

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
JULY 1, 2008 - JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Consortium of Northwest Ohio, Henry County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 10, 2010

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the Consortium of Northwest Ohio, Henry County, Ohio (the Consortium) as of and for the fiscal year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Consortium of Northwest Ohio, Henry County, as of June 30, 2009, and the changes in financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2009 on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 15, 2009

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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 2009, the Consortium's net assets decreased by \$24,847 (or 7.8%). Since the Consortium engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets for fiscal year 2008 were \$317,635 and \$292,788 for fiscal year 2009.

- Revenues decreased by \$36,036 (or 1.9%) during fiscal year 2009, and was \$1,904,322 and \$1,868,286 for fiscal year 2008 and fiscal year 2009, respectively.

- Expenses of the Consortium increased by \$22,074 (or 1.2%). Total expenses were \$1,871,059 and \$1,893,133 for fiscal year 2008 and fiscal year 2009, respectively.

**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

USING THIS ANNUAL REPORT

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

MD&A

~ Management Discussion and Analysis – pgs 3-11 ~

Basic Financial Statements

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

Other Required Supplementary Information

~ Required Supplementary Information - none~

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

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

**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

THE CONSORTIUM'S FUND

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

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

Business-Type Activities:

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

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

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

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

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

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

GOVERNMENT-WIDE STATEMENT

Statement of Net Assets

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

STATEMENT OF NET ASSETS

	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 279,898	\$ 276,289
Capital Assets	<u>68,989</u>	<u>80,433</u>
Total Assets	<u>348,887</u>	<u>356,722</u>
Current Liabilities	30,368	10,544
Non-Current Liabilities	<u>25,731</u>	<u>28,543</u>
Total Liabilities	<u>56,099</u>	<u>39,087</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	45,495	53,700
Restricted	107,413	164,738
Unrestricted	<u>139,880</u>	<u>99,197</u>
Total Net Assets	<u>\$ 292,788</u>	<u>\$ 317,635</u>

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

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**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Major Factors Affecting the Statement of Net Assets

Current assets (primarily cash and cash equivalents) were increased by the \$3,609 which is a result of the changes to HUD's funding, along with Consortium's cash management during the fiscal year. Total liabilities increased \$17,012 due to the Authority having accounts payable to HUD for overpayment on grant programs at fiscal year end 2009.

The capital assets had a net decrease of \$11,444 This is the net of current year's depreciation. For more detail see "Capital Assets and Debt Administration" on page 10.

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

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets June 30, 2008		\$ 99,197
Results of Operations Related to Administrative Fee	\$ 32,478	
Adjustments:		
Depreciation (1)	<u>11,444</u>	
Adjusted Results from Operations		43,922
Retirement of Debt		<u>(3,239)</u>
Unrestricted Net Assets June 30, 2009		<u>\$ 139,880</u>

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

CHANGE OF RESTRICTED NET ASSETS

Restricted Net Assets June 30, 2008		\$164,738
Results of Operations		
HAP Reserves Used	\$(62,716)	
Fraud Recovery Payments Net Bad Debts	4,739	
Interest on HAP	<u>650</u>	
Adjusted Results from Operations		<u>(57,325)</u>
Restricted Net Assets June 30, 2009		<u>\$107,413</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND ASSETS

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

	<u>2009</u>	<u>2008</u>
Revenues		
HUD PHA Operating Grants	\$1,842,438	\$1,892,606
Interest Income	2,109	4,070
Other Revenues	<u>23,739</u>	<u>7,646</u>
Total Revenue	<u>1,868,286</u>	<u>1,904,322</u>
Expenses		
Administrative	230,227	215,098
Material and Labor - Maintenance	10,034	7,412
General	11,247	11,215
Housing Assistance Payments	1,616,112	1,625,236
Depreciation	11,444	10,944
Fraud Losses	13,044	-
Interest	<u>1,025</u>	<u>1,154</u>
Total Expenses	<u>1,893,133</u>	<u>1,871,059</u>
Change in Net Assets	(24,847)	33,263
Net Assets at July 1	<u>317,635</u>	<u>284,372</u>
Net Assets June 30	<u>\$ 292,788</u>	<u>\$ 317,635</u>

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

HUD PHA Operating Grants decreased due to HUD funding decreases, along with decreases in grants received from Fulton and Paulding Counties. Housing Assistance Payments decreased by \$9,124 or less than 1% during fiscal year 2009. The Consortium's leasing rate for 2009 was 92.11%, which was a decrease from 2008, which was 98.56%.

Annual staffing changes contributed to the increase in the Administrative expenses category in fiscal year 2009. Administrative expenses include salaries and related benefits, along with other administrative expenses such as audit fees and office expenses.

Most other expenses increased moderately due to inflation.

**CONSORITUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the Consortium had \$68,989 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>2009</u>	<u>2008</u>
Building	\$ 84,511	\$ 84,511
Furniture, Fixtures, and Equipment	61,306	61,306
Building Improvements	51,974	51,974
Accumulated Depreciation	<u>(128,802)</u>	<u>(117,358)</u>
Total	\$ <u>68,989</u>	\$ <u>80,433</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 22 of the notes.

