

**Miami County Community Action Council
Single Audit Report
For The Year Ended December 31, 2005**

Lightner & Stickel, CPA's, Inc
Troy, Ohio



Mary Taylor, CPA
Auditor of State

January 9, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

Board of Commissioners
Miami County Community Action Council
1695 Troy Sidney Road
Troy, Ohio 45373

We have reviewed the *Independent Auditor's Report* of the Miami County Community Action Council, Miami County, prepared by Lightner & Stickel, CPAs, Inc., for the audit period January 1, 2005 through December 31, 2005. 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 Miami County Community Action Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 28, 2006

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Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	2-5
Financial Statements:	
Statement of Financial Position	6
Statement of Activities	7
Statement of Cash Flows	8
Notes to Financial Statements	9-16
Supplemental Schedules:	
Independent Auditor's Report on Supplemental Data	17
Combining Statement of Financial Position – By Program	18
Combining Statement of Activities – By Program	19
Supplemental Statement of Support, Grants, Revenues, Expenditures and Changes in Net Assets – Home Energy Assistance Program (HEAP)	20
Supplemental Statement of Support, Grants, Revenues, Expenditures and Changes in Net Assets – Community Services Block Grant (CSBG)	21
Schedule of Expenditures of Federal Awards	22
Reports on Compliance and on Internal Controls:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	23
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Controls over Compliance in Accordance with OMB Circular A-133	24-25
Schedule of Findings and Questioned Costs	26

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Independent Auditor's Report

To the Board of Commissioners
Miami County Community Action Council
Troy, Ohio

We have audited the accompanying financial statements of the Miami County Community Action Council, as listed in the Table of Contents, as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Miami County Community Action Council'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, in 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 financial position of the Miami County Community Action Council as of December 31, 2005, and the results of its changes in net assets and cash flows for the 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 August 4, 2006, on our consideration of the Miami County Community Action Council's internal control over financial reporting and our tests of 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Miami County Community Action Council taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The information in this Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lightner & Stickel, CPA's, Inc.
August 4, 2006

MIAMI COUNTY COMMUNITY ACTION COUNCIL

MANAGEMENT DISCUSSION & ANALYSIS
(MD&A)

December 31, 2005

PURPOSE

The purpose of the Management Discussion and Analysis (MD&A) is to provide an overview of the Miami County Community Action Council's (CAC) significant financial activities, changes in activity and identify funding issues and concerns. It is designed to be read in connection with the CAC's financial statement.

- Net Assets decreased during FYE 2005 by \$42,285. or 15.2% due to the loss of the Transit Programs and to cover gaps in federal grants.
- Revenues decreased during FYE 2005 by \$85,076. or 10.3% mostly due to the loss of Transit Programs.
- Expenses decreased during FYE 2005 by \$107,894. or 12.1%.

The focus of the report is on the agency as a whole, while the supplemental sections address major program activities. The reports are based on "accrual" accounting. Revenue/Expenses are reported when they are incurred, not necessarily when the cash is received or paid.

The Statement of Net Assets is similar to a Balance Sheet. It reflects capital resources. The format is presented as assets minus liabilities equals "Net Assets" or equity. The order of assets/liabilities is presented in order of liquidity, which are classified as "current" (convertible into cash within one year) and "non-current" on everything else.

Net Assets are divided into three categories:

- "Net Assets", invested in capital, net of debt—i.e. capital assets reduced by claims against the assets;
- "Unrestricted Net Assets" are assets not restricted at all;
- "Temporarily restricted assets" are assets restricted for less than one year;
- "Permanently restricted net assets" are restricted by law or regulation or grantor.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (activities) is similar to an Income Statement for the agency as a whole. It is an Income and Expense Statement, agency wide. "Changes in Net Assets" is similar to "Net gain or loss."

The Financial Statements are similar to Income/Expense Statements by program, as well as agency wide. These are statements of grant monies received and grant monies expensed, as well as balances left in our General Fund. Major funds consist of:

- Community Services Block Grant (CSBG), which supports various information/referral, and intake work for various programs to clients for 2210 households.

- Home Energy Assistance Program (HEAP), which provides utility assistance for income eligible persons, including Percent of Income Program (PIPP) and Summer Crisis Program (SCP) for 659 families.

