

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2024  
with  
REPORT OF INDEPENDENT AUDITORS**

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**Cloyd & Associates, PSC**

*Certified Public Accountants*

*and*

*Business Advisors*

Board of Directors

Harlan County Community Action Agency, Inc.

Harlan, Kentucky

**INDEPENDENT AUDITOR'S REPORT**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Harlan County Community Action Agency, Inc. (a nonprofit Agency), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Harlan County Community Action Agency, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Harlan County Community Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Harlan County Community Action Agency, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Harlan County Community Action Agency, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harlan County Community Action Agency, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of Harlan County Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harlan County Community Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harlan County Community Action Agency, Inc.'s internal control over financial reporting and compliance.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC

London, Kentucky  
January 17, 2025



**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

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<b>ASSETS</b>		
Cash	\$	950,143
Program receivables		<u>642,848</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,592,991</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land		155,075
Equipment		120,154
Vehicles		2,472,602
Improvements		1,167,620
Less: Accumulated depreciation		<u>(2,735,706)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>		<u>1,179,745</u>
<b>TOTAL ASSETS</b>		<u>\$ 2,772,736</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$	132,787
Accrued vacation payable		62,660
Deferred revenue		<u>24,000</u>
<b>TOTAL LIABILITIES</b>		<u>219,447</u>
<b>NET ASSETS</b>		
Net assets with donor restriction		-
Net assets without donor restriction		<u>2,553,289</u>
<b>TOTAL NET ASSETS</b>		<u>2,553,289</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 2,772,736</u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES GRANTS AND OTHER SUPPORT</b>			
Grant income	\$ -	\$ 4,268,191	\$ 4,268,191
Program income	1,496,190	-	1,496,190
Interest income	131	-	131
Rental Income	-	-	-
Private donations	5,234	-	5,234
Other Income	-	-	-
In-kind donations	97,406	-	97,406
Net assets released from restrictions	4,268,191	(4,268,191)	-
<b>TOTAL REVENUES</b>	<b>5,867,152</b>	<b>-</b>	<b>5,867,152</b>
<b>PROGRAM EXPENDITURES</b>			
Community Services Block Grant Expense	293,398	-	293,398
Low Income Heating Energy Assistance Program	855,646	-	855,646
Transportation	1,892,618	-	1,892,618
Summer Food Service	38,015	-	38,015
Workforce Innovation and Opportunity Act	1,688,590	-	1,688,590
Supported Housing Continuum of Care	51,635	-	51,635
Emergency Solutions Grant Expense	17,493	-	17,493
Other Expenditures	23,200	-	23,200
Total program expenditures	4,860,595	-	4,860,595
Supporting services	919,887	-	919,887
<b>TOTAL EXPENDITURES</b>	<b>5,780,482</b>	<b>-</b>	<b>5,780,482</b>
<b>CHANGE IN NET ASSETS</b>	<b>86,670</b>	<b>-</b>	<b>86,670</b>
NET ASSETS JULY 1, 2023	2,466,619	-	2,466,619
NET ASSETS JUNE 30, 2024	\$ 2,553,289	\$ -	\$ 2,553,289

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

HARLAN COUNTY COMMUNITY ACTION AGENCY  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services									Supporting Services				Total Program & Supporting Services
	Local Funds	Supportive Housing Program	Emergency Solutions Grant	CSBG	Transportation	WOIA	Summer Feeding	LIHEAP	Total Program Services	Cost of Direct Benefit to Donors	Management & General	Fundraising	Total Supporting Services	
Personnel	\$ -	\$ -	\$ -	\$ 153,490	\$ 1,269,317	\$ 1,242,100	\$ 5,489	\$ 39,506	\$ 2,709,902	\$ -	\$ 747,614	\$ -	\$ 747,614	\$ 3,457,516
Travel	-	-	-	7,511	170,114	7,861	809	-	186,295	-	-	-	-	186,295
Advertising	-	-	-	-	-	-	-	-	-	-	62,587	-	62,587	62,587
Other	15,465	-	-	17,392	22,089	96,473	189	14,938	166,546	-	2,200	-	2,200	168,746
Minor equipment	7,235	-	-	-	54,495	11,084	2,797	1,092	76,703	-	-	-	-	76,703
Insurance	-	-	-	-	-	13,595	-	-	13,595	-	-	-	-	13,595
Professional fees	500	-	-	2,500	-	8,073	-	4,000	15,073	-	-	-	-	15,073
Contract /Consultants	-	-	-	-	-	-	-	-	-	-	35,557	-	35,557	35,557
Training and technical assistance	-	-	-	-	-	31,419	-	-	31,419	-	-	-	-	31,419
Client benefits	-	51,635	-	10,716	-	250,112	27,971	778,319	1,118,753	-	-	-	-	1,118,753
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	15,173	13,021	12,483	-	3,565	44,242	-	-	-	-	44,242
Repairs and maintenance	-	-	-	-	138,506	8,343	-	-	146,849	-	-	-	-	146,849
Equipment Lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	225,076	-	-	-	225,076	-	-	-	-	225,076
In-kind match	-	-	17,493	79,913	-	-	-	-	97,406	-	-	-	-	97,406
Office supplies	-	-	-	6,703	-	7,047	760	14,226	29,736	-	71,929	-	71,929	100,665
	<u>\$ 23,200</u>	<u>\$ 51,635</u>	<u>\$ 17,493</u>	<u>\$ 293,398</u>	<u>\$ 1,892,618</u>	<u>\$ 1,688,590</u>	<u>\$ 38,015</u>	<u>\$ 855,646</u>	<u>\$ 4,860,595</u>	<u>\$ -</u>	<u>\$ 919,887</u>	<u>\$ -</u>	<u>\$ 919,887</u>	<u>\$ 5,780,482</u>