CHANGE IN CAPITAL ASSETS

	Business-type Activities
Beginning Balance	\$ 80,433
Depreciation	<u>(11,444)</u>
Ending Balance	\$ <u>68,989</u>

There were no additions for fiscal year 2009.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Debt Outstanding

As of June 30, 2009, the Consortium had \$23,494 in debt (mortgage loan) outstanding as compared to \$26,733 at June 30, 2008. The decrease of (\$3,239) represents the current year debt repayment. For further information related to fiscal year 2009 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.

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENTS OF NET ASSETS
JUNE 30, 2009**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 164,342
Accounts Receivable, net	2,909
Accrued Interest Receivable	17
Prepaid Items	<u>5,217</u>
Total Current Assets	<u>172,485</u>

Non-Current Assets:

Restricted Cash	107,413
Capital Assets:	
Depreciable Capital Assets	197,791
Accumulated Depreciation	<u>(128,802)</u>
Total Capital Assets	<u>68,989</u>
Total Non-Current Assets	<u>176,402</u>

Total Assets

348,887

Liabilities

Current Liabilities:

Accounts Payable	19,601
Accrued Wages and Payroll Taxes	2,305
Accrued Compensated Absences	5,089
Current Portion of Mortgage Note	<u>3,373</u>
Total Current Liabilities	<u>30,368</u>

Non-Current Liabilities:

Mortgage Note	20,121
Accrued Compensated Absences	<u>5,610</u>
Total Non-Current Liabilities	<u>25,731</u>

Total Liabilities

56,099

Net Assets

Invested in Capital Assets, Net of Related Debt	45,495
Restricted	107,413
Unrestricted	<u>139,880</u>

Total Net Assets

\$ 292,788

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Operating Revenues		
HUD PHA Operating Grants	\$	1,842,438
Other Revenues		<u>23,739</u>
Total Operating Revenues		<u>1,866,177</u>
Operating Expenses		
Housing Assistance Payments	\$	1,616,112
Salaries		147,496
Employee Benefits		33,835
Other Administrative Expenses		48,896
Material and Labor - Maintenance		10,034
Depreciation		11,444
General		11,247
Fraud Losses		<u>13,044</u>
Total Operating Expenses		<u>1,892,108</u>
Operating Loss		<u>(25,931)</u>
Nonoperating Revenues (Expenses)		
Interest Income		2,109
Interest Expense		<u>(1,025)</u>
Total Nonoperating Revenues (Expenses)		<u>1,084</u>
Change in Net Assets		(24,847)
Net Assets at July 1, 2008		<u>317,635</u>
Net Assets at June 30, 2009	\$	<u><u>292,788</u></u>

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Cash flows from operating activities:

Cash received from HUD/grant agencies	\$ 1,880,662
Cash received from other sources	10,695
Cash payments to employees for services	(175,841)
Cash payments for good or services - HUD	(1,602,148)
Cash payments for goods or services	(87,582)
	25,786
Net cash provided by operating activities	25,786

Cash flows from investing activities:

Interest Income	2,166
	2,166
Net cash provided by investing activities	2,166

Cash flows from capital and related financing activities:

Principal paid on mortgage note	(3,239)
Interest paid on mortgage note	(1,025)
	(4,264)
Net cash used in capital and related financing activities	(4,264)
Net change in cash and cash equivalents	23,688
Cash and cash equivalents at July 1, 2008	248,067
Cash and cash equivalents at June 30, 2009	\$ 271,755

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

Operating loss	\$ (25,931)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	11,444
Changes in assets and liabilities:	
Accounts receivable	20,141
Prepaid items	(119)
Accounts payable	16,000
Accrued wages and payroll taxes	(401)
Other liabilities	4,652
	4,652
Net cash provided by operating activities	\$ 25,786

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

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

Fund Accounting

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

Proprietary Fund Type:

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

Enterprise Fund – The Consortium is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Consortium are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the Consortium finances and meets cash flow needs.

The Consortium accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus/Basis of Accounting

The proprietary fund is accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Consortium follows GASB guidance as applicable to its proprietary fund and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Basis of Consolidation

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

Capital Assets

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

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

Cash and Cash Equivalents

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

Compensated Absences

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Consortium or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted net assets at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net assets are available, the Consortium first applies restricted net assets. The Consortium did not have net assets restricted by enabling legislature at June 30, 2009.

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.

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 Authority had restricted assets for Housing Assistance Payment equity balances of \$107,413.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating Revenues and Expenses

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

Accounts Receivable

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

Accrued Interest Receivable

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents included in the Consortium's cash position at June 30, 2009 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$175,251	\$80,048	\$255,299
Items-in-transit	<u>(4,721)</u>	-	<u>(4,721)</u>
Carrying balance	<u>\$170,530</u>	<u>\$80,048</u>	<u>\$250,578</u>

In addition, the Consortium had certificates of deposit totaling \$21,127 at June 30, 2008 and maintains \$50 in petty cash funds. Of the fiscal year-end cash balance, including certificates of deposit, \$276,425 was covered by federal deposit insurance.