Page 2.

- Home Weatherization Assistance Program (HWAP), which provides energy savings through home weatherization and education for 54 houses.

AUTHORITY WIDE STATEMENT

A. Statement of Net Assets (condensed for emphasis):

	<u>2005</u>	<u>2004</u>
Current/Other Assets	\$ 242,952.	\$ 293,233.
Capital Assets	<u>13,484.</u>	<u>10,830.</u>
Total Assets:	\$ 256,436.	\$ 304,063.
Current Liabilities	\$ 20,589.	\$ 25,931.
Long-Term Liabilities	<u>0</u>	<u>0</u>
Total Liabilities:	\$ 20,589.	\$ 25,931.
Net Assets		
Restricted	\$ 93,863.	\$ 83,531.
Unrestricted	<u>141,984.</u>	<u>194,601.</u>
Total Net Assets:	\$ 235,847.	\$ 278,132.

- Net Assets decreased during 2005 by \$42,285. or 15.2% due to the loss of Transit Programs.
- The unrestricted net assets decreased by \$52,617. or 27% to cover expenses not covered by federal grants (mostly equipment).

B. Statement of Revenues, Expenses and Changes in Net Assets or statement of activities (condensed for emphasis):

	<u>2005</u>	<u>2004</u>
REVENUE:		
Sales Revenue	\$130,643.	\$190,100.
State Grants	0	11,168.
Federal Grants	<u>609,912.</u>	<u>624,363.</u>
Total Revenues	\$740,555.	\$825,631.

EXPENSES:

Transit	\$ 0	\$ 87,115.
HWAP	228,681.	244,849.
HEAP	234,137	201,761.

CSBG	136,762.	136,762.
General	<u>183,260.</u>	<u>220,247.</u>
Total Expenses	\$782,840.	\$890,734.
Net Income (Decrease)	(\$42,285.)	(\$65,103.)

Page 3.

- Revenues decreased during 2005 by \$85,076. mostly due to transfer of Transit Programs.
- Expenses decreased during 2005 by \$107,894. mostly for the same reason and for the use of the General Fund to cover shortfalls in federal grants.
- Net Income decreased during 2005 by \$22,818., which is less than last year due to the increase in two federal grants.

C. Capital Assets and Debt

<u>Category</u>	<u>FYE 2005</u>	<u>FYE 2004</u>
Land	\$ 0	\$ 0
Buildings	0	0
Equipment	118,574.	114,256.
Accumulated Depreciation	<u>(105,090.)</u>	<u>(103,426.)</u>
Total Fixed Assets	\$ 13,484	\$ 10,830.

The increase in capital assets is due to equipment purchases (\$4,318.).

There are no long-term debts as of 12/31/05. See Financial Report notes for depreciation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The CAC is primarily dependent on federal and state grants and congressional appropriations for future funding of operations. This consists of three grants (CSBG, HEAP and HWAP). While costs rise each year, appropriations/grants tend to be decreasing or remaining the same, which in fact is a decrease. This could cause future problems, i.e. inadequate funds to operate grants.

CONTACT

This summary is designed to present an overview of significant aspects of the audit report. If you have questions about the MD&A or the audit report, contact:

Miami Metropolitan Housing Authority
 Jack A. Baird, Executive Director
 1695 Troy-Sidney Road
 Troy, OH. 45373

Miami County Community Action Council
Statement of Financial Position
December 31, 2005

Assets

Current Assets			
Cash	\$	72,343	
Accounts Receivable		141,975	
Prepaid Expenses		27,955	
Total Current Assets		<u>242,273</u>	\$ <u>242,273</u>
Fixed Assets			
Furniture & Fixtures		46,126	
Automobiles		72,448	
Accumulated Depreciation		(105,090)	
Total Property and Equipment		<u>13,484</u>	
Other Assets			
Workers Comp Deposit		679	
Total Other Assets		<u>679</u>	
Total Assets		<u>256,436</u>	\$ <u>256,436</u>

Liabilities and Net Assets

Liabilities

Current Liabilities			
Accounts Payable	\$	10,766	
Accrued Expenses		9,823	
Total Current Liabilities		<u>20,589</u>	\$ <u>20,589</u>
Total Liabilities		<u>20,589</u>	

