

**AUDITED FINANCIAL STATEMENTS**  
**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**JUNE 30, 2014**

**CONTENTS**

INDEPENDENT AUDITORS' REPORT.....	PAGE 3
STATEMENT OF FINANCIAL POSITION.....	5
STATEMENT OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS.....	7
STATEMENT OF CASH FLOWS.....	8
STATEMENT OF UNRESTRICTED FUNCTIONAL EXPENSES .....	9
NOTES TO FINANCIAL STATEMENTS.....	10
SUPPLEMENTAL INFORMATION.....	15
LIST OF BOARD OF DIRECTORS.....	16
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	17
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING</i> <i>STANDARDS</i> .....	18
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	20
SCHEDULE FINDINGS AND QUESTIONED COSTS .....	23
CORRECTIVE ACTION PLAN .....	25
SUMMARY OF PRIOR AUDIT FINDINGS.....	26
COMMUNITY SERVICES BLOCK GRANT PROGRAM STATEMENT OF FINANCIAL PARTICIPATION.....	27
STATEMENT OF ALLOWABLE EXPENSES.....	28
STATEMENT OF QUESTIONED COSTS.....	29
WEATHERIZATION PROGRAM STATEMENT OF QUESTIONED COSTS.....	30
LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP) STATEMENT OF PROGRAM EXPENDITURES.....	31
STATEMENT OF QUESTIONED COSTS.....	32
TITLE III-B SUPPORT GRANT SCHEDULE OF PROGRAM ACTIVITIES.....	33
STATEMENT OF REVENUE AND COSTS AND COMPUTATION OF EARNED GRANT....	34
TITLE III-C SCHEDULE OF PROGRAM ACTIVITIES	35
TITLE III-D HEALTH PROMOTION/DISEASE PREVENTION SERVICES SCHEDULE OF PROGRAM ACTIVITIES	36
HOMECARE PROGRAM SCHEDULE OF PROGRAM ACTIVITIES .....	37
ADULT DAY CARE PROGRAM SCHEDULE OF PROGRAM ACTIVITES.....	38
WEATHERIZATION PROGAM-LIHEAP STATEMENT OF ALLOWABLE EXPENES.....	40

William A. Talley  
Jon D. Chesser  
Bob E. Wientjes

**INDEPENDENT AUDITORS' REPORT**

Kentucky Offices:  
Louisville  
Brandenburg  
Bardstown

Board of Directors  
Tri-County Community Action Agency, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Tri-County Community Action Agency, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