**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 86,670
Noncash (income) expenses included in net income:	
Depreciation	225,076
Change in assets and liabilities:	
Decrease (increase) in program receivables	139,312
Increase (decrease) in accounts payable	7,538
Increase (decrease) in deferred revenue	<u>24,000</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>482,596</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Increase in Property Plant, and Equipment	<u>(248,500)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(248,500)</u>
NET INCREASE IN CASH	234,096
CASH AND CASH EQUIVALENTS - JULY 1, 2023	<u>716,047</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2024	\$ <u>950,143</u>
SUPPLEMENTAL DATA	
Interest paid during the year	\$ <u>-</u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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**Note 1 - Summary of Significant Accounting Policies**

**The Reporting Entity**

Harlan County Community Action Agency, Inc. (Agency) was incorporated in 1969 as a not-for-profit corporation. Funding is provided primarily through grants and transportation services. The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Agency is the stimulation of social, individual, and economic growth in Harlan County.

The specific major programs and services provided by the Agency include the following:

*Community Services Block Grant (CSBG):* The CSBG program assists low-income, including the elderly and poor, to identify and solve problems that block the achievement of self-sufficiency and pursuit of improved living conditions.

*Emergency Solutions Grant (ESG):* The (ESG) program provides homelessness prevention assistance to households who would otherwise become homeless and provides assistance to rapidly rehouse persons who are homeless.

*Low-Income Heat Energy Assistance Program (LIHEAP):* The LIHEAP program provides assistance with home energy, water and sewer costs to low-income participants.

*Transportation:* The transportation is funded by the Kentucky Transportation Cabinet to provide general purpose transportation to all service area residents for employment, medical care, education, etc. The program concentrates on the elderly and disabled.

*Workforce Innovation and Opportunity Act (WIOA):* The WIOA program is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.

**Basis of Accounting**

The Agency uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenditures are recognized in the period in which the liability is incurred.

The Agency maintains a separate set of accounting records for each individual grant. The Agency has prepared its financial statements in accordance with Accounting Standard Codification (ASC). Under ASC, the Agency is required to report information regarding its financial position and activity according to two classes of net assets:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Agency and its purposes.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are transitory in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

Revenues and support are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed, or both) are reported as reclassifications between the applicable classes of net assets.

*Contributions:* Contributions received by the Agency are recorded as revenue that increases net assets with or without donor restrictions, depending on the existence or nature, or both, of any donor-imposed restrictions. All donor-restricted support is recorded as an increase to net assets with donor restrictions. Conditional contributions received are accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional contributions and classified as either net assets with donor restrictions or net assets without donor restrictions.

*Grant Revenue Recognition:* The Agency receives grants from the federal and state governments and various other grantors for direct and indirect program costs associated with specific programs and projects. The grants received from the federal and state governments are subject to certain restrictions, which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the qualifying expenses have been incurred. For conditional grants, when the donor conditions are substantially met the revenue is recognized as contribution revenue that increases net assets with donor restrictions and the funds are released from restrictions when the qualifying expenses have been incurred.

**Administrative Cost**

The grantee follows the cost limitations as set forth by the Cabinet for Health and Family Services.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Donated property is recorded at market value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Agency generally capitalizes property or equipment with costs more than \$5,000. Vehicles of the Agency are titled and insured in the name of the Agency, however the federal and/or state funding sources retain an interest in the vehicles, therefore the vehicles cannot be disposed of without the permission of the funding sources.

**Program Receivables**

Program receivables are stated at their net realizable value.

**Contributed Materials and Services- In-Kind Revenue and Expense**

Materials, supplies, volunteer labor and space are donated to the Agency to assist in the Community programs. The Agency has maintained records of these donations. The value of these donations is estimated based on the cost of comparable materials, labor, and space. At June 30, 2024, the recorded value for these items is \$97,406.



**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2024**

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Estimates**

The preparation of financial statements in conformity 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.

**Leases**

GASB Statement No. 87, Leases was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources. All non-cancelable leases are related to office equipment and are not substantial.

**Cash**

Cash and cash equivalents for purposes of the statement of cash flow include all cash accounts and certificates of deposits of the Agency.

**Functional Allocation of Expenses**

The cost of operating the various programs has been summarized on a functional basis in the Statement of Functional Expense. Accordingly, certain costs have been allocated among the programs benefited. The Agency's operations are funded almost entirely through grants and contracts.