Based on the Consortium having only demand deposits at June 30, 2009, the Consortium is not subject to interest rate, credit, concentration, or custodial credit risks.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

3. RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2009, 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 year.

4. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Governmental Activities - Cost</u>				
Buildings	\$ 84,511	\$ -	\$ -	\$ 84,511
Building improvements	51,974	-	-	51,974
Furniture, fixtures, and equipment	<u>61,306</u>	-	-	<u>61,306</u>
Total at cost	<u>197,791</u>	-	-	<u>197,791</u>
<u>Less: accumulated depreciation</u>				
Buildings	(37,682)	(4,226)	-	(41,908)
Building improvements	(24,357)	(5,198)	-	(29,555)
Furniture, fixture, and equipment	<u>(55,319)</u>	<u>(2,020)</u>	-	<u>(57,339)</u>
Total accumulated depreciation	<u>(117,358)</u>	<u>(11,444)</u>	-	<u>(128,802)</u>
Capital assets, net	\$ <u>80,433</u>	\$ <u>(11,444)</u>	\$ -	\$ <u>68,989</u>

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.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

5. DEFINED BENEFIT PENSION PLANS - CONTINUED

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 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.

Funding Policy – The Consortium and covered employees contribute at actuarially determined rates for fiscal year 2009, 14% and 10%, respectively, of covered employee payroll to OPERS. The Consortium's contributions to OPERS for the years ended June 30, 2009, 2008, and 2007 were \$19,937, \$17,881, and \$22,562, , respectively. Required contributions are equal to 100% of the dollar amount billed. The employee's contribution to OPERS for June 30, 2009, 2008, and 2007 were \$14,287, \$13,244, and \$14,822, respectively.

Other Postretirement Benefits – OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). The portion of employer contributions, for all employees, allocated to health care was 7.00% in 2008 for all employees. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to OPERS.

Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute. The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076.

Employer contributions made to fund post-employment benefits were approximately \$10,000.

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

5. DEFINED BENEFIT PENSION PLANS - CONTINUED

The assumptions and calculations used below were based on the System's latest Actuarial Review performed as of December 31, 2007 (latest actuarial review). An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2007 was 6.5 percent.

OPERS (assuming the number of active employees remains constant) assumes an annual increase of 4.00% compounded annually for the base portion of an individual's pay increase. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health care costs were assumed to increase at a projected wage inflation rate plus an additional factor ranging from .50% to 5% for the next 7 years. In subsequent years (8 and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

As of December 31, 2007, the audited estimated net assets available for OPEB were \$12.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$29.8 billion and \$17 billion, respectively.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2008, which allow additional funds to be allocated to the health care plan.

6. COMPENSATED ABSENCES

The following is a summary of compensated absences at June 30, 2009:

<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2009</u>	<u>Due in One Year</u>
\$5,610	\$10,699	(\$5,610)	\$10,699	\$5,089

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

7. LONG-TERM DEBT

At June 30, 2006, the Consortium had an outstanding mortgage note payable of \$32,835. In September 2006, the Consortium refinanced this mortgage and is now obligated to a bond on a mortgage note, which matures September 9, 2015. The note requires monthly installments of \$355.31, including interest at 4% per annum.

	<u>Balance</u> <u>7/1/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/09</u>	<u>Due in</u> <u>one year</u>
Mortgage Note Payable	\$ <u>26,733</u>	\$ _____ -	\$(<u>3,239</u>)	\$ <u>23,494</u>	\$ <u>3,373</u>

The aggregate amounts of long-term debt maturities for the remaining fiscal years following fiscal year 2009 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,373	\$ 891	\$ 4,264
2011	3,512	752	4,264
2012	3,656	608	4,264
2013	3,808	456	4,264
2014	3,966	298	4,264
2015-2016	<u>5,179</u>	<u>150</u>	<u>5,329</u>
Total	<u>\$23,494</u>	<u>\$3,154</u>	<u>\$26,648</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, 2009.

B. Litigation

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

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**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
CONSOLIDATING STATEMENT OF NET ASSETS
JUNE 30, 2009**