Net Assets

Net Assets			
Unrestricted		141,984	
Temporarily restricted		93,863	
Total Net Assets		<u>235,847</u>	
Total Liabilities and Net Assets		<u>256,436</u>	\$ <u>256,436</u>

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

**Miami County Community Action Council
Statement of Activities
For the Year Ended December 31, 2005**

Changes in Unrestricted Net Assets:

Unrestricted Support and Revenue:

Management Services	\$ 130,643	
Total Sales Revenue		\$ 130,643

Net Assets Released from Restrictions

Satisfaction of Program Restrictions:		
Federal Grant	609,912	
		609,912

Total Support and Revenue		\$ 740,555
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Unrestricted Expenses:

Program Expenses:

HWAP	228,681	
HEAP	234,137	
CSBG	136,762	
		599,580

Management, General and Administrative Expenses	183,260	
		782,840

Capital Additions (Disposals)		0
		782,840

Increase (Decrease) in Unrestricted Assets		(42,285)
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Changes in Temporarily Restricted Net Assets:

Federal Grant	609,912	
Grant Revenue Released from Restrictions	(609,912)	
		0

Increase (Decrease) in Net Assets		(42,285)
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Net Assets at Beginning of Year		278,132
Net Assets at End of Year		\$ 235,847

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

Miami County Community Action Council
Statement of Cash Flows
For the Year Ended December 31, 2005

Cash Flows From Operating Activities

Cash received from grants	\$ 599,735	
Cash received from management services	176,203	
Cash paid for wages and benefits	(350,769)	
Cash paid for services	(34,461)	
Cash paid for materials and supplies	(49,143)	
Cash paid for vehicle expenses	(6,689)	
Cash paid for HEAP program	(117,795)	
Cash paid for transportation	(8,056)	
Cash paid for equipment and tool expense	(27,309)	
Cash paid for training	(24,810)	
Cash paid for health and safety	(28,334)	
Cash paid for other expenses	(139,412)	
Net Cash Provided (Used) by Operating Activities		<u>\$ (10,840)</u>

Cash Flows From Investing Activities

Purchases of fixed assets	(6,818)	
Net Cash Provided (Used) by Investing Activities		<u>(6,818)</u>
Net Increase (Decrease) in Cash		<u>(17,658)</u>
Cash at Beginning of Year		<u>90,001</u>
Cash at End of Year		<u><u>\$ 72,343</u></u>

Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities

Change in Net Assets		\$ (42,285)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	\$ 4,164	
(Increase) decrease in accounts receivable	38,573	
(Increase) decrease in prepaid assets	(5,950)	
Increase (decrease) in accounts payable	(2,480)	
Increase (decrease) in deferred expenses	(2,862)	
Total adjustments		<u>31,445</u>
Net Cash Provided (Used) by Operating Activities		<u><u>\$ (10,840)</u></u>

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

Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Description of the Entity

The Miami County Community Action Council (“MCCAC” or “Council”) is a nonprofit organization exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Its mission is to develop, coordinate, and operate programs designed to combat the causes and effects of poverty in efforts to enable individuals and families to be self sufficient.

Oversight of the Miami County Community Action Council is provided by a fifteen member board called the Board of Trustees. Five appointees from the Public Sector, five appointees from the Client Sector, and five appointees from the Private Sector compose the Board.

The Miami County Community Action Council received federal funds to administer the following programs:

1. **Home Weatherization Assistance Programs (HWAP)** – This program is also referred to as “Weather Assistance for Low-Income Persons Grant”. Under this program individuals and families who meet certain eligibility requirements receive assistance for weatherization of their homes.
2. **Home Energy Assistance Program (HEAP)** – This program also known as “Low-Income Home Energy Assistance Grant Program” provides energy assistance to individuals and families who meet certain eligibility requirements. Under this program, payments for a portion of the energy bills received are made to the supplier on behalf of applicants.
3. **Community Services Block Grant (CSBG)** – This program funded through the Department of Health and Human Services assists individuals and families with information referral and case management services for those meeting certain eligibility requirements. The Program can consist of many services depending upon the work program as defined by Miami County Community Action Council.

Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Further, accounting requires that the financial statements reflect limitations and restrictions placed on the uses of available resources. In accordance with Financial Accounting Standards No. 117, resources and transactions are to be classified in accordance with specific activities or objectives as follows:

Unrestricted Net Assets

The Unrestricted Net Assets account for all resources over which Board officials have discretionary control for use in carrying out the operations of the Miami County Community Action Council. These unrestricted amounts are expensed in accordance with the limitations of its constitution and By Laws.

Temporarily Restricted Net Assets

A grantor imposed restriction that permits Miami County Community Action Council to use or expense the grant as specified and is satisfied by either the passage of time or by actions of the council or grantor.

Permanently Restricted Net Assets

A grantor imposed restriction that stipulates that resources be maintained permanently but permits that organization to use up or expense part of all of the income derived from the assets. As of December 31, 2005, the MCCAC had no permanently restricted assets.

Other significant accounting policies under which the financial statements have been prepared are as follows:

- a. **Cash and cash equivalents** are demand deposits in financial institutions and petty cash. Cash equivalents are carried at the lower of cost or market.

Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

- b. **Furniture, equipment and vehicles** are recorded on the basis of historical cost. The Council capitalized all equipment with a purchase price over \$1,000. Fixed assets are depreciated using the straight-line method over the estimated useful life of the asset. The building and land in use by the Council are owned and reported by Miami County.
- c. **Compensated absences** – The liability for Compensated Absences balances are accounted for by the Miami County Community Action Council.

Miami County Community Action Council employees are covered for absences by Annual Leave and Sick Leave as defined in the Personnel Policies adopted by the Miami County Community Action Council as follows:

- 1. Sick Leave – Regular employees accrue sick leave at the rate of one and one-fourth days per month. Accrual is unlimited and not a claim against the Agency; except an employee may be granted severance pay after one year of service based on accumulated sick leave with a four week maximum liability.
 - 2. Annual Leave – Regular employees accrue annual leave at the rate of one through five years of service equals ten days of earned vacation a year; six through ten years of service equals fifteen days of earned vacation a year; eleven years of service and over equals twenty-one days of earned vacation a year. Annual leave may be carried over for up to one year.
- d. **Interprogram Receivables/Payables** – During the course of operations, numerous short-term interprogram loans are made primarily to cover payroll and interprogram cost allocations. These transactions are not eliminated in the combined statement of financial position as of December 31, 2005.
 - e. **Revenue and expenditures recognition** – Revenue from restricted grants from governmental agencies is recognized when the Miami County Community Action Council has incurred expenditures in compliance with the specific restriction. Grant revenues in excess of grant expenditures incurred are reported as deferred revenue. All contributions are considered to be available for unrestricted use unless specifically restricted by the grantor.

If applicable, unspent funds in closed programs are to be returned to the grantor and are shown as a liability “due to grantor” in the Statement of Financial Position and therefore, are not included as support in the Statement of Activities.

Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Expenditures are recognized when incurred in accordance with accounting principles generally accepted in the United States of America. Prepaid expense arise when disbursements are made in advance of the period to be charged with the expense and are recorded as an asset until the charge can be properly recognized. Direct cost is charged to the program when incurred; indirect cost is allocated to the various programs in accordance with a cost allocation plan.

- f. **Income Taxes** – The Miami County Community Action Council is exempt from income taxes under 501 (c) (3) of the Internal Revenue Code. Therefore no assets, liabilities, or expenses related to federal income tax are recorded.

Note 3 – Deficit Cash and Net Asset Balances

Various programs of the Miami County Community Action Council had a deficit net asset balance due to grant monies which have been expended but not yet received as of December 31, 2005. The negative cash balances of the various grant programs are a result of expenditures being made prior to reimbursement from the grant agency. These deficit cash balances are covered by unrestricted interprogram loans and recorded as accounts payable.