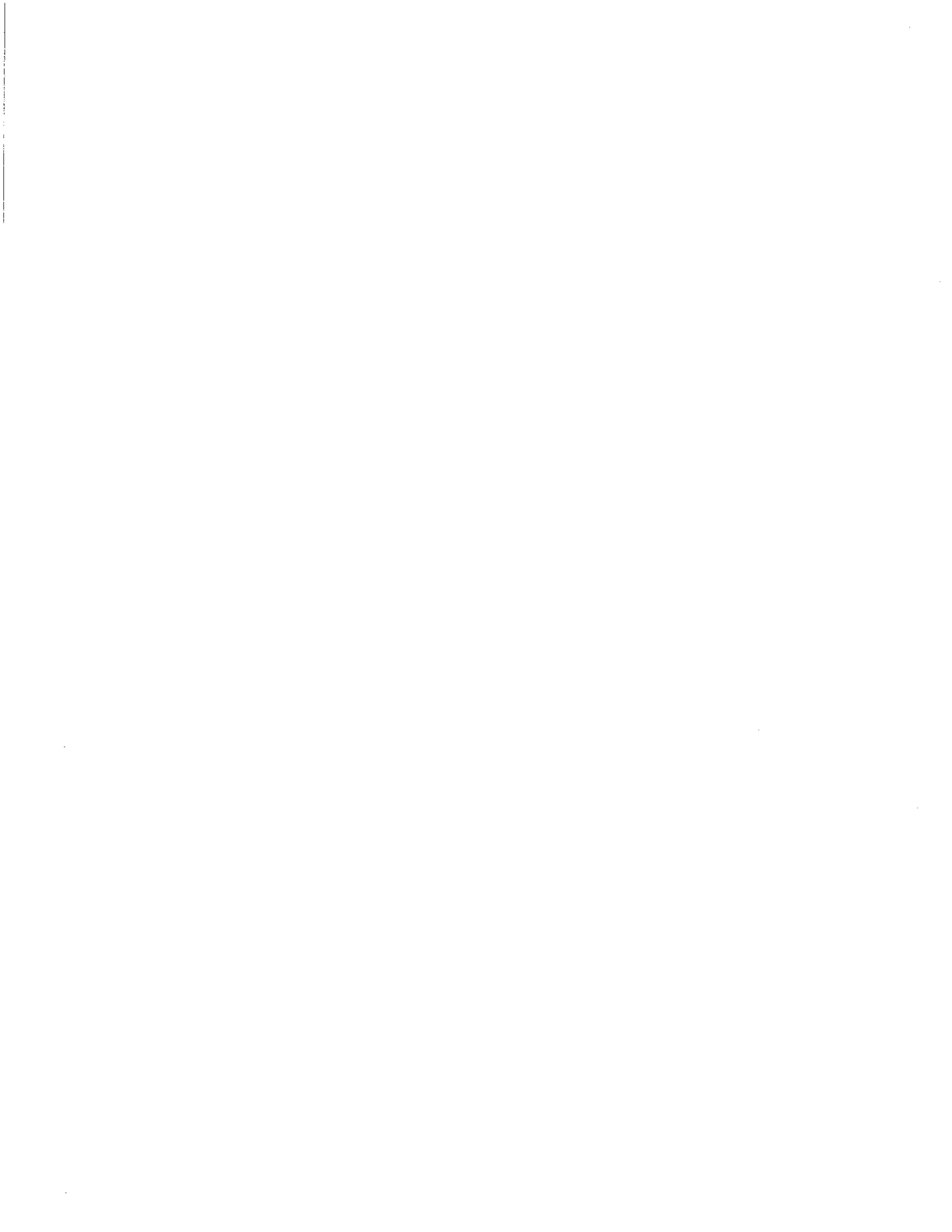
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

**Auditor's Responsibility**

Our responsibility is to express opinions 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2014**

**ASSETS**

**Current Assets**

Cash	\$ 457,707
Accounts receivable	6,907
Grants receivable	<u>67,264</u>

Total Current Assets 531,878

**Fixed Assets**

Equipment and furniture	224,206
Vehicles	107,783
Leasehold improvements	<u>29,478</u>
	361,467

Less: Accumulated depreciation (313,537)

Net Fixed Assets 47,930

**TOTAL ASSETS** \$ 579,808

See accompanying notes to financial statements.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2014**

**LIABILITIES AND NET ASSETS**

Current Liabilities

Accrued wages and payroll taxes	\$ 29,756
Deferred income	235
Lease payable	<u>6,098</u>

**TOTAL LIABILITIES** 36,089

Net Assets

Unrestricted	<u>543,719</u>
--------------	----------------

**TOTAL NET ASSETS** 543,719

**TOTAL LIABILITIES AND NET ASSETS** \$ 579,808

See accompanying notes to financial statements.



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES**  
**IN UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Support and Revenue</b>	
Grant funds	\$ 988,658
Fiscal court	31,700
Metro United Way	53,691
Contributions	21,370
Program fees	70,203
In-kind revenue	43,108
Interest income	1,267
Other income	<u>2,596</u>
<b>Total Support and Revenue</b>	<b>1,212,593</b>
 <b>Expenses</b>	
Program services	985,399
Supporting services	
Administrative	162,127
In-kind expenses	<u>43,108</u>
<b>Total Expenses</b>	<b><u>1,190,634</u></b>
<b>Change in Net Assets</b>	<b>21,959</b>
<b>Net Assets at July 01, 2013</b>	<b><u>521,760</u></b>
<b>Net Assets at June 30, 2014</b>	<b><u>\$ 543,719</u></b>

See accompanying notes to financial statements.