<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	\$ 11,980	\$ 113,361	\$ 39,001	\$ -	\$ 164,342
Accrued Interest Receivable	-	17	-	-	17
Prepaid Items	10,418	5,217	17,965	(28,383)	5,217
Interprogram Due From	1,916	93,014	-	(94,930)	-
Accounts Receivable:					
Other Government Receivable	1,916	-	-	-	1,916
Fraud Recovery	12,364	8,965	7,311	-	28,640
Allowance for Doubtful Accounts	(12,067)	(8,465)	(7,115)	-	(27,647)
Total Receivables, Net of Allowance for Doubtful Accounts	2,213	500	196	-	2,909
Total Current Assets	26,527	212,109	57,162	(123,313)	172,485
Noncurrent Assets					
Cash - Other Restricted	69,279	20,214	17,920	-	107,413
Capital Assets					
Buildings	-	84,511	-	-	84,511
Furniture and Equipment - Administration	-	42,623	18,683	-	61,306
Leasehold Improvements	-	51,974	-	-	51,974
Accumulated Depreciation	-	(110,619)	(18,183)	-	(128,802)
Total Capital Assets net of accumulated depreciation	-	68,489	500	-	68,989
Total Noncurrent Assets	69,279	88,703	18,420	-	176,402
Total Assets	95,806	300,812	75,582	(123,313)	348,887
Current Liabilities					
Accounts Payable	-	31,182	-	(28,383)	2,799
Accounts Payable - HUD	11,903	2,061	2,598	-	16,562
Accounts Payable - Other Government	240	-	-	-	240
Total Accounts Payable	12,143	33,243	2,598	(28,383)	19,601
Accrued Wages and Payroll Taxes	-	2,305	-	-	2,305
Accrued Compensated Absences - Current	-	5,089	-	-	5,089
Current Portion of Long-Term Debt - Mortgage Note	-	3,373	-	-	3,373
Interprogram Due To	1,916	93,014	-	(94,930)	-
Total Current Liabilities	14,059	137,024	2,598	(123,313)	30,368
Non-Current Liabilities					
Long-Term Debt, Net of Current - Mortgage Note	-	20,121	-	-	20,121
Accrued Compensation Absences-Non-Current	-	5,610	-	-	5,610
Total Non-Current Liabilities	-	25,731	-	-	25,731
Total Liabilities	14,059	162,755	2,598	(123,313)	56,099
Net Assets					
Invested in Capital Assets-Net of Related Debt	-	44,995	500	-	45,495
Restricted Net Assets	69,279	20,214	17,920	-	107,413
Unrestricted Net Assets	12,468	72,848	54,564	-	139,880
Total Net Assets	81,747	138,057	72,984	-	292,788
Total Liabilities and Net Assets	\$ 95,806	\$ 300,812	\$ 75,582	\$ (123,313)	\$ 348,887

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
CONSOLIDATING STATEMENT OF NET ASSETS
JUNE 30, 2009**

<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	\$ 505,395	\$ 854,237	\$ 482,806	\$ -	\$ 1,842,438
Other Revenues					
Fraud Recovery	15,042	6,626	854	-	22,522
Other Revenue	1,040	156,621	3,505	(159,949)	1,217
Total Other Revenues	<u>16,082</u>	<u>163,247</u>	<u>4,359</u>	<u>(159,949)</u>	<u>23,739</u>
Total Operating Revenues	<u>521,477</u>	<u>1,017,484</u>	<u>487,165</u>	<u>(159,949)</u>	<u>1,866,177</u>
Expenses					
Housing Assistance Payments	422,476	765,561	432,108	(4,033)	1,616,112
Salaries					
Administrative Salaries	-	142,407	-	-	142,407
Compensated Absences	-	5,089	-	-	5,089
Total Salaries	<u>-</u>	<u>147,496</u>	<u>-</u>	<u>-</u>	<u>147,496</u>
Employee Benefit Contribution - Administrative	-	33,835	-	-	33,835
Administrative Expenses					
Auditing Fees	-	7,044	-	-	7,044
Outside Management Fees	69,534	-	86,382	(155,916)	-
Advertising and Marketing	-	187	-	-	187
Office Expenses	-	21,198	-	-	21,198
Travel	-	603	-	-	603
Other	-	19,689	175	-	19,864
Total Administrative Expenses	<u>69,534</u>	<u>48,721</u>	<u>86,557</u>	<u>(155,916)</u>	<u>48,896</u>
Ordinary Maintenance and Operations - Materials and Other	-	10,034	-	-	10,034
Depreciation	-	11,411	33	-	11,444
General					
Insurance Premiums	-	10,471	776	-	11,247
Total General	<u>-</u>	<u>10,471</u>	<u>776</u>	<u>-</u>	<u>11,247</u>
Fraud Losses	<u>9,026</u>	<u>4,018</u>	<u>-</u>	<u>-</u>	<u>13,044</u>
Total Operating Expenses	<u>501,036</u>	<u>1,031,547</u>	<u>519,474</u>	<u>(159,949)</u>	<u>1,892,108</u>
Operating Income/(Loss)	<u>20,441</u>	<u>(14,063)</u>	<u>(32,309)</u>	<u>-</u>	<u>(25,931)</u>
Nonoperating Revenues (Expenses)					
Interest Income					
Investment Income - Unrestricted	45	681	733	-	1,459
Investment Income - Restricted	230	187	233	-	650
Total Interest Income	<u>275</u>	<u>868</u>	<u>966</u>	<u>-</u>	<u>2,109</u>
Interest Expense	<u>-</u>	<u>(1,025)</u>	<u>-</u>	<u>-</u>	<u>(1,025)</u>
Total Nonoperating Revenues (Expenses)	<u>275</u>	<u>(157)</u>	<u>966</u>	<u>-</u>	<u>1,084</u>
Change in Net Assets	20,716	(14,220)	(31,343)	-	(24,847)
Beginning Net Assets	<u>61,031</u>	<u>152,277</u>	<u>104,327</u>	<u>-</u>	<u>317,635</u>
Total Ending Net Assets	<u>\$ 81,747</u>	<u>\$ 138,057</u>	<u>\$ 72,984</u>	<u>\$ -</u>	<u>\$ 292,788</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2009**