**Note 2 - Deposits**

The Agency maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). The depository institutions pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. Total cash deposits at June 30, 2024, were \$1,306,947 with a carrying value of \$950,143.

**Note 3 – Capital Assets**

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Land	\$ 155,075	\$ -	\$ -	\$ 155,075
Vehicles	2,472,602	-	-	2,472,602
Equipment	120,154	-	-	120,154
Buildings & building improvements	919,120	248,500	-	1,167,620
Total cost	3,666,951	248,500	-	3,915,451
Less accumulated depreciation	(2,510,630)	(225,076)	-	(2,735,706)
Capital assets, net	\$ 1,156,321	\$ 23,424	\$ -	\$ 1,179,745

**Note 4 - Tax Status**

The Agency is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code and is not considered a private foundation. It is management's opinion that there are no uncertain tax positions that qualify for disclosures in financial statements. Tax years remaining open for examination by the Internal Revenue Service are years ending June 30, 2019 through June 30, 2024.

**Note 5 - Compensated Absences**

The Agency's employees are permitted to accrue a specific number of hours of vacation based on Agency policy. The Agency allows for carryover from year-to-year, therefore, the Agency records a liability for this account. The liability was \$62,660 at June 30, 2024.

**Note 6 - Concentrations**

The Agency's operations are subject to the contracts, directives, rules, and regulations of various federal, state, and other agencies. These contracts are negotiated on an annual basis. If these contracts were not renewed, their loss would seriously impair the ability of the Agency to continue operations.

The Agency maintains bank accounts at two banks. At June 30, 2024, the accounts were insured by both the FDIC (\$250,000) and additional pledged securities held in the Agency's name. The coverage by the FDIC and additional pledged securities was sufficient to provide complete coverage.

**Note 7 - Retirement Plan**

The Agency is a participating employer of the County Employees' Retirement System (CERS). Under provisions of Kentucky Revised Statute Section 61.645.

CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate. The plan provides plan members with benefits through a pension trust and an insurance trust. The pension trust provides retirement, disability, and death benefits. The insurance trust provides health insurance or other postemployment benefits (OPEB). Benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the State Legislature.

**Contributions**

For the year ended June 30, 2024, plan members were required to contribute 5% of wages for non-hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding July 1 of a new biennium. The Board may amend contribution rates as of July 1 of the second year of a new biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with the actuarial basis adopted by the Board. For the year ended June 30, 2024, participating employers contributed 23.34% (23.34% to the pension fund and 0.00% to the insurance fund) of each employee's wages, which is equal to the actuarially determined rate set by the Board. Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the Plan contribute a set percentage of their salary each month to their own account.

**Note 7 - Retirement Plan (Continued)**

Plan members contribute 5% of wages to their own account and 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The Agency contributed \$386,509 for the year ended June 30, 2024, or 100% of the required contribution.

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

Benefits provided CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

**Contributions** - Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

**Funding Policy**

Funding for the plan is provided through payroll withholdings and matching Agency contributions. The Agency contributes 23.34% of the employee's total compensation subject to contribution. COLA are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years of earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are provided in one lump sum payment of \$5,000.



**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2024**

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**Note 7 - Retirement Plan (Continued)**

Five years of service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit or \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years of service is required for nonservice-related disability benefits.

**Pension Liabilities**

At June 30, 2024, the Agency estimates that its total unfunded liability would be approximately \$3,240,593, based upon its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Agency's proportion was 0.050504%. The liability is not recorded on the Agency's financial statements, in accordance with FASB standards.

**OPEB Liabilities**

At June 30, 2024, the Agency estimates that its total unfunded liability (asset) would be approximately \$(69,726), based upon its proportionate share of the total OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Agency's proportion of the net OPEB liability (asset) was based on a projection of the Agency's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Agency's proportion was 0.050502%. The liability (asset) is not recorded on the Agency's financial statements, in accordance with FASB standards.

**Actuarial Assumptions**

The total pension and OPEB liabilities (assets) in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%, net of plan investment expense, including inflation
Healthcare trend	
Pre-65	7.00% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032
Post-65	5.125% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2025

Mortality rates were based on the PUB-2010 General Mortality Table projected with the ultimate rates from the MP-2020 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013 through 2022, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2023. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The actuarial assumption used in the June 30, 2023, valuation was based on the results of an actuarial experience study for the period ending June 30, 2022. The total pension and OPEB liabilities were rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rates of return are developed for each asset class.

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2024**

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**Note 7 - Retirement Plan (Continued)**

Pension Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

OPEB Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 5.93%. The projection of cash flows used to determine the discount rate are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KPPA's actuarial study.

**Note 8 - Liquidity and Availability of Financial Assets**

The following reflects the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year end:	\$ 950,143
Less those available for general expenditures within one year due to donor imposed restrictions:	<u>-</u>
Financial assets available to met cash needs for general expenditures withing one year	<u>\$ 950,143</u>

The Agency does not have a formal liquidity management plan.