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2014**

<b>Cash Flows from Operating Activities:</b>	
Increase in net assets	\$ 21,959
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	15,500
(Increase) decrease in operating assets	
Accounts receivable	1,031
Grants receivable	70,731
Increase (decrease) in operating liabilities	
Accounts payable	(15,188)
Accrued wages & payroll taxes	(22,661)
Lease payable	4,811
Deferred income	(9,765)
	66,418
<b>Net Cash Provided By Operating Activities</b>	
<b>Cash Provided (Used) from Investing Activities:</b>	
Purchase of fixed assets	(6,893)
	(6,893)
<b>Net Cash Provided (Used) by Investing Activities</b>	
<b>Net Increase in Cash and Cash Equivalents</b>	
	59,525
<b>Beginning Cash &amp; Cash Equivalents</b>	
	398,182
	398,182
<b>Ending Cash &amp; Cash Equivalents</b>	
	\$ 457,707
	457,707

See accompanying notes to financial statements.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF UNRESTRICTED FUNCTIONAL EXPENSES**  
**JUNE 30, 2014**

	Program Services	Supporting Services	Totals
		Administrative	
Salaries	\$ 320,005	\$ 77,764	397,769
Payroll taxes	28,657	6,542	35,199
Employee benefits	63,220	26,578	89,798
Contract labor	19,777	386	20,163
Equipment purchase	300	1,288	1,588
Insurance - general	22,223	972	23,195
Travel	20,505	118	20,623
Training	4,861	1,631	6,492
Supplies	11,146	8,453	19,599
Postage	1,060	675	1,735
Utilities	34,503	789	35,292
Equipment rent	2,842	788	3,630
Telephone	11,721	1,306	13,027
Maintenance and repairs	2,917	2,302	5,219
Vehicle	10,431	97	10,528
Membership, subscriptions & fees	2,101	-0-	2,101
Professional fees	6,118	3,597	9,715
Advertising	1,032	535	1,567
Client assistance	419,176	-0-	419,176
Miscellaneous	2,804	12,806	15,610
Depreciation	-0-	15,500	15,500
<b>TOTAL PROGRAM AND SUPPORTING SERVICE EXPENSES</b>	<b>\$ 985,399</b>	<b>\$ 162,127</b>	<b>1,147,526</b>
<b>In-Kind expenses</b>			<b>43,108</b>
<b>TOTAL EXPENSES</b>			<b>\$ 1,190,634</b>

See accompanying notes to financial statements.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(b) Basis of Presentation (Continued)

Tri-County Community Action Agency, Inc. has also adopted FASB ASC Subtopic 958-205, Not-For-Profit Entities-Presentation of Financial Statements, "Accounting for Contributions Received and Contributions Made." In accordance with FASB ASC Subtopic 958-205, Not-For-Profit Entities-Presentation of Financial Statements, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted contributions are reclassified to unrestricted net assets upon expiration of imposed restriction.

(c) Cash and Cash Equivalents

Cash equivalents represent short-term investments with original maturities of three months or less.

(d) Property and Equipment

Property and equipment are stated at cost for purchased assets and at fair market value on the date of contribution for donated assets. Depreciation is provided over the estimated useful lives of respective assets on a straight-line basis. Depreciation is recorded as a cost of various program services and is accounted for as an expense in the Administrative and Program Service sections of the Statement of Revenues, Expenses and Other Changes in Unrestricted Net Assets.

(e) Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs, supporting services, and fundraising expenses.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(g) Recognition of Revenue

Funds acquired from grants (Grant Funds) are generally recognized as revenue when the expenditure is incurred for the grant support program or projects and in the manner specified by the respective grant. In some instances, revenue is recorded in units of service as it has been provided by the grants. Excess of revenues over expenditures must be returned to certain grantor agencies.

Funds acquired from individuals and governmental donors (locally-generated funds) are recognized when received as no basis exists for their estimation.

(h) Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs for the year totaled \$1,568.

**NOTE 3 - FDIC COVERAGE**

Tri-County Community Action Agency, Inc. maintains its cash balances in bank deposit accounts. These deposits do not exceed the \$250,000 coverage provided by the Federal Deposit Insurance Corporation (FDIC).

**NOTE 4 - INCOME TAXES**

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Organization assesses uncertain tax positions and determined that there were no such positions that have a material effect on the financial statements.