		Bowling Green		
FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	14.228 Community Development Block Grants	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	\$ 11,740	\$ 240	\$ 11,980
113	Cash - Other Restricted	69,279	-	69,279
100	Total Cash	81,019	240	81,259
	Accounts Receivable			
124	Other Government	-	1,916	1,916
128	Fraud Recovery	12,364	-	12,364
128.1	Allowance for Doubtful Accounts	(12,067)	-	(12,067)
120	Total Receivables, Net of Allowance for Doubtful Accounts	297	1,916	2,213
	Other Assets			
142	Prepaid Items	10,418	-	10,418
144	Interprogram Due From	1,916	-	1,916
150	Total Current Assets	93,650	2,156	95,806
190	Total Assets	\$ 93,650	\$ 2,156	\$ 95,806

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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2009
(CONTINUED)**

		Bowling Green		
FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	14.228 Community Development Block Grants	Total
	Current Liabilities			
331	Accounts Payable - HUD PHA Programs	\$ 11,903	\$ -	\$ 11,903
333	Accounts Payable - Other Government	-	240	240
347	Inter program - Due to	-	1,916	1,916
310	Total Current Liabilities	<u>11,903</u>	<u>2,156</u>	<u>14,059</u>
300	Total Liabilities	<u>11,903</u>	<u>2,156</u>	<u>14,059</u>
	Net Assets			
511.1	Restricted Net Assets	69,279	-	69,279
512.1	Unrestricted Net Assets	12,468	-	12,468
	Total Net Assets	<u>81,747</u>	<u>-</u>	<u>81,747</u>
600	Total Liabilities and Net Assets	<u><u>\$ 93,650</u></u>	<u><u>\$ 2,156</u></u>	<u><u>\$ 95,806</u></u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

		<u>Bowling Green</u>		
<u>FDS Line Item No.</u>	<u>Account Description</u>	<u>14.871 Section 8 Housing Choice Vouchers</u>	<u>14.228 Community Development Block Grants</u>	<u>Total</u>
Revenue				
70600-010	Housing Assistance Payment Revenues	\$ 416,582		\$ 416,582
70600-020	Administrative Fees Revenues	64,292		64,292
70600	HUD PHA Operating Grants	480,874	\$ 24,521	505,395
71100	Investment Income - Unrestricted	45	-	45
71400-010	Housing Assistance Payments	7,521	-	7,521
71400-020	Administrative Fees	7,521	-	7,521
71400	Fraud Recovery	15,042	-	15,042
71500	Other Revenue	1,040	-	1,040
72000	Investment Income - Restricted	230	-	230
70000	Total Revenue	497,231	24,521	521,752
Expenses				
91300	Outside Management Fees	67,305	2,229	69,534
91000	Total Operating - Administrative	67,305	2,229	69,534
96900	Total Operating Expenses	67,305	2,229	69,534
97000	Excess Operating Revenue Over Operating Expenses	429,926	22,292	452,218
Other Expenses				
97300	Housing Assistance Payments	399,297	22,292	421,589
97350	HAP Portability-in	887	-	887
97500	Fraud Losses	9,026	-	9,026
	Total Other Expenses	409,210	22,292	431,502
90000	Total Expenses	476,515	24,521	501,036
10000	Excess of Revenues over Expenses	20,716	-	20,716
11030	Beginning Net Assets	61,031	-	61,031
11170	Administrative Fee Equity	12,468	-	12,468
11180	Housing Assistance Payment Equity	69,279	-	69,279
	Total Ending Net Assets	\$ 81,747	\$ -	\$ 81,747

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2009**

FDS Line Item No.	Account Description	Henry			Total
		14.871 Section 8 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Business Activities	
	Current Assets				
	Cash				
111	Cash - Unrestricted	\$ 78,798	\$ 1,726	\$ 32,837	\$ 113,361
113	Cash - Other Restricted	20,214	-	-	20,214
100	Total Cash	<u>99,012</u>	<u>1,726</u>	<u>32,837</u>	<u>133,575</u>
	Accounts Receivable				
128	Fraud Recovery	8,965	-	-	8,965
128.1	Allowance for Doubtful Accounts	(8,465)	-	-	(8,465)
129	Accrued Interest Receivable	17	-	-	17
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>517</u>	<u>-</u>	<u>-</u>	<u>517</u>
	Other Assets				
142	Prepaid Items	5,217	-	-	5,217
144	Interprogram Due From	-	-	93,014	93,014
150	Total Current Assets	<u>104,746</u>	<u>1,726</u>	<u>125,851</u>	<u>232,323</u>
	Noncurrent Assets				
	Capital Assets				
162	Buildings	84,511	-	-	84,511
164	Furniture and Equipment - Administration	42,623	-	-	42,623
165	Leasehold Improvements	51,974	-	-	51,974
166	Accumulated Depreciation	(110,619)	-	-	(110,619)
160	Total Capital Assets net of accumulated depreciation	<u>68,489</u>	<u>-</u>	<u>-</u>	<u>68,489</u>
180	Total Noncurrent Assets	<u>68,489</u>	<u>-</u>	<u>-</u>	<u>68,489</u>
190	Total Assets	<u>\$ 173,235</u>	<u>\$ 1,726</u>	<u>\$ 125,851</u>	<u>\$ 300,812</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2009
(CONTINUED)**

