ 59,539

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FDS Line Item No.	Account Description	Bowling Green - 14,871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 7,597
11170-010	Administrative Fee Revenue	60,529	
11170-040	Investment Income	114	
11170-045	Fraud Recovery Revenue	<u>570</u>	
11170-060	Total Administrative Fee Revenues		61,213
11170-080	Total Operating Expenses	<u>61,568</u>	
11170-110	Total Expenses		<u>61,568</u>
11170-002	Net Administrative Fee		<u>(355)</u>
11170-003	Administrative Fee Equity - Ending Balance		<u>7,242</u>
11170	Administrative Fee Equity		<u><u>\$ 7,242</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 19,442
11180-010	Housing Assistance Payment Revenues	408,536	
11180-015	Fraud Recovery Revenue	<u>571</u>	
11180-030	Total Housing Assistance Payments Revenues		409,107
11180-080	Housing Assistance Payments	<u>391,191</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>391,191</u>
11180-002	Net Housing Assistance Payments		<u>17,916</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		<u>37,358</u>
11180	Housing Assistance Payments Equity		<u><u>\$ 37,358</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, 2014**

FDS Line Item No.	Account Description	Henry - 14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 38,626
11170-010	Administrative Fee Revenue	106,690	
11170-040	Investment Income	171	
11170-045	Fraud Recovery Revenue	955	
11170-060	Total Administrative Fee Revenues		107,816
11170-080	Total Operating Expenses	104,095	
11170-090	Depreciation	8,686	
11170-110	Total Expenses		112,781
11170-002	Net Administrative Fee		(4,965)
11170-003	Administrative Fee Equity - Ending Balance		33,661
11170	Administrative Fee Equity		<u>\$ 33,661</u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 52,705
11180-010	Housing Assistance Payment Revenues	583,023	
11180-015	Fraud Recovery Revenue	955	
11180-030	Total Housing Assistance Payments Revenues		583,978
11180-080	Housing Assistance Payments	636,683	
11180-100	Total Housing Assistance Payments Expenses		636,683
11180-002	Net Housing Assistance Payments		(52,705)
11180-003	Housing Assistance Payments Equity - Ending Balance		-
11180	Housing Assistance Payments Equity		<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, 2014**

FDS Line Item No.	Account Description	Williams - 14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 59,788
11170-010	Administrative Fee Revenue	69,825	
11170-040	Investment Income	106	
11170-045	Fraud Recovery Revenue	<u>259</u>	
11170-060	Total Administrative Fee Revenues		70,190
11170-080	Total Operating Expenses	<u>70,439</u>	
11170-110	Total Expenses		<u>70,439</u>
11170-002	Net Administrative Fee		<u>(249)</u>
11170-003	Administrative Fee Equity - Ending Balance		59,539
11170	Administrative Fee Equity		<u><u>\$ 59,539</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 29,374
11180-010	Housing Assistance Payment Revenues	366,512	
11180-015	Fraud Recovery Revenue	<u>258</u>	
11180-030	Total Housing Assistance Payments Revenues		366,770
11180-080	Housing Assistance Payments	<u>396,144</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>396,144</u>
11180-002	Net Housing Assistance Payments		<u>(29,374)</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		-
11180	Housing Assistance Payments Equity		<u><u>\$ -</u></u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Paulding County:</i>			
Community Development Block Grants - Community Housing Improvement Program (CHIP)	B-C-11-1CF-1, B-C-11-1CF-2	14.228	\$ 26
<i>Passed through the City of Napoleon:</i>			
Community Development Block Grants - Community Housing Improvement Program (CHIP)	N/A	14.228	373
<i>Passed through the City of Bryan:</i>			
Community Development Block Grants - Community Housing Improvement Program (CHIP)	N/A	14.228	86
Total Community Development Block Grants - Community Housing Improvement Program (CHIP)			<u>485</u>
<i>Passed through Paulding County:</i>			
Home Investment Partnerships Program	B-C-11-1CF-1, B-C-11-1CF-2	14.239	260
<i>Passed through the City of Napoleon:</i>			
Home Investment Partnerships Program	N/A	14.239	3,726
<i>Passed through the City of Bryan:</i>			
Home Investment Partnerships Program	N/A	14.239	861
Total Home Investment Partnerships Program			<u>4,847</u>
Section 8 Housing Choice Vouchers (Direct)	N/A	14.871	<u>1,595,115</u>
Total U.S. Department of Housing and Urban Development			<u>1,600,447</u>
Total Federal Awards Expenditures			<u>\$ 1,600,447</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying Schedule of Federal Awards Expenditures is a summary of the activity of the Consortium's federal awards programs. The Schedule has been prepared on the accrual basis of accounting.



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

Board of Directors
Consortium of Northwest Ohio
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, 2014, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated September 17, 2014.

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 Authority'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
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

As part of reasonably assuring whether the Consortium's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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
September 17, 2014



**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**

Board of Directors
Consortium of Northwest Ohio
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, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Authority'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 each of the Consortium's major federal programs 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.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Opinion on the Major Federal Program

In our opinion, the Consortium of Northwest Ohio, Henry County, 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, 2014.

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, Shuman & Snow, Inc.

Newark, Ohio
September 17, 2014

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 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 Program's Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (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.



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
OCTOBER 16, 2014**