The net asset deficit balances resulted from adjustments for accrued liabilities. The program is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

HWAP – for expenditures for the Home Weatherization Program	\$ 42,569
HEAP – for payment of Energy Assistance in the year 2005	<u>51,294</u>
	<u>\$ 93,863</u>

**Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005**

Note 5 – Home Weatherization Assistance Program (HWAP)

The following is an analysis of income received from the Ohio Department of Development for the HWAP program:

<u>Date</u>	<u>Voucher #</u>	DOE	HHS	<u>Total</u>
		<u>CFDA #81.042</u>	<u>CFDA #93.568</u>	
3/21/2005	509681	\$ 0	\$ 3,142	\$ 3,142
5/17/2005	511880	23,948	16,189	40,137
6/16/2005	513130	5,709	11,598	17,307
7/8/2005	600009	12,332	9,445	21,777
8/12/2005	601396	12,632	7,562	20,194
9/13/2005	602388	13,794	9,196	22,990
10/12/2005	603376	15,621	1,325	16,946
11/10/2005	604548	16,870	11,401	28,271
12/9/2005	605691	16,210	15,775	31,985
		0	0	0
		0	0	0
	Sub Total	<u>117,116</u>	<u>85,633</u>	<u>202,749</u>

Accounts Receivable

1/25/2006	607134	9,837	9,399	19,236
3/8/2006	608768	7,476	5,241	12,717
3/20/2006	609135	2,725	0	2,725
Refunds:				
4/27/2005		(861)	(413)	(1,274)
		0	0	0

Final Settlement

Accounts Receivable		0	0	0
Accounts Payable		0	0	0
Grand Total		<u>\$ 136,293</u>	<u>\$ 99,860</u>	<u>\$ 236,153</u>

**Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005**

Note 6 – Accounts Receivable

Accounts Receivable (A/R) as of December 31, 2005, consists of the following:

<u>Accounts</u>	<u>General</u>	<u>HWAP</u>	<u>HEAP</u>	<u>CSBG</u>	<u>Total</u>
A/R Trade	\$ 7,365	\$ 0	\$ 0	\$ 0	\$ 7,365
A/R Federal	0	34,678	67,164	20,974	122,816
A/R State	0	0	0	0	0
A/R Local	0	0	0	0	0
A/R Interprog.	11,794	0	0	0	11,794
Total A/R	<u>\$ 19,159</u>	<u>\$ 34,678</u>	<u>\$ 67,164</u>	<u>\$ 20,974</u>	<u>\$ 141,975</u>

Of the accounts receivable from federal funds, the following is a list of contracts with amounts receivable:

<u>Program</u>	<u>Contract No.</u>	<u>Amount</u>
HWAP	04-134	\$ 34,678
HEAP	05-HA-151	67,164
CSBG	04-939	20,974
	Total	<u>\$ 122,816</u>

Note 7 – Employees' Retirement System

The Miami County Community Action Council contributes 6.2% of gross salary to Social Security Insurance. Social Security Insurance requires member to contribute an additional 6.2% of their gross salary. Amounts contributed by both the Council and its employees amounted to \$15,751 each for the year ended December 31, 2005. Further the Council has a Tax Deferred Savings Plan (403B) for its employees who are eligible after one (1) service and employees are fully vested after five (5) years of service. The Council contributes five (5) percent of the employees gross salary to the plan with the employees entitled to contribute additional amounts up to the maximum allowed by law. During the year ended December 31, 2005, the Council contributed \$3,757 and the employees contributed an additional amount of \$6,900. The value of the plan at December 31, 2005, was \$221,930.

Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 8 – Risk Management

The Miami County Community Action Council 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. To reduce risk, the Miami County Community Action Council had the following business policies :

1. Bonding – Fidelity Bonding is through the Ohio Casualty Insurance Company and consists of a blanket bond for all employees and Board officers in the amount of \$100,000 per person; \$250 deductible.
2. General Liability – This is a Comprehensive Business policy under Safeco, which includes:
 - a. Property – Loss or damage coverage, \$250 deductible.
 - b. Vehicle – Liability coverage \$1,000,000; uninsured motorist \$1,000,000; Physical damage/Collision and Medical \$2,000; \$1,000 deductible for collision and a \$1,000 deductible for other than collision.
 - c. General Liability Coverage; \$3,000,000.
3. Workers Compensation – Employee accident coverage through the Bureau of Workers' Compensation, utilizing a group rating plan based on position and accident history.
4. Health Insurance – Comprehensive medical insurance is under Central Summit Insurance Company. Deductible: individual \$500, family \$1,000; co-insurance: 80/20 up to \$1,500 individual, \$3,000 family, individual plan lifetime maximum benefit for all service \$5,000,000.