**NOTE 5 - UNRESTRICTED NET ASSETS**

None of the organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets under FASB ASC 958-205.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 8 – GRANTS RECEIVABLE**

Grants receivable is composed of the following:

Kentucky Regional Planning and Development Agency-	
Title III-B	\$ 8,154
Adult Day	5,005
Title III-C	8,534
Home Care	8,047
Kentucky Cabinet for Health and Family Services-	
Community Services Block Grant	11,398
Kentucky Association for Community Action Agencies-	
Weatherization Assistance Program-liheap	18,585
Weatherization Assistance Program	<u>7,541</u>
Total Due from Grantors	<u>\$ 67,264</u>

**SUPPLEMENTAL INFORMATION**

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LIST OF BOARD OF DIRECTORS**  
**JUNE 30, 2014**

<u>Name</u>	<u>Address</u>
Judge Powell	Bedford, KY 40006
Judge John Logan Brent	New Castle, KY 40050
Polly Troxell	Eminence, KY 40019
Wayne Theiss	LaGrange, KY 40031
Judge David Voegele	LaGrange, KY 40031
Kenneth Cottongim	Bedford, KY 40006
Nolan Hamilton	Milton, KY 40045
Maryellen Garrison	New Castle, KY 40050
Melodye Fletcher	Campbellsburg, KY 40011
Shirley Hudson	LaGrange, KY 40031
Elsie Carter	LaGrange, KY 40031
Shane Courtney	Bedford, KY 40006
Jane Proctor	LaGrange, KY 40031
William Mason	Eminence, KY 40019
Sue Barnett	New Castle, KY 40050
Norm Pallarito	LaGrange, KY 40031
Charles Callahan	Milton, KY 40045

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2014**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERALCFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<b>U.S. Department of Health &amp; Human Services:</b>			
<i>Kentucky Cabinet for Health and Family Services:</i>			
Community Services Block Grant	93,569	PON2-736-1300002099	\$ 68,060
<i>Kentucky Association for Community Action Agencies:</i>			
Low Income Housing Energy Assistance Program (LIHEAP)	93,568	736-1300002076 Sub 22-4	327,407
Weatherization (LIHEAP)	93,568	736-1300002076 Sub 22-4	94,280
<i>Kentuckiana Regional Planning and Development Agency:</i>			
Title III-B Support Services	93,044	PON2-725 1300002030-1 (TRI)	93,895
Title III-C Nutrition Program	93,045	PON2-725 1300002030-1 (TRI)	63,305
Title III-D Health Promotion	93,043	PON2-725 1300002030-1 (TRI)	6,226
<b>Total U.S. Department of Human Services:</b>			<u>\$ 653,173</u>
<b>U.S. Department of Energy:</b>			
<i>Kentucky Association for Community Action Agencies:</i>			
Weatherization Assistance	81,042	736-1300002076 Sub 22-4	\$ 37,263
<b>Total U.S. Department of Energy:</b>			<u>\$ 37,263</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Food and Shelter National Board Program	97,024	LRO 342000-01 & 354400-001	\$ 9,970
<b>Total U.S. Department of Agriculture:</b>			<u>\$ 9,970</u>
<b>TOTAL FEDERAL AWARD PROGRAMS</b>			<u>\$ 700,406</u>

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tri-County Community Action Agency, Inc. under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents not only a selected portion of the operations of Tri-County Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Tri-County Community Actions Agency, Inc.

NOTE 2: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.



William A. Talley  
Jon D. Chesser  
Bob E. Wientjes

Kentucky Offices:  
Louisville  
Brandenburg  
Bardstown

**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 Directors of  
Tri-County Community Action Agency, Inc.

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 Tri-County Community Action Agency, Inc.(a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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 December 15, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tri-County Community Action Agency Inc.'s internal control over financial reporting (internal control) to determine the 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 Tri-County Community Action Agency Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Finding 2014-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tri-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 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*.

### **Tri-County Community Action Agency Inc.'s Response to Findings**

Tri-County Community Action Agency Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tri-County Community Action Agency Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richardson, Pennington & Skinner, PSC*

Louisville, Kentucky  
December 15, 2014

William A. Talley  
Jon D. Chesser  
Bob E. Wientjes

Kentucky Offices:  
Louisville  
Brandenburg  
Bardstown

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of  
Tri-County Community Action Agency, Inc.