**Note 9 - Restrictions on Net Assets**

The Agency receives grant funds annually from the federal government and other non-federal Agencies. Grant income of \$4,268,191 was earned in fiscal year 2024. Grant funds that are still held by the Agency to satisfy their program restrictions are presented in the accompanying financial statements as net assets with donor restrictions. As of June 30, 2024, there were no net assets with donor restrictions.

**Note 10 - Contingencies**

The Agency is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. It is the opinion of management and the Agency's legal counsel, that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims, will not be material.

**Note 10 – Contingencies – (Continued)**

The Agency depends on grants from federal, state and local agencies for its continued existence. The Agency participates in numerous state and federal grant programs which are governed by various rules and regulations of the funding agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the funding agencies. Therefore, to the extent that the Agency has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any accounts receivable for government grants at June 30, 2024 may be impaired.

The Agency participates in a multiemployer pension and other post employer benefits plan that is currently underfunded. Management believes it is reasonably possible that the employer's contribution could be increased to make up a shortfall necessary to maintain the negotiated level of benefit coverage.

**Note 11 -Subsequent Events**

Subsequent events have been evaluated through January 17, 2025, which is the date the financial statements were available to be issued. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.



## **SUPPLEMENTAL INFORMATION**

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**BALANCE SHEET**  
WIOA CONTRACT #DTR 18005 ALN 17.258, 17.259, 17.278,17.277, 17.268  
FOR THE YEAR ENDED JUNE 30, 2024

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**ASSETS**

Cash and cash equivalents	\$	143,086
AR EKCEP		219,485
Due from other funds		<u>3,526</u>
 Total assets	 \$	 <u>366,097</u>

**LIABILITIES AND FUND BALANCES**

**Liabilities**

Total liabilities		<u>-</u>
 Total fund balances		 <u>366,097</u>
 Total liabilities and fund balances	 \$	 <u>366,097</u>

HARLAN COUNTY COMMUNITY ACTION AGENCY, INC  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
WIOA CONTRACT #DTR 18005 ALN 17.258, 17.259, 17.278, 17.277, 17.268  
FOR THE YEAR ENDED JUNE 30, 2024

							Cumulative Total
Revenues							
EKCEP							\$ 1,688,525
Interest Income							65
Total revenues							1,688,590
	Adults 17.258	Dislocated Workers 17.278	Out of School Youth 17.259	NEG CL 17.277	In School 17.259	H1B 17.268	
Expenditures							
Wages & benefits	\$ 141,828	\$ 16,881	\$ 98,578	\$ 946,529	\$ 38,284	-	\$ 1,242,100
Maintenance	3,475	1,072	3,441		355	-	8,343
Equipment rental	4,480	964	5,040		600	-	11,084
Insurance	5,438	1,767	5,710		680	-	13,595
Supplies	3,000	664	3,149		234	-	7,047
Utilities	4,993	1,623	5,243		624	-	12,483
Audit	3,229	1,049	3,391		404	-	8,073
Usage fee	3,865	1,103	4,835		613	-	10,416
Travel	4,852	707	2,110		192	-	7,861
Tuition	29,972	5,000	17,587	68,928	-	43,381	164,868
Support services	25,130	211	10,514	29,120	-	20,269	85,244
OJT	23,187	-	2,142	6,090	-	-	31,419
Other	37,892	26	2,352	45,787	-	-	86,057
Total expenditures	\$ 291,341	\$ 31,067	\$ 164,092	\$ 1,096,454	\$ 41,986	\$ 63,650	1,688,590
Excess (deficit) of revenues over expenditures							-
Net change in fund balance							-
Fund balance July 1, 2023							366,097
Plus: Prior year obligations							-
Less: Funds returned							-
Less: Obligations at June 30, 2024							-
Fund balance June 30, 2024							\$ 366,097



**HARLAN COUNTY COMMUNITY ACTION AGENCY**  
**STATEMENT OF PROGRAM COST AND STATUS OF FUNDS**  
**WIOA CONTRACT #DTR 18005 ALN 17.258, 17.259, 17.278, 17.277, 17.268**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Program costs:

Cost classification	<u>Budgeted Costs</u>	<u>Expenditures</u>	<u>(Over)/Under Budget</u>	<u>Questioned Costs</u>
WIOA	\$ 1,288,662	\$ 1,688,590	\$ (399,928)	\$ -
Costs eligible for reimbursement		<u>\$ 1,688,590</u>		
Status of funds				
Contract award		<u>\$ 1,658,122</u>		
Funds received		1,688,525		
Program income - interest		<u>65</u>		
Total receipts		1,688,590		
Total expenditures		<u>1,688,590</u>		
Excess (deficit) of revenues over expenditures		<u>\$ -</u>		