Note 9 – Related Party Transaction

The Miami County Community Action Council has a management agent contract with Miami Metropolitan Housing Authority in which a contract is signed to provide services as determined by the Housing Authority. The Miami Metropolitan Housing Authority has a separate audit per the Department of Housing and Urban Development Guidelines. In addition, the Miami County Community Action Council makes certain inter-fund loans between programs with no payment terms associated with these advances. As of December 31, 2005, the Council was due \$11,794 from the other program the Council administers.

Miami County Community Action Council
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 10 – Status of Prior Audit Findings

There were no findings reported for the previous year ended December 31, 2005.

Note 11 – Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the basis of accounting as described in Note 2.

Note 12 – Use of Estimates

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Independent Auditor's Report on Supplemental Data

To The Board of Commissioners
Miami County Community Action Council
Troy, Ohio

Our report on our audit of the basic financial statements of the Miami County Community Action Council under Supplemental Data, as of and for the year ended December 31, 2005, appears on Page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The purpose of our audit was to form an opinion on the basic financial statements taken as a whole. The information included in the accompanying Supplemental Data (pages 18-21) is presented for purposes of additional analysis only and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lightner & Stickel, CPA's, Inc.
August 4, 2006

Miami County Community Action Council
Supplemental Combining Schedule of Financial Position - By Program
December 31, 2005

	<u>HWAP</u>	<u>HEAP</u>	<u>CSBG</u>	<u>MG & A</u>	<u>Total</u>
Assets					
Current Assets					
Cash	\$ 5,168	\$ (12,465)	\$ (20,770)	\$ 100,410	\$ 72,343
Accounts Receivable	34,678	67,164	20,974	19,159	141,975
Prepaid Expenses	0	0	550	27,405	27,955
Total Current Assets	<u>39,846</u>	<u>54,699</u>	<u>754</u>	<u>146,974</u>	<u>242,273</u>
Fixed Assets					
Furniture & Fixtures	21,826	0	0	24,300	46,126
Automobiles	38,098	0	0	34,350	72,448
Accumulated Depreciation	(54,080)	0	0	(51,010)	(105,090)
Total Property and Equipment	<u>5,844</u>	<u>0</u>	<u>0</u>	<u>7,640</u>	<u>13,484</u>
Other Assets					
Workers Comp Deposit	0	0	0	679	679
Total Other Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>679</u>	<u>679</u>
Total Assets	<u>\$ 45,690</u>	<u>\$ 54,699</u>	<u>\$ 754</u>	<u>\$ 155,293</u>	<u>\$ 256,436</u>
Liabilities and Net Assets					
Liabilities					
Current Liabilities					
Accounts Payable	\$ 3,121	\$ 3,405	\$ 754	\$ 3,486	\$ 10,766
Accrued Expenses	0	0	0	9,823	9,823
Total Current Liabilities	<u>3,121</u>	<u>3,405</u>	<u>754</u>	<u>13,309</u>	<u>20,589</u>
Long-Term Liabilities					
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>3,121</u>	<u>3,405</u>	<u>754</u>	<u>13,309</u>	<u>20,589</u>
Net Assets					
Net Assets					
Unrestricted	0	0	0	141,984	141,984
Temporarily restricted	42,569	51,294	0	0	93,863
Total Net Assets	<u>42,569</u>	<u>51,294</u>	<u>0</u>	<u>141,984</u>	<u>235,847</u>
Total Liabilities and Net Assets	<u>\$ 45,690</u>	<u>\$ 54,699</u>	<u>\$ 754</u>	<u>\$ 155,293</u>	<u>\$ 256,436</u>

See Independent Auditor's Report on Supplemental Data.

Miami County Community Action Council
Supplemental Combining Schedule of Activities - By Program
For the Year Ended December 31, 2005