FDS Line Item No.	Account Description	Henry			Total
		14.871 Section 8 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Business Activities	
	Current Liabilities				
312	Accounts Payable	\$ 2,799	\$ -	\$ 28,383	\$ 31,182
321	Accrued Wages and Payroll Taxes	2,305	-	-	2,305
322	Accrued Compensated Absences - Current	5,089	-	-	5,089
331	Accounts Payable - HUD PHA Programs	335	1,726	-	2,061
343	Current Portion of Long-Term Debt - Mortgage Note	3,373	-	-	3,373
347	Interprogram Due To	93,014	-	-	93,014
310	Total Current Liabilities	<u>106,915</u>	<u>1,726</u>	<u>28,383</u>	<u>137,024</u>
	Non-Current Liabilities				
351	Long-Term Debt, Net of Current - Mortgage Note	20,121	-	-	20,121
354	Accrued Compensationd Absences-Non-Current	5,610	-	-	5,610
350	Total Non-Current Liabilities	<u>25,731</u>	<u>-</u>	<u>-</u>	<u>25,731</u>
300	Total Liabilities	<u>132,646</u>	<u>1,726</u>	<u>28,383</u>	<u>162,755</u>
	Net Assets				
508.1	Invested in Capital Assets-Net of Related Debt	44,995	-	-	44,995
511.1	Restricted Net Assets	20,214	-	-	20,214
512.1	Unrestricted Net Assets	(24,620)	-	97,468	72,848
	Total Net Assets	<u>40,589</u>	<u>-</u>	<u>97,468</u>	<u>138,057</u>
600	Total Liabilities and Net Assets	<u>\$ 173,235</u>	<u>\$ 1,726</u>	<u>\$ 125,851</u>	<u>\$ 300,812</u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Henry

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Business Activities	Total
Revenue					
70600-010	Housing Assistance Payment Revenues	\$ 715,612			\$ 715,612
70600-020	Administrative Fees Revenues	134,166			134,166
70600	HUD PHA Operating Grants	849,778	\$ 4,459	\$ -	854,237
71100	Investment Income - Unrestricted	476	-	205	681
71400-010	Housing Assistance Payments	3,313	-	-	3,313
71400-020	Administrative Fees	3,313	-	-	3,313
71400	Fraud Recovery	6,626	-	-	6,626
71500	Other Revenue	-	-	156,621	156,621
72000	Investment Income - Restricted	187	-	-	187
70000	Total Revenue	857,067	4,459	156,826	1,018,352
Expenses					
91100	Administrative Salaries	49,451	2,659	90,297	142,407
91200	Auditing Fees	2,444	-	4,600	7,044
91400	Advertising and Marketing	117	-	70	187
91500	Employee Benefit Contribution - Administrative	12,784	-	21,051	33,835
91600	Office Expenses	19,921	-	1,277	21,198
91800	Travel	603	-	-	603
91900	Other	11,241	-	8,448	19,689
91000	Total Operating - Administrative	96,561	2,659	125,743	224,963
94200	Ordinary Maintenance and Operations - Materials and Other	9,920	-	114	10,034
94000	Total Maintenance and Operations	9,920	-	114	10,034
96120	Liability Insurance	9,239	-	-	9,239
96130	Workmen's Compensation	492	-	740	1,232
96100	Total Insurance Premiums	9,731	-	740	10,471
96210	Compensated Absences	5,089	-	-	5,089
96710	Interest Expense	1,025	-	-	1,025
96900	Total Operating Expenses	122,326	2,659	126,597	251,582
97000	Excess Operating Revenue Over Operating Expenses	734,741	1,800	30,229	766,770
Other Expenses					
97300	Housing Assistance Payments	762,811	2,750	-	765,561
97400	Depreciation Expense	11,411	-	-	11,411
97500	Fraud Losses	4,018	-	-	4,018
	Total Other Expenses	778,240	2,750	-	780,990
90000	Total Expenses	900,566	5,409	126,597	1,032,572
10000	Excess of Revenues over Expenses	(43,499)	(950)	30,229	(14,220)
11030	Beginning Net Assets	84,088	950	67,239	152,277
11170	Administrative Fee Equity	20,375	-	-	20,375
11180	Housing Assistance Payment Equity	20,214	-	-	20,214
	Total Ending Net Assets	\$ 40,589	\$ -	\$ 97,468	\$ 138,057