**HARLAN COUNTY COMMUNITY ACTION AGENCY**  
**STATEMENT OF PROGRAM EXPENDITURES - LIHEAP**  
**LIHEAP PROGRAM CONTRACT NUMBER PON2-736-190003964-1 ALN 93.568**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Cost category	<u>Expenditures</u>
Administration	
Salaries and fringe benefits	\$ 39,506
Office expenses	15,318
Audit	4,000
Utilities	3,565
Other admin	<u>14,938</u>
Total administration	77,327
Benefits	
Subsidy	398,423
Crisis	<u>379,896</u>
Total benefits	<u>778,319</u>
Total allowable expenditures	855,646
Less:	
Contract payments received	<u>855,646</u>
Interest earned	<u>-</u>
Excess of payment received over allowable expenditures	<u>-</u>
Amount due to CAK	<u>\$ -</u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY**  
**SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES - LIHEAP**  
**LIHEAP PROGRAM CONTRACT NUMBER PON2-736-190003964-1 ALN 93.568**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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<u>Cost category</u>	<u>Budget</u>	<u>Actual</u>	<u>(Over)/ Under Budget</u>
Administration cost	\$ 129,151	\$ 77,327	\$ 51,824
Benefits costs			
Subsidy	646,584	398,423	248,161
Crisis	653,649	379,896	273,753
Total benefits cost	1,300,233	778,319	521,914
Total costs	\$ 1,429,384	\$ 855,646	\$ 573,738

**HARLAN COUNTY COMMUNITY ACTION AGENCY**  
**SCHEDULE OF QUESTIONED COSTS**  
**LIHEAP PROGRAM CONTRACT NUMBER PON2-736-190003964-1 ALN 93.568**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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<u>Cost category</u>	<u>Actual</u>	<u>Questioned Costs</u>	<u>Balance</u>
Administration cost	\$ 77,327	\$ -	\$ 77,327
Benefits costs			
Subsidy	398,423	-	398,423
Crisis	379,896	-	379,896
Total benefits cost	778,319	-	778,319
Total costs	\$ 855,646	\$ -	\$ 855,646



**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CSBG CONTRACT PON2-736-18000001929, ALN 93.569**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Revenues		
Cabinet for Health and Family Services		
Total revenues	\$	<u>293,398</u>
Expenditures		
Wages		113,177
Benefits		40,313
Travel		7,511
Contract services		2,500
Utilities		15,173
Supplies		6,703
Staff development		-
Client services		10,716
Other costs		17,392
In-kind match		<u>79,913</u>
Total expenditures		<u>293,398</u>
Excess (deficit) of revenues over expenditures		<u>-</u>
Net change in fund balance		-
Fund balance July 1, 2023		<u>-</u>
Fund balance June 30, 2024	\$	<u><u>-</u></u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF FINANCIAL PARTICIPATION - CSBG**  
**CSBG CONTRACT PON2-736-18000001929, ALN 93.569**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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	<u>CSBG</u>	<u>State General</u>	<u>Total</u>
Obligated funds			
Total contract ceiling	\$ 287,863	\$ 5,717	\$ 293,580
CSBG financial participation	(207,768)	(5,717)	(213,485)
Other financial participation	<u>-</u>	<u>-</u>	<u>-</u>
Total participation	287,863	5,717	293,580
Less contract payments	(207,768)	(5,717)	(213,485)
Due to/(from) CHFS	<u>-</u>	<u>-</u>	<u>-</u>
Obligated funds	80,095	-	80,095
Over/under payment			
Total allowable expenses	207,768	5,717	213,485
Less contract payments	<u>(207,768)</u>	<u>(5,717)</u>	<u>(213,485)</u>
Overpayment due from/(to) CHFS	\$ -	\$ -	\$ -
Match requirement			
CSBG allowable expense	<u>\$ 42,697</u>		
Local match required at 20%	(42,697)		
Less local match:			
In-Kind provided	<u>79,913</u>		
Total excess local match provided	<u>\$ 37,216</u>		

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF ALLOWABLE EXPENSE**  
**CSBG CONTRACT PON2-736-18000001929, ALN 93.569**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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	CSBG	State General	Total
Expenses			
Wages	\$ 113,177	\$ -	\$ 113,177
Benefits	40,313	-	40,313
Travel	7,511	-	7,511
Equipment	-	-	-
Contract services	2,500	-	2,500
Utilities	15,173	-	15,173
Supplies	6,703	-	6,703
Staff development	-	-	-
Client services	4,999	5,717	10,716
Other	17,392	-	17,392
In-kind	79,913	-	79,913
	<hr/>	<hr/>	<hr/>
Total CSBG expenditures	287,681	5,717	293,398
Less questioned costs	-	-	-
Less In-kind contributions	(79,913)	-	(79,913)
	<hr/>	<hr/>	<hr/>
Total allowable CSBG expenditures	207,768	5,717	213,485
Less contract payments	(207,768)	(5,717)	(213,485)
	<hr/>	<hr/>	<hr/>
Amount due to (from) Cabinet for Health and Family Services	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>

The Agency is in compliance with the contract provisions regarding travel.