	<u>HWAP</u>	<u>HEAP</u>	<u>CSBG</u>	<u>MG & A</u>	<u>Total</u>
Revenue:					
Federal Grant	\$ 236,153	\$ 236,997	\$ 136,762	\$ 0	\$ 609,912
Management Services	0	0	0	130,643	130,643
Total Revenue	<u>236,153</u>	<u>236,997</u>	<u>136,762</u>	<u>130,643</u>	<u>740,555</u>
Expenses:					
Wages and Benefits	22,862	109,145	135,708	82,774	350,489
Services	0	7,197	504	17,819	25,520
Materials and Supplies	25,660	0	550	22,933	49,143
Vehicle Licenses and Usage	6,689	0	0	0	6,689
Emergency HEAP Program	0	117,795	0	0	117,795
Transportation	8,056	0	0	0	8,056
Equipment and Tool Expense	2,651	0	0	25,777	28,428
Training (MCAC)	0	0	0	24,810	24,810
Health and Safety	28,334	0	0	0	28,334
Depreciation Expense	974	0	0	3,190	4,164
Other	133,455	0	0	5,957	139,412
Total Expenses	<u>228,681</u>	<u>234,137</u>	<u>136,762</u>	<u>183,260</u>	<u>782,840</u>
Changes in Net Assets	7,472	2,860	0	(52,617)	(42,285)
Net Assets at Beginning of the Year	<u>35,097</u>	<u>48,434</u>	<u>0</u>	<u>194,601</u>	<u>278,132</u>
Net Assets at End of the Year	<u>\$ 42,569</u>	<u>\$ 51,294</u>	<u>\$ 0</u>	<u>\$ 141,984</u>	<u>\$ 235,847</u>

See Independent Auditor's Report on Supplemental Data.

Miami County Community Action Council
Supplemental Schedule of Support, Grants, Revenues, Expenditures
and Changes in Net Assets - Home Energy Assistance Program (HEAP)
For the Year Ended December 31, 2005

<u>Ohio Department of Development Grant</u>	<u>Prior Fiscal Year</u>	<u>Current Fiscal Year</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>
<u>04 HA-151 and 05 HA-151</u>					
Revenue:					
Federal Grants	\$ 53,163	\$ 62,060	\$ 115,223	\$ 155,092	\$ 39,869
Expenses:					
Salaries	40,738	33,076	73,814	100,653	26,839
Fringe	20,839	14,492	35,331	46,633	11,302
Audit	1,783	0	1,783	1,956	173
Reproduction	1,751	2,216	3,967	4,126	159
Travel	0	411	411	411	0
Other Expenses	702	334	1,036	1,313	277
	<u>65,813</u>	<u>50,529</u>	<u>116,342</u>	<u>155,092</u>	<u>38,750</u>
Government Grants Over (Under) Expenditures	<u>\$ (12,650)</u>	<u>\$ 11,531</u>	<u>(1,119)</u>	<u>\$ 0</u>	<u>\$ (1,119)</u>
Beginning Net Assets			12,652		
Ending Net Assets			<u>\$ 11,533</u>		
<u>04 HE-151 and 05 HE-151</u>					
Revenue:					
Federal Grants	\$ 20,869	\$ 82,650	\$ 103,519	\$ 90,000	\$ 13,519
Expenses:					
Emergency Payments	56,652	42,888	99,540	90,000	9,540
	<u>56,652</u>	<u>42,888</u>	<u>99,540</u>	<u>90,000</u>	<u>9,540</u>
Government Grants Over (Under) Expenditures	<u>\$ (35,783)</u>	<u>\$ 39,762</u>	<u>3,979</u>	<u>\$ 0</u>	<u>\$ 3,979</u>
Beginning Net Assets			35,782		
Ending Net Assets			<u>\$ 39,761</u>		
<u>04 HC-251</u>					
Revenue:					
Federal Grants		\$ 18,255	\$ 18,255	\$ 25,875	\$ 7,620
Expenses:					
Emergency Payments		18,255	18,255	25,875	7,620
		<u>18,255</u>	<u>18,255</u>	<u>25,875</u>	<u>7,620</u>
Government Grants Over (Under) Expenditures		<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Beginning Net Assets			0		
Ending Net Assets			<u>\$ 0</u>		
Ending Net Assets - Home Energy Assistance Program			<u>\$ 51,294</u>		

See Independent Auditor's Report on Supplemental Data.