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2009**

FDS Line Item No.	Account Description	Williams
		14.871 Section 8 Housing Choice Vouchers
	Current Assets	
	Cash	
111	Cash - Unrestricted	\$ 39,001
113	Cash - Other Restricted	17,920
100	Total Cash	<u>56,921</u>
	Accounts Receivable	
128	Fraud Recovery	7,311
128.1	Allowance for Doubtful Accounts	<u>(7,115)</u>
120	Total Receivables, net of allowance for doubtful accounts	<u>196</u>
	Other Assets	
142	Prepaid Items	<u>17,965</u>
150	Total Current Assets	<u>75,082</u>
	Noncurrent Assets	
	Capital Assets	
164	Furniture and Equipment - Administration	18,683
166	Accumulated Depreciation	<u>(18,183)</u>
160	Total Capital Assets net of accumulated depreciation	<u>500</u>
180	Total Noncurrent Assets	<u>500</u>
190	Total Assets	<u><u>\$ 75,582</u></u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2009
(CONTINUED)**

FDS Line Item No.	Account Description	Williams
		14.871 Section 8 Housing Choice Vouchers
	Current Liabilities	
331	Accounts Payable - HUD PHA Programs	\$ 2,598
310	Total Current Liabilities	2,598
300	Total Liabilities	2,598
	Net Assets	
508.1	Invested in Capital Assets	500
511.1	Restricted Net Assets	17,920
512.1	Unrestricted Net Assets	54,564
	Total Net Assets	72,984
600	Total Liabilities and Net Assets	\$ 75,582

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FDS Line Item No.	Account Description	Williams 14.871 Section 8 Housing Choice Vouchers
	Revenue	
70600-010	Housing Assistance Payment Revenues	\$ 397,112
70600-020	Administrative Fees Revenues	85,694
70600	HUD PHA Operating Grants	<u>482,806</u>
71100	Investment Income - Unrestricted	<u>733</u>
71400-010	Housing Assistance Payments	427
71400-020	Administrative Fees	427
71400	Fraud Recovery	<u>854</u>
71500	Other Revenue	<u>3,505</u>
72000	Investment Income - Restricted	<u>233</u>
70000	Total Revenue	<u>488,131</u>
	Expenses	
91300	Outside Management Fees	86,382
91900	Other	<u>175</u>
91000	Total Operating - Administrative	<u>86,557</u>
96120	Liability Insurance	<u>776</u>
96100	Total Insurance Premiums	<u>776</u>
96900	Total Operating Expenses	<u>87,333</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>400,798</u>
	Other Expenses	
97300	Housing Assistance Payments	428,962
97350	HAP Portability-in	3,146
97400	Depreciation Expense	33
	Total Other Expenses	<u>432,141</u>
900	Total Expenses	<u>519,474</u>
1000	Excess of Revenues over (under) Expenses	(31,343)
1103	Beginning Net Assets	104,327
11170	Administrative Fee Equity	55,064
11180	Housing Assistance Payment Equity	17,920
	Total Ending Net Assets	<u>\$ 72,984</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, 2009**

FDS Line Item No.	Account Description	Bowling Green - 14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 12,275
11170-010	Administrative Fee Revenue	64,292	
11170-040	Investment Income	45	
11170-045	Fraud Recovery Revenue	7,521	
1117-050	Other Revenue	<u>1,040</u>	
11170-060	Total Administrative Fee Revenues		72,898
11170-080	Total Operating Expenses	67,305	
11170-095	Housing Assistance Portability In	887	
11170-100	Other Expenses	<u>4,513</u>	
	Admin portion of fraud losses - relates to bad debt expense for tenant fraud recovery accounts receivable.		
11170-110	Total Expenses		<u>72,705</u>
11170-002	Net Administrative Fee		193
11170-003	Administrative Fee Equity - Ending Balance		<u>12,468</u>
11170	Administrative Fee Equity		<u><u>\$ 12,468</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 48,756
11180-010	Housing Assistance Payment Revenues	416,582	
11180-015	Fraud Recovery Revenue	7,521	
11180-025	Investment Income	<u>230</u>	
11180-030	Total Housing Assistance Payments Revenues		424,333
11180-080	Housing Assistance Payments	399,297	
11180-090	Other Expenses	<u>4,513</u>	
	HAP portion of fraud losses - relates to bad debt expense for tenant fraud recovery accounts receivable.		
11180-100	Total Housing Assistance Payments Expenses		<u>403,810</u>
11180-002	Net Housing Assistance Payments		20,523
11180-003	Housing Assistance Payments Equity - Ending Balance		<u>69,279</u>
11180	Housing Assistance Payments Equity		<u><u>\$ 69,279</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, 2009**