**HARLAN COUNTY COMMUNITY ACTION AGENCY**  
**SCHEDULE OF QUESTIONED COSTS**  
**CSBG CONTRACT PON2-736-18000001929, ALN 93.569**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Expenditures	Actual	Questioned Costs	Balance
Wages	\$ 113,177	\$ -	\$ 113,177
Benefits	40,313	-	40,313
Travel	7,511	-	7,511
Equipment	-	-	-
Contract services	2,500	-	2,500
Utilities	15,173	-	15,173
Supplies	6,703	-	6,703
Staff development	-	-	-
Client services	10,716	-	10,716
Other costs	17,392	-	17,392
In-kind match	79,913	-	79,913
	<u>\$ 293,398</u>	<u>\$ -</u>	<u>\$ 293,398</u>
	<u>\$ 293,398</u>	<u>\$ -</u>	<u>\$ 293,398</u>

HARLAN COUNTY COMMUNITY ACTION AGENCY  
SCHEDULE OF OBLIGATED FUND BALANCES  
CSBG CONTRACT PON2-736-18000001929, ALN 93.569  
June 30, 2024

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	<u>CSBG</u>	<u>State General</u>	<u>Total</u>
Obligated funds not received June 30, 2024	<u>\$ 80,095</u>	<u>\$ -</u>	<u>\$ 80,095</u>
Ending obligated fund balance as of June 30, 2024	<u>\$ 80,095</u>	<u>\$ -</u>	<u>\$ 80,095</u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY**  
**SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES**  
**CSBG CONTRACT PON2-736-18000001929, ALN 93.569**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Expenditures	Budget	Actual	(Over) /Under Budget*
Wages	\$ 146,232	\$ 113,177	\$ (33,055)
Benefits	78,459	40,313	(38,146)
Travel	13,200	7,511	(5,689)
Equipment	2,500	-	(2,500)
Contract services	2,500	2,500	-
Utilities	15,000	15,173	173
Supplies	7,000	6,703	(297)
Staff development	500	-	(500)
Client services	10,717	10,716	(1)
Other costs	17,472	17,392	(80)
In-kind match	-	79,913	79,913
			-
Total expenses	<u>\$ 293,580</u>	<u>\$ 293,398</u>	<u>\$ (182)</u>

\*Contract allows variances of up to 10% of any cost categories subject to the contract ceiling.



**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SUMMER FOOD SERVICE PROGRAM GRANT #048Y95999 ALN 10.559**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Revenues		
Kentucky Department of Education - USDA	\$	36,105
Total revenues		<u>36,105</u>
Expenditures		
Personnel		5,489
Supplies		28,856
Operations		2,797
Travel		809
Other		<u>64</u>
Total expenditures		<u>38,015</u>
Excess (deficit) of revenues over expenditures		(1,910)
Net change in fund balance		(1,910)
Fund balance July 1, 2023		3,903
Plus: Unearned fund at June 30, 2023		-
Less: Unearned fund at June 30, 2024		<u>-</u>
Fund balance June 30, 2024	\$	<u>1,993</u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SECTION 5311 TRANSPORTATION OPERATING GRANT KY-2020-011-00, ALN 20.509**  
**FOR THE YEAR ENDED 30, 2024**

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**Revenues**

5311 Comm of KY	981,147
5311 RTAP	13,820
5311 Intercity	58,134
5311 Operating	187,200
Access2Care	22,307
Farebox 5311	92,492
LKLP	<u>1,338,568</u>

<b>Total revenues</b>	<b>2,693,668</b>
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**Expenditures**

Salaries	1,290,983
Benefits	725,948
Vehicle maintenance	21,747
Building maintenance	52,167
Construction project expense	83,500
Equipment	40,676
Fuel	170,114
Tires	14,276
Parts	50,315
Professional fees	21,027
Utilities	13,021
Office expense	30,446
Postage, telephone, fax	41,483
Employee physical	2,200
Drug testing	2,146
Uniforms	19,943
Advertising	62,587
Project cost	13,820
Janitorial/Safety/Etc.	<u>14,530</u>

<b>Total expenditures</b>	<b><u>2,670,929</u></b>
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Excess (deficit) of revenues over expenditures	<u>22,739</u>
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Net change in fund balance	22,739
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Fund balance July 1, 2023	<u>-</u>
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Plus: Funds carried over prior year	647,161
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Less: Funds carried forward at June 30, 2024	<u>(669,900)</u>
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Fund balance June 30, 2024	<u>\$ -</u>
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**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**SCHEDULE OF BUDGET AND ACTUAL REVENUES AND EXPENSES**  
**SECTION 5311 TRANSPORTATION OPERATING GRANT KY-2020-011-00, ALN 20.509**  
**FOR THE YEAR ENDED 30, 2024**