Miami County Community Action Council
Supplemental Schedule of Support, Grants, Revenues, Expenditures
and Changes in Net Assets - Community Services Block Grant (CSBG)
For the Year Ended December 31, 2005

<u>Ohio Department of Development Grant</u>	<u>Current Fiscal Year</u>	<u>Budget</u>	<u>Variance</u>
<u>04-139</u>			
Revenue:			
Federal Grants	\$ 136,762	\$ 136,762	\$ 0
Expenses:			
Salaries	90,259	90,259	0
Fringe	29,820	29,820	0
Consultant	504	504	0
Travel	0	0	0
Space	683	683	0
Equipment	550	550	0
Human Services Dir.	14,946	14,946	0
Emergency	0	0	0
Legal Fees	0	0	0
	<u>136,762</u>	<u>136,762</u>	<u>0</u>
Government Grants Over (Under) Expenditures	0	<u>\$ 0</u>	<u>\$ 0</u>
Beginning Net Assets	<u>0</u>		
Ending Net Assets	<u>\$ 0</u>		

See Independent Auditor's Report on Supplemental Data.

**Miami County Community Action Council
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005**

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Grant Year</u>	<u>Funds Received</u>	<u>Funds Expended</u>
<u>U.S. Department of Energy</u>					
Home Weatherization Assistance Program	81.042	03-134	4/1/04 - 3/31/05	\$ (361)	\$ 18,971
	81.042	04-134	4/1/05 - 3/31/06	<u>137,154</u>	<u>113,206</u>
Sub Total	81.042			<u>\$ 136,293</u>	<u>\$ 132,177</u>
Total U.S. Department of Energy				<u>\$ 136,293</u>	<u>\$ 132,177</u>
<u>U.S. Department of Health and Human Services</u>					
<small>(Passed through by the Ohio Department of Development)</small>					
Community Services Block Grant (CSBG)	93.569	04-939	1/1/05 - 12/31/05	136,762	136,762
Home Energy Assistance Program (HEAP)	93.568	04-HA-151	9/1/04 - 8/31/05	53,163	65,813
		05-HA-151	9/1/05 - 8/31/06	62,060	50,529
		04-HE-151	11/4/04 - 3/15/05	20,869	56,652
		05-HE-151	11/3/05 - 3/31/06	82,650	42,888
		04-HC-251	7/19/05 - 9/30/06	18,255	18,255
Home Weatherization Assistance Program (HWAP)		03-134	3/31/05 - 4/01/06	27,290	17,994
		04-134	4/1/05 - 3/31/06	<u>97,131</u>	<u>84,353</u>
Sub Total	93.568			<u>361,418</u>	<u>336,484</u>
Total U.S. Department of Health and Human Services				<u>498,180</u>	<u>473,246</u>
Total All Programs				<u>\$ 634,473</u>	<u>\$ 605,423</u>

See Independent Auditor's Report.

Independent Auditor's 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*

To the Board of Commissioners
Miami County Community Action Council
Troy, Ohio

We have audited the financial statements of the Miami County Community Action Council as of and for the year ended December 31, 2005, and have issued our report thereon dated August 4, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Miami County Community Action Council's internal control over financial reporting in order to determine our auditing procedures for 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Miami County Community Action Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Lightner & Stickel, CPA's, Inc.
August 4, 2006

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Commissioners
Miami County Community Action Council
Troy, Ohio

Compliance

We have audited the compliance of the Miami County Community Action Council with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2005. The Miami County Community Action Council's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Miami County Community Action Council's management. Our responsibility is to express an opinion on the Miami County Community Action Council'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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Miami County Community Action Council's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for my opinion. Our audit does not provide a legal determination on Miami County Community Action Council's compliance with those requirements.

In our opinion, the Miami County Community Action Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the Miami County Community Action Council 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 Miami County Community Action Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Lightner & Stickel, CPA's, Inc.
August 4, 2006

**Miami County Community Action Council
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2005**

Summary of Auditors Results:

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (Generally Accepted Government Standards)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reportable noncompliance at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under section 510?	No
Major Programs:	HWAP CFDA # 81.042 Low-Income Home Energy Assistance CFDA # 93.568 CSBG CFDA # 93.569
Dollar Threshold A/B Programs	Type A: \$300,00 and > Type B: All Others
Low Risk Auditee?	No
Findings Related to the Financial Statements Required to be Reported in Accordance with Generally Accepted Government Auditing Standards	None
Findings and Questioned Costs for Federal Awards	None



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MIAMI COUNTY COMMUNITY ACTION COUNCIL

MIAMI 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
JANUARY 16, 2007**