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

We have audited Tri-County Community Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tri-County Community Action Agency, Inc.'s major federal programs for the year ended June 30, 2014. Tri-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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Tri-County Community Action Agency, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 Tri-County Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Tri-County Community Action Agency, Inc.'s compliance.

**Opinion on Each Major Federal Program.**

In our opinion, Tri-County Community Action Agency, Inc.'s 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, 2014.

## **Report on Internal Control Over Compliance**

Management of Tri-County Community Action Agency, Inc.'s is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tri-County Community Action Agency Inc's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ABC Organization's 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-1 that we consider to be significant deficiencies.

Tri-County Community Action Agency, Inc's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. ABC Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Richardson, Pennington & Skinner, PSC*  
Louisville, Kentucky  
December 15, 2014



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2014-1**

**Statement of Condition:** The number of accounting personnel is limited prohibiting a sufficient segregation of duties.

**Criteria:** Sound internal controls require sufficient segregation of duties.

**Effect of Condition:** Sound internal control policies are not in place.

**Cause of Condition:** The Organization is not in a position to hire additional personnel to achieve a sufficient segregation of duties.

**Recommendation:** When the Organization is in a position to do so, additional personnel should be hired to achieve a sufficient segregation of duties.

**Response:** Segregation of duties is a judgment established by management. This judgment is affected by certain circumstances beyond the Organization's control such as budgetary constraints. Due to limited staff, a proper segregation of duties may be impossible. Management believes they exercise appropriate control over staff and operations.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2014-1**

**Statement of Condition:** The number of accounting personnel is limited prohibiting a sufficient segregation of duties.

**Criteria:** Sound internal controls require sufficient segregation of duties.

**Effect of Condition:** Sound internal control policies are not in place.

**Cause of Condition:** The Organization is not in a position to hire additional personnel to achieve a sufficient segregation of duties.

**Recommendation:** When the Organization is in a position to do so, additional personnel should be hired to achieve a sufficient segregation of duties.

**Response:** Segregation of duties is a judgment established by management. This judgment is affected by certain circumstances beyond the Organization's control such as budgetary constraints. Due to limited staff, a proper segregation of duties may be impossible. Management believes they exercise appropriate control over staff and operations.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2014**

Tri-County Community Action Agency, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2014.

Audit Firm: Richardson, Pennington & Skinner, PSC  
513 South Second Street  
Louisville, KY 40202

Audit Period: Year ended June 30, 2014

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

**Finding 2014-1**

**Recommendation:** When the Organization is in a position to do so, additional personnel should be hired to achieve a sufficient segregation of duties.

**Current Status:** Segregation of duties is a judgment established by management. This judgment is affected by certain circumstances beyond the Organization's control such as budgetary constraints. Due to limited staff, a proper segregation of duties may be impossible. Management believes they exercise appropriate control over staff and operations.

**B. FINDINGS – FEDERAL AWARDS PROGRAMS**

**Finding 2014-1**

**Recommendation:** When the Organization is in a position to do so, additional personnel should be hired to achieve a sufficient segregation of duties.

**Current Status:** Segregation of duties is a judgment established by management. This judgment is affected by certain circumstances beyond the Organization's control such as budgetary constraints. Due to limited staff, a proper segregation of duties may be impossible. Management believes they exercise appropriate control over staff and operations.



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
SUMMARY OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

Board of Directors of  
Tri-County Community Action Agency, Inc.

We have audited the financial statements of Tri-County Community Action Agency, Inc. as of and for the year ended June 30, 2014, and have issued our report thereon dated December 15, 2014.

**2013 Finding**

The number of accounting personnel is limited prohibiting a sufficient segregation of duties.