	Budget	Actual	(Over) /Under Budget
Revenues			
Fare box revenue	\$ 80,000	\$ 92,492	(12,492)
5311 Operating		1,226,481	(1,226,481)
5311 Capital	-	165,000	(165,000)
5311 RTAP	-	13,820	(13,820)
Access2Care	22,307	22,307	
LKLP	1,340,554	1,338,568	1,986
Contract revenue -prior year carryover	647,161	647,161	-
Total revenues	2,090,022	3,505,829	(1,415,807)
Expenditures			
Salaries	1,783,472	1,290,983	492,489
Benefits	1,319,879	725,948	593,931
Insurance - vehicles	187,140	-	187,140
Vehicle maintenance	69,647	21,747	47,900
Building maintenance	56,021	52,167	3,854
Construction project expense	248,500	248,500	-
Equipment	220,188	40,676	179,512
Vehicles	-	-	-
Fuel	324,350	170,114	154,236
Tires	28,010	14,276	13,734
Parts	114,293	50,315	63,978
Fees	13,320	-	13,320
Professional fees	62,926	21,027	41,899
Utilities	33,410	13,021	20,389
Office expense	105,061	30,446	74,615
Postage, telephone, fax	102,866	41,483	61,383
Insurance and Bonding	86,220	-	86,220
Employee physical	17,200	2,200	15,000
Drug testing	16,492	2,146	14,346
Uniforms	28,500	19,943	8,557
Advertising	116,038	62,587	53,451
Travel	8,200	13,820	(5,620)
Janitorial/Safety/Etc.	35,443	14,530	20,913
Total expenditures	4,977,176	2,835,929	2,141,247
Net operating income(loss)		669,900	\$ (3,557,054)
Carryover funds - current year		\$ 669,900	

There were no questioned costs.

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SECTION 5339 TRANSPORTATION OPERATING GRANT KY-2021-032-00, ALN 20.526**  
**FOR THE YEAR ENDED 30, 2024**

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Revenues		
Federal share	\$	-
Total revenues		-
Expenditures		
Vehicles		-
Other expenses		-
Total expenditures		-
Excess (deficit) of revenues over expenditures		-
Net change in fund balance		-
Fund balance July 1, 2023		-
Fund balance June 30, 2024	\$	-



**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SECTION 5339 TRANSPORTATION CAPITAL GRANT KY-2018-021-01, ALN 20.526**  
**FOR THE YEAR ENDED 30, 2024**

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Revenues	
Federal share	\$ 165,000
Total revenues	165,000
Expenditures	
Buildings	165,000
Total expenditures	165,000
Excess (deficit) of revenues over expenditures	-
Net change in fund balance	-
Fund balance July 1, 2023	-
Fund balance June 30, 2024	\$ -

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**KY HOUSING 2022 CONTINUUM OF CARE CONTRACTS #KY0012L41001710 ALN 14.235**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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	Prior Year 7/1/23-9/30/23	Current Year 7/1/23-6/30/24	Total Program
Revenues			
Kentucky Housing Corporation	\$ 18,284	\$ 33,351	\$ 51,635
Total revenues	<u>18,284</u>	<u>33,351</u>	<u>51,635</u>
Expenditures			
Administrative	275	-	275
Leasing expense	9,946	24,867	34,813
Match expense	-	4,379	4,379
Supportive services expense	7,966	3,970	11,936
Other expense	<u>97</u>	<u>135</u>	<u>232</u>
Total expenditures	<u>18,284</u>	<u>33,351</u>	<u>51,635</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance July 1, 2023	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**KY HOUSING 2022 CONTINUUM OF CARE CONTRACTS #KY0012L41001710 ALN 14.235**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Revenues		
Administrative income	\$	275
Leasing income		34,813
Match income		4,379
Other income		6,124
Food		<u>6,044</u>
Total revenues		<u>51,635</u>
Expenditures		
Administrative		275
Leasing expense		34,813
Match expense		4,379
Supportive services		6,124
Other		<u>6,044</u>
Total expenditures		<u>51,635</u>
Excess (deficit) of revenues over expenditures		<u>-</u>
Net change in fund balance		-
Fund balance July 1, 2023		<u>-</u>
Fund balance June 30, 2024	\$	<u><u>-</u></u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

KENTUCKY HOUSING EMERGENCY SOLUTIONS GRANT PROJECT #ES22-0824-01 ALN 14.231

FOR THE YEAR ENDED JUNE 30, 2024

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## Revenues

Kentucky Housing Corporation	\$	17,493
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Total revenues		17,493
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## Expenditures

Short term rent assistance		15,200
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Utility payments		
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General administration		893
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Security deposits		1,200
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Utility deposits		-
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Participation fees		200
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Total expenditures		17,493
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Excess (deficit) of revenues over expenditures		-
--	--	---

Net change in fund balance		-
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Fund balance July 1, 2023		(1,236)
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Fund balance June 30, 2024	\$	(1,236)
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HARLAN COUNTY COMMUNITY ACTION AGENCY, INC  
STATEMENT OF TRANSFERS, EXPENDITURES AND CHANGES IN FUND BALANCE  
PROPERTY, PLANT AND EQUIPMENT GROUP OF ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2024

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**BALANCE SHEET**

Property, plant and equipment	
Land	155,075
Vehicles	2,472,602
Equipment	120,154
Building & building improvements	<u>1,167,620</u>
	3,915,451
Less: accumulated depreciation	<u>(2,735,706)</u>
Total property, plant and equipment	<u>\$ 1,179,745</u>

**STATEMENT OF CHANGE IN TOTAL FUND BALANCE**

Additions	\$ 248,500
Retirements	-
Depreciation	(225,076)
Depreciation add back from disposed assets	<u>-</u>
Net change in fund balance	23,424
Fixed assets net of depreciation June 30, 2023	<u>1,156,321</u>
Fund balance, June 30, 2024	<u>\$ 1,179,745</u>