FDS Line Item No.	Account Description	Henry - 14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 18,166
11170-010	Administrative Fee Revenue	134,166	
11170-040	Investment Income	476	
11170-045	Fraud Recovery Revenue	<u>3,313</u>	
11170-060	Total Administrative Fee Revenues		137,955
11170-080	Total Operating Expenses	122,326	
11170-090	Depreciation	11,411	
11170-100	Other Expenses	<u>2,009</u>	
	Admin portion of fraud losses - relates to bad debt expense for tenant fraud recovery accounts receivable.		
11170-110	Total Expenses		<u>135,746</u>
11170-002	Net Administrative Fee		<u>2,209</u>
11170-003	Administrative Fee Equity - Ending Balance		<u>20,375</u>
11170	Administrative Fee Equity		<u><u>\$ 20,375</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 65,922
11180-010	Housing Assistance Payment Revenues	715,612	
11180-015	Fraud Recovery Revenue	3,313	
11180-025	Investment Income	<u>187</u>	
11180-030	Total Housing Assistance Payments Revenues		719,112
11180-080	Housing Assistance Payments	762,811	
11180-100	Other Expenses	<u>2,009</u>	
	HAP portion of fraud losses - relates to bad debt expense for tenant fraud recovery accounts receivable.		
11180-100	Total Housing Assistance Payments Expenses		<u>764,820</u>
11180-002	Net Housing Assistance Payments		<u>(45,708)</u>
11180-003	Housing Assistance Payments Equity - Ending Balance		<u>20,214</u>
11180	Housing Assistance Payments Equity		<u><u>\$ 20,214</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, 2009**

FDS Line Item No.	Account Description	Williams - 14.871 Housing Choice Vouchers	
11170-001	Administrative Fee Equity - Beginning Balance		\$ 55,217
11170-010	Administrative Fee Revenue	85,694	
11170-040	Investment Income	733	
11170-045	Fraud Recovery Revenue	427	
1117-050	Other Revenue	<u>3,505</u>	
11170-060	Total Administrative Fee Revenues		90,359
11170-080	Total Operating Expenses	87,333	
11170-090	Depreciation	33	
11170-095	Housing Assistance Portability In	<u>3,146</u>	
11170-110	Total Expenses		<u>90,512</u>
11170-002	Net Administrative Fee		(153)
11170-003	Administrative Fee Equity - Ending Balance		<u>55,064</u>
11170	Administrative Fee Equity		<u><u>\$ 55,064</u></u>
11180-001	Housing Assistance Payments Equity - Beginning Balance		\$ 49,110
11180-010	Housing Assistance Payment Revenues	397,112	
11180-015	Fraud Recovery Revenue	427	
11180-025	Investment Income	<u>233</u>	
11180-030	Total Housing Assistance Payments Revenues		397,772
11180-080	Housing Assistance Payments	<u>428,962</u>	
11180-100	Total Housing Assistance Payments Expenses		<u>428,962</u>
11180-002	Net Housing Assistance Payments		(31,190)
11180-003	Housing Assistance Payments Equity - Ending Balance		<u>17,920</u>
11180	Housing Assistance Payments Equity		<u><u>\$ 17,920</u></u>

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<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>			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 1,813,458
<i>Passed through Fulton County:</i>			
Community Development Block Grants - Community Housing Improvement Program (CHIP)	B-C-06-024-1	14.228	21,607
<i>Passed through Paulding County:</i>			
Community Development Block Grants - Community Housing Improvement Program (CHIP)	B-C-06-058-1	14.228	<u>2,914</u>
Total U.S. Department of Housing and Urban Development			<u>1,837,979</u>
<u>Federal Emergency Management Agency</u>			
Disaster Housing Assistance Grant	N/A	97.109	<u>4,459</u>
Total Federal Emergency Management Agency			<u>4,459</u>
Total Federal Awards Expenditures			<u><u>\$ 1,842,438</u></u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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



**Independent Auditors' Report On Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

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

We have audited the financial statements of the Consortium of Northwest Ohio, Henry County, Ohio (the Consortium) as of and for the fiscal year ended June 30, 2009, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Consortium's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Consortium's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Consortium's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the applicable accounting basis, such that there is more than a remote likelihood that the Consortium's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted a certain matter that we reported to the Consortium's management in a separate letter dated December 15, 2009.

Wilson, Shannon & Snow, Inc.

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

Compliance and Other Matters

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 15, 2009



**Independent Auditors' Report On Compliance with Requirements
Applicable to Its Major Federal Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of the Consortium of Northwest Ohio, Henry County, Ohio (the Consortium) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the fiscal year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Consortium's major federal program. The Consortium's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the Consortium's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure about whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Consortium's compliance with those requirements.

In our opinion, the Consortium of Northwest Ohio, Henry County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2009.

Internal Control over Compliance

The Consortium's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Consortium's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over compliance.

Wilson, Shannon & Snow, Inc.

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

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

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

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

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 15, 2009

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<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	Unqualified
<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

**CONSORTIUM OF NORTHWEST OHIO
HENRY COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

CONSORTIUM OF NORTHWEST OHIO

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2010**