**Status**

Segregation of duties is a judgment established by management. This judgment is affected by certain circumstances beyond the Organization's control such as budgetary constraints. Due to limited staff, a proper segregation of duties may be impossible. Management believes they exercise appropriate control over staff and operations.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**COMMUNITY SERVICES BLOCK GRANT PROGRAM**  
**STATEMENT OF FINANCIAL PARTICIPATION**  
**JUNE 30, 2014**

	<u>CSBG State Funds</u>	<u>CSBG</u>	<u>Total</u>
<u>Obligated Funds</u>			
Total Contract Ceiling	\$ 60,644	\$ 79,190	\$ 139,834
General Fund Participation	\$ 60,644	\$ -0-	\$ 60,644
CSBG Financial Participation	-0-	68,060	68,060
Total Financial Participation/Allowable Expense	60,644	68,060	128,704
Less: Allowable Expense	(60,644)	(68,060)	(128,704)
Total Obligated Funds	\$ -0-	\$ -0-	\$ -0-
<u>CSBG Over/Underpayment</u>			
Total Allowable Expense	\$ 60,644	\$ 68,060	\$ 128,704
Less: Contract payments received as of June 30, 2014	(60,644)	(56,662)	(117,306)
Questioned costs	-0-	-0-	-0-
Underpayment Due the Agency at June 30, 2014	-0-	11,398	11,398
Payment received in July, 2014	-0-	11,398	11,398
Overpayment Due Grantor	\$ -0-	\$ -0-	\$ -0-
<u>CSBG Local Match Requirement</u>			
CSBG Allowable Expense		\$ 128,704	
Funding Level Restated at 100%		\$ 128,704	
Local Match Required		\$ 32,176	
Less Local In-kind Match Provided		(32,176)	
Excess Local Match		\$ -0-	

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**COMMUNITY SERVICES BLOCK GRANT PROGRAM**  
**STATEMENT OF ALLOWABLE EXPENSES**  
**JUNE 30, 2014**

	<u>State Funds</u>	<u>CSBG</u>	<u>Total</u>
<b>Expenses:</b>			
Personnel and fringes	\$ 37,591	\$ 48,523	\$ 86,114
Travel	879	585	1,464
Other	20,801	49,671	70,472
Supplies	<u>1,373</u>	<u>1,457</u>	<u>2,830</u>
 Total Expenses	 60,644	 100,236	 160,880
 In-kind contributions	 -0-	 (32,176)	 (32,176)
Questioned costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total Allowable CSBG Expenses	 60,644	 68,060	 128,704
 Less contract payments	 <u>(60,644)</u>	 <u>(56,662)</u>	 <u>(117,306)</u>
 Net CSBG Under(Over)payment Reflected in the Financial Statements	 <u>\$ -0-</u>	 <u>\$ 11,398</u>	 <u>\$ 11,398</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
COMMUNITY SERVICES BLOCK GRANT PROGRAM  
STATEMENT OF QUESTIONED COSTS  
JUNE 30, 2014**

	<u>Actual</u>	<u>Questioned Costs</u>	<u>Balance</u>
Personnel and fringes	\$ 86,114	\$ -0-	\$ 86,114
Supplies	2,830	-0-	2,830
Travel	1,464	-0-	1,464
Other	<u>70,472</u>	<u>-0-</u>	<u>70,472</u>
<b>Total CSBG Expenses</b>	<b><u>\$ 160,880</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 160,880</u></b>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**WEATHERIZATION PROGRAM**  
**STATEMENT OF QUESTIONED COSTS**  
**CONTRACT NUMBER 736-130002076**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>DOE</u>	<u>Questioned Costs</u>	<u>Balance</u>
<b>Expenses:</b>			
Administration	\$ 1,948	\$ -0-	\$ 1,948
Materials	5,663	-0-	5,663
Program support	5,915	-0-	5,915
Labor	8,633	-0-	8,633
Audit	3,913	-0-	3,913
Insurance	6,522	-0-	6,522
Health and safety	4,669	-0-	4,669
Vehicle/Equipment	-0-	-0-	-0-
Training	-0-	-0-	-0-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Expenses</b>	<b><u>\$ 37,263</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 37,263</u></b>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)**  
**STATEMENT OF PROGRAM EXPENDITURES**  
**CONTRACT NUMBER 736-1300002076 Sub 22-03**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Expenses:</b>		
<b>Administrative</b>		
Salary	\$ 20,285	
Other	7,882	
<b>Total Administrative</b>	<u>                    </u>	<b>\$ 28,167</b>
<b>Benefits</b>		
Subsidy	91,993	
Summer Cooling	-0-	
Crisis	207,247	
<b>Total Benefits</b>	<u>                    </u>	<u>299,240</u>
<b>Total Expenses</b>		<u><u>\$ 327,407</u></u>
<b>Allowable Expenses:</b>		
Administration		\$ 28,167
Benefits		<u>299,240</u>
<b>Total Allowable Expenses</b>		<b>327,407</b>
<b>Less: Contract payments received as of</b>		
June 30, 2014		<u>(327,407)</u>
<b>Under/Over Payment due to agency (KACA)/(CAK)</b>		<u><u>\$ -0- *</u></u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)**  
**STATEMENT OF QUESTIONED COSTS**  
**CONTRACT NUMBER 736-1300002076 Sub 22-03**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Actual</u>	<u>Questioned Cost</u>	<u>Balance</u>
<b>Administration:</b>			
Salary	\$20,285	\$ -0-	\$20,285
Other	<u>\$ 7,882</u>	<u>-0-</u>	<u>\$ 7,882</u>
<b>Total Administration</b>	<u>28,167</u>	<u>-0-</u>	<u>28,167</u>
<b>Benefits:</b>			
Subsidy	91,993	-0-	91,993
Summer Cooling	-0-	-0-	-0-
Crisis	<u>207,247</u>	<u>-0-</u>	<u>207,247</u>
<b>Total Benefits</b>	<u>299,240</u>	<u>-0-</u>	<u>299,240</u>
<b>Total</b>	<u><u>\$ 327,407</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$327,407</u></u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC  
 TITLE III-B SUPPORT SERVICES GRANT  
 SCHEDULE OF PROGRAM ACTIVITIES  
 CONTRACT NUMBER PON2-725 1300002030-1 (TRI)  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Contract Budget</b>	<b>Actual</b>
Revenue:		
Federal Funds	93,895	\$ 93,895
State Funds	24,703	24,703
Required Local Match	13,177	13,177
<b>Total Revenue</b>	<b>\$ 131,775</b>	<b>\$ 131,775</b>