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**LOCAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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Revenues		
Employee Fund	\$	371
Rental income		10,550
Interest income		66
Wintercare		7,235
Donation		5,234
Usage fees		15,416
Other income		<u>4,409</u>
Total revenues		<u>43,281</u>
Expenditures		
Employee Fund		-
Wintercare		7,235
Donation		1,032
Equipment maintenance		2,474
Professional services		500
Board meeting		2,950
Other		<u>9,009</u>
Total expenditures		<u>23,200</u>
Excess (deficit) of revenues over expenditures		<u>20,081</u>
Net change in fund balance		20,081
Fund balance July 1, 2023		<u>290,700</u>
Fund balance June 30, 2024	\$	<u><u>310,781</u></u>

HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Subrecipients</u>
<b>Expenditures</b>				
<u>U.S. Department of Health and Human Services</u>				
Passed through the Kentucky Cabinet for Health and Family Services				
Community Services Block Grant	93.569	PON2-736-18000001929	\$ 207,768	-
Passed through Community Action of Kentucky				
Low-Income Home Energy Assistance	93.568	PON2-736-190003964-1	855,647	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,063,415	-
<u>U.S. Department of Labor</u>				
Passed through Office of Training and Reemployment				
WIOA Cluster				
WIA Youth Activities	17.259	DTR-18005	206,078	-
WIA Dislocated Worker Formula Grants	17.278	DTR-18005	31,067	-
WIA Adult Program	17.258	DTR-18005	291,341	-
Total WIOA Cluster			528,486	-
WIOA National Dislocated Worker Grant/WIA National Emergency Grants	17.277	DTR-18005	1,096,388	-
H-1B Skills Training Grants	17.268	DTR-18005	63,650	-
TOTAL DEPARTMENT OF LABOR			1,688,524	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Kentucky Housing Corporation				
Supportive Housing Program	14.235	KY0012L41001710	51,635	-
Emergency Solutions Grant Program	14.231	ES19-0824-01	17,493	-
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			69,128	-
<u>U.S. Department of Transportation</u>				
Passed through Kentucky Transportation Cabinet				
Formula Grants for Other than Urbanized Areas	20.509	KY-2020-011-00	1,240,302	-
Bus and Bus Facilities Formula Program	20.526	KY-2018-021-01	165,000	-
TOTAL US DEPARTMENT OF TRANSPORTATION			1,405,302	-
<u>U.S. Department of Agriculture</u>				
Passed through Kentucky Department of Education				
Summer Food Service Program for Children	10.559	0448Y95999	36,105	-
TOTAL US DEPARTMENT OF AGRICULTURE			36,105	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,262,474	\$ -

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO THE SCHEDULE OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

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Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Harlan County Community Action Agency Inc. under programs of the federal government for the year ended June 30, 2024. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-profit Agencies, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The Agency did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.





**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**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**

Board of Directors  
Harlan County Community Action Agency, Inc.  
Harlan, Kentucky

We have audited, in accordance with the 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, the financial statements of Harlan County Community Action Agency, Inc. (a nonprofit Agency), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Harlan County Community Action Agency, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harlan County Community Action Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Harlan County Community Action Agency, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Harlan County Community Action Agency, Inc.'s financial statements are free from 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 financial statements. 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*.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC

London, Kentucky

January 17, 2025





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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Harlan County Community Action Agency, Inc.  
Harlan, Kentucky

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Harlan County Community Action Agency, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Harlan County Community Action Agency, Inc.'s major federal programs for the year ended June 30, 2024. Harlan County Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Harlan County Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Harlan County Community Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Harlan County Community Action Agency, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Harlan County Community Action Agency, Inc.'s federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Harlan County Community Action Agency, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.



The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Harlan County Community Action Agency, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Harlan County Community Action Agency, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Harlan County Community Action Agency, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Harlan County Community Action Agency, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC

London, Kentucky  
January 17, 2025



Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued	Unmodified		
Internal control over financial reporting:			
Material weakness identified	_____ Yes	_____ ✓	No
Significant deficiencies identified that are not considered to be material weaknesses reported.	_____ Yes	_____ ✓	None
Noncompliance material to financial statement noted	_____ Yes	_____ ✓	No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	_____ Yes	_____ ✓	No
Significant deficiencies identified that are not considered to be material weaknesses reported.	_____ Yes	_____ ✓	None
Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ ✓	No
Identification of major programs:			
<u>Name of Federal Program or Cluster</u>	<u>ALN</u>		
Low-Income Home Energy Assistance	93.568		
Dollar threshold used to distinguish between Type A and Type B program	\$750,000		
Auditee qualified as low risk	_____ ✓	Yes	_____ No

(Continued)

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**YEAR ENDED JUNE 30, 2024**

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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**HARLAN COUNTY COMMUNITY ACTION AGENCY, INC**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2024**

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**Status of Prior Year Findings**

There were no prior year audit findings.