



**Auditor of State
Betty Montgomery**

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund – For the Year Ended December 31, 2003	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund – For the Year Ended December 31, 2002	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

REPORT OF INDEPENDENT ACCOUNTANTS

Community Action Commission
Van Wert County
114 East Main Street
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the accompanying financial statements of Community Action Commission (the Commission), Van Wert County, as of and for the years ended December 31, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Commission prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance and reserves for encumbrances of the Commission as of December 31, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

June 30, 2004

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>
Cash Receipts:	
Local Agency Programs	\$28,613
Grants	101,215
Other Receipts	33
	<hr/>
Total Cash Receipts	129,861
	<hr/>
Cash Disbursements:	
Current:	
Salaries	44,582
Supplies	5,597
Contracts - Services	6,702
Rentals	8,255
Travel	659
Public Employee's Retirement	6,999
Worker's compensation and fringe benefits	15,161
Local Agency Programs	27,116
Other	3,510
	<hr/>
Total Cash Disbursements	118,581
	<hr/>
Total Receipts Over Disbursements	11,280
	<hr/>
Fund Cash Balance, January 1	72,308
	<hr/>
Fund Cash Balance, December 31	\$83,588
	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$3,131
	<hr/> <hr/>

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General
Cash Receipts:	
Local Agency Programs	\$30,941
Development Fees	30,000
Grants	99,384
Other Receipts	2,300
Total Cash Receipts	162,625
Cash Disbursements:	
Current:	
Salaries	43,146
Supplies	4,469
Contracts - Services	11,732
Rentals	9,777
Travel	384
Public Employee's Retirement	5,639
Worker's compensation and fringe benefits	12,109
Local Agency Programs	31,280
Program Fund Disbursements	5,507
Other	4,055
Total Cash Disbursements	128,098
Total Receipts Over Disbursements	34,527
Fund Cash Balance, January 1	37,781
Fund Cash Balance, December 31	\$72,308
Reserve for Encumbrances, December 31	\$4,228

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Community Action Commission, Van Wert County, (the Commission), formed a corporation, not for profit, under Sections 1702.01 of the Ohio Revised Code. The Commission is directed by 16 member Board from Van Wert County and, to be constituted by 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 location of Corporate offices, 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Commission enters into annual written agreements with Van Wert County to serve as fiscal agent. Therefore, the Commission's cash is held and invested by the Van Wert County Treasurer, who is the custodian for Commission monies. The Commission's assets are held in the County's cash and investment pool, and are 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 funds into the following type:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Commission approves an annual budget.

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 2003 and 2002 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Commission.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,255	\$129,861	\$21,606

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$173,385	\$121,712	\$51,673

**COMMUNITY ACTION COMMISSION
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,408	\$162,625	\$22,217

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,034	\$132,326	\$47,708

3. RETIREMENT SYSTEM

The Commission's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Commission contributed an amount equal to 13.55 % of participants' gross salaries. The Commission has paid all contributions required through December 31, 2003.

4. RISK MANAGEMENT

The Commission has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The Commission's full time employees are covered under the County's health insurance and dental and vision coverage through a private carrier.

5. JOINT VENTURE

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, 2003 AND 2002
(Continued)**

5. JOINT VENTURE (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.

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.

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.

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. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Community Action Commission
Van Wert County
114 East Main Street
Van Wert, Ohio 45891

To the Board of Commissioners:

We have audited the financial statements of Community Action Commission (the Commission), Van Wert County, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 30, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Commission in a separate letter dated June 30, 2004.

Community Action Commission
Van Wert County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and the Board of Commissioners, and is not intended to be and should not be used by 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

June 30, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 5, 2004**