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts)	\$ 118,598
Service Provided	\$ 118,598
Amount Earned	\$ 118,598
Payments from KIPDA as of 6/30/14	110,444
Due from (to) KIPDA at 6/30/14	\$ 8,154



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**TITLE III-B SUPPORT GRANT**  
**STATEMENT OF REVENUE AND COSTS AND COMPUTATION OF EARNED GRANT**  
**CONTRACT NUMBER PON2-725 1300002030-1 (TRI)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Information per Grantor Reports

Revenue:	<u>Budget</u>	<u>Actual</u>
Title III Grant received	\$ 118,598	\$ 118,598
Required Local Match	<u>13,177</u>	<u>13,177</u>
 Total Revenue	 <u>\$ 131,775</u>	 <u>\$ 131,775</u>

Computation of Earned Grant

According to the grant contract, the earned grant shall be the lesser of:

	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Grant Budget	\$ 131,775	\$ 93,895	\$ 24,703	\$ 13,177
Eligible Income Earned	<u>\$ 131,775</u>	<u>\$ 93,895</u>	<u>\$ 24,703</u>	<u>\$ 13,177</u>
 Total Earned Grant	 <u>\$ 131,775</u>	 <u>\$ 93,895</u>	 <u>\$ 24,703</u>	 <u>\$ 13,177</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**  
**TITLE III-C CONGREGATE & HOME DELIVERED MEAL SERVICES**  
**SCHEDULE OF PROGRAM ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
Federal Funds	As Approved	\$ 63,305
State Funds	As Approved	40,689
Required Match	As Approved	<u>11,609</u>
<b>Total Revenues</b>	<u>\$ -0-</u>	<u>\$ 115,603</u>

<b>UNITS OF SERVICE</b>	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>
C1 Food Service/Meal Delivery	As Approved	12,355	\$ 2.54	\$ 31,382
C2 Food Service/Meal Delivery	As Approved	<u>22,340</u>	3.77	<u>84,222</u>
Total		<u>34,695</u>		115,603
<b>Total Amount Earned</b>				<u><u>\$ 115,603</u></u>

