



**Auditor of State
Betty Montgomery**

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

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**Auditor of State
Betty Montgomery**

Community Action Commission
Van Wert County
114 East Main Street, Suite 1
Van Wert, OH 45891

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 3, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Community Action Commission
Van Wert County
114 East Main Street, Suite 1
Van Wert, OH 45891

To the Board of Trustees:

We have audited the accompanying financial statements of the Community Action Commission, Van Wert County, (the Commission), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Commission'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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Commission has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Commission to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the Commission does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Commission has elected not to reformat its statements. Since the Commission does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Community Action Commission, Van Wert County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Commission to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Commission has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2006, on our consideration of the Commission'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.



Betty Montgomery
Auditor of State

July 3, 2006

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General
Cash Receipts:	
Grants	\$97,128
Other Receipts	44,466
Total Cash Receipts	141,594
Cash Disbursements:	
Current:	
Salaries	50,342
Supplies	8,079
Contracts - Services	7,079
Rentals	2,819
Travel	683
Public Employee's Retirement	7,277
Worker's compensation and fringe benefits	18,315
Local Agency Programs	32,681
Other	2,821
Total Cash Disbursements	130,096
Total Receipts Over/(Under) Disbursements	11,498
Fund Cash Balance, January 1	81,319
Fund Cash Balance, December 31	\$92,817
Reserve for Encumbrances, December 31	\$10,409

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

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General
Cash Receipts:	
Grants	\$88,985
Other Receipts	36,252
Total Cash Receipts	125,237
Cash Disbursements:	
Current:	
Salaries	44,061
Supplies	4,493
Contracts - Services	9,250
Rentals	8,255
Travel	645
Public Employee's Retirement	5,694
Worker's compensation and fringe benefits	13,595
Local Agency Programs	38,344
Other	3,169
Total Cash Disbursements	127,506
Total Receipts Over/(Under) Disbursements	(2,269)
Fund Cash Balance, January 1	83,588
Fund Cash Balance, December 31	\$81,319
Reserve for Encumbrances, December 31	\$4,413

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

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Community Action Commission of Van Wert County, (the Commission), is formed as a not for profit corporation under Sections 1702.01 of the Ohio Revised Code. The Commission is directed by 16 member Board from Van Wert County. One-third of the membership shall be elected public officials, at least one-third of the membership shall be representatives of the poor within the service area and selected by demographic procedures, and the remainder membership, but not less than 20 percent of the total, shall be members or officials of business, industry, labor, religious, welfare, education, or other major groups. The general purpose and function of the Commission are to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty as they effect the residents of urban and rural communities in Van Wert County. In addition to providing service to the County of Van Wert, the Commission may choose, as community needs are expressly identified in additional Counties, to expand the service area to no more than five additional Counties within the State of Ohio.

The Commission's management believes these financial statements present all activities for which the Commission is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

As the Ohio Revised Code requires, the Van Wert County Treasurer is the custodian of the Commission's monies. The County holds the Commission's assets in its cash and investment pool, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission classifies its fund as the following type:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

The Commission budgets annually.

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

The Board annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Commission reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,819	\$141,594	\$28,775
Total	\$112,819	\$141,594	\$28,775

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$189,928	\$140,505	\$49,423
Total	\$189,928	\$140,505	\$49,423

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,957	\$125,237	\$280
Total	\$124,957	\$125,237	\$280

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$171,828	\$131,919	\$39,909
Total	\$171,828	\$131,919	\$39,909

3. RETIREMENT SYSTEMS

The Commission's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The Commission contributed an amount equal to 13.55 percent of participants' gross salaries. The Commission has paid all contributions required through December 31, 2005.

4. RISK MANAGEMENT

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle Insurance (Employees own insurance primary)
- Errors and omissions.
- Directors and Officers Liability

5. JOINT VENTURES

The Apple Glen Housing Corporation

The Apple Glen Housing Corporation, is a subsidiary of the Commission, and has become a general partner in the Apple Glen Limited Partnership, a partnership organized for the purpose of constructing, owning and operating a low income housing project. The Van Wert County Community Action Commission is the owner of 75% of common stock shares with no par value of Apple Glen Housing Corporation, with the remaining 25% being owned by the Women's Tri-County Help Center Inc.

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. JOINT VENTURES (Continued)

The Van Wert County Community Action Commission, Inc. has loaned Apple Glen Limited Partnership \$500,000. These funds have been loaned at a 3.5% rate through December 31, 2007, and at a rate of 1.0% from January 1, 2008 through December 31, 2037, with an amortization of forty (40) years. The loan is payable out of cash flow with annual minimum payments. Repayment was to begin during 1999, however due to limited cash flows the Partnership has determined payment to the Ohio Housing Finance Agency (OHFA) be made first and re-payment of the Commission to begin when it becomes evident that the funds are and will be available to meet both OHFA and Commission loan payments. The Apple Glen Housing Corporation has entered into debt issues in which the real property is put up as collateral.

Russell's Crossing Housing Corporation

The Van Wert County Community Action Commission also entered into another apartment housing project limited partnership with WODA Development & Construction, Inc, known as Russell's Crossing Housing Corporation. The Van Wert County Community Action Commission is the owner of 25% of common stock shares with no par value of Russell's Crossing Housing Corporation, with the remaining 75% being owned by the Women's Tri-County Help Center Inc.

Partridge Place Housing Corporation

The Partridge Place Housing Corporation is a subsidiary of the Commission, and has become a general partner in the Partridge Place Limited Partnership, a partnership organized for the purpose of constructing, owning and operating a low income housing project. The Van Wert County Community Action Commission is the owner of 75% of common stock shares with no par value of Partridge Place Housing Corporation, with the remaining 25% being owned by the Women's Tri-County Help Center Inc.

The Van Wert County Community Action Commission, Inc. has loaned Partridge Place Limited Partnership \$550,000. These funds have been loaned at a 5% rate through December 31, 2011, and at a rate of .5% from January 1, 2012 through December 31, 2046, with an amortization of forty-five (40) years. The loan is payable out of cash flow with annual minimum payments. The Partridge Place Housing Corporation has entered into debt issues in which the real property is put up as collateral.

Patrick Place Limited Partnership

The Van Wert County Community Action Commission has become the Project General Partner in the Patrick Place Limited Partnership. A partnership organized for the purpose of proposed rehabilitation of a USDA Rural Development financed, family, tax credit development in Paulding, Paulding County, Ohio. Final terms will be contained in an Amended and Restated Limited Partnership Agreement to be entered into after receiving an allocation of credits and loan funds from the Ohio Housing Finance Agency (OHFA), loan commitments from OHFA and other necessary financing. Payment of all fees and benefits are contingent on financing, securing equity from an investor, and execution of said operating agreement.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes any refunds would be immaterial.



**Auditor of State
Betty Montgomery**

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

Community Action Commission
Van Wert County
114 East Main Street, Suite 1
Van Wert, OH 45891

To the Board of Commissioners:

We have audited the financial statements of the Community Action Commission, Van Wert County, (the Commission), as of and for the ended years ended December 31, 2005 and 2004, and have issued our report thereon dated July 3, 2006, wherein we noted the Commission followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Commission's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Commission'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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Community Action Commission
Van Wert County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

We intend this report solely for the information and use of the management and Board of Commissioners, and it is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 3, 2006



**Auditor of State
Betty Montgomery**

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COMMUNITY ACTION COMMISSION

VAN WERT 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
JULY 27, 2006**