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 97,713</u>
Amount Earned	\$ 97,713
Payments from KIPDA as of 6/30/14	<u>89,179</u>
Due from (to) KIPDA at 6/30/14	<u>\$ 8,534</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**  
**TITLE III-D HEALTH PROMOTION/DISEASE PREVENTION SERVICES**  
**SCHEDULE OF PROGRAM ACTIVITIES**  
**CONTRACT NUMBER P0N2-725 1308802030-1 (TRI)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Contract Budget</u>	<u>Actual</u>
Revenue:		
Federal Funds	\$ 6,226	\$ 6,226
State Funds	4,152	4,152
Required local match	-0-	0
<b>Total Revenue</b>	<b><u>\$ 10,378</u></b>	<b><u>\$ 10,378</u></b>

	<u>Funded Service</u>	<u>Federal Amount Earned</u>	<u>State Amount Earned</u>	<u>Match</u>	<u>Total</u>	<u>Questioned Costs</u>
Funding For Each Center:						
Henry	Arthritis Exercise	\$ 992	\$662	\$0	\$1,654	\$ -0-
Henry	Active Living Everyday	1,066	711	0	1,777	-0-
Oldham	Active Living Everyday	985	657	0	1,642	-0-
Oldham	Eat Better Move More	915	611	0	1,526	-0-
Trimble	Arthritis Exercise	1,105	736	0	1,841	-0-
Trimble	Active Living Everyday	<u>1,163</u>	<u>775</u>	<u>0</u>	<u>1,938</u>	<u>-0-</u>
<b>Totals</b>		<b><u>\$ 6,226</u></b>	<b><u>\$ 4,152</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 10,378</u></b>	<b><u>\$ -0-</u></b>

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts) Service Provided	<u>\$ 10,378</u>
Amount Earned Payments from KIPDA as of 6/30/14	<u>\$ 10,378</u>
Due from (to) KIPDA at 6/30/14	<u>\$ -</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**  
**HEMOCARE PROGRAM**  
**SCHEDULE OF PROGRAM ACTIVITIES**  
**CONTRACT NUMBER PON2-725 1300002030-1 (TRI)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

State Grantor: Commonwealth of Kentucky, Cabinet for Health Services  
 Pass-through Grantor: KIPDA  
 Program Title: Homecare Program  
 Pass-through Contract No.: CONTRACT NUMBER PON2-725 1300002030-1 (TRI)  
 Period of Contract: July 1, 2013 to June 30, 2014

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
State Funds	As Approved	\$ 90,464
Local Match	<u>-0-</u>	<u>10,052</u>
Total Revenues	<u>\$ -0-</u>	<u>\$ 100,516</u>

UNITS OF SERVICE	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>	<u>Questioned Costs</u>
Personal Care	As Approved	2964	\$12.80	\$37,939	\$ -0-
Chore	As Approved	9	17	510	-0-
Escort	As Approved	82	22.00	1,804	-0-
Homemaking	As Approved	3,880	12.80	49,664	-0-
Respite Homemaking HC	As Approved	828	12.80	10,598	-0-
Total		<u>7,763</u>		<u>100,516</u>	<u>\$ -0-</u>
Less Match				<u>(10,052)</u>	
Total Amount Earned				<u>\$ 90,464</u>	

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 90,464</u>
Amount Earned	\$ 90,464
Payments from KIPDA as of June 30, 2014	<u>82,417</u>
Due from (to) KIPDA at June 30, 2014	<u>\$ 8,047</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC  
ADULT DAY CARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES  
CONTRACT NUMBER PON2-725-1300002030-1 (TRI)  
FOR THE YEAR ENDED JUNE 30, 2014**

State Grantor: Commonwealth of Kentucky, Cabinet for Health Services  
 Pass-through Grantor: KIPDA  
 Program Title: Adult Day Care  
 Pass-through Contract No.: CONTRACT NUMBER PON2-725-1300002030-1 (TRI)  
 Period of Contract: July 1, 2013 to June 30, 2014

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
State Funds	As Approved	\$ 49,533
Fees Due From Client	<u>-0-</u>	<u>1,296</u>
Total Revenues	<u>\$ -0-</u>	<u>\$ 50,829</u>

UNITS OF SERVICE	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>	<u>Questioned Costs</u>
Adult Day (non-Alzheimer's)	As Approved	8,878	3.75	\$ 33,294	\$ -0-
Alzheimer's Respite in Day Care	As Approved	4,327	4.00	17,308	-0-
Case Management (non-Alzheimer's)	As Approved	28	3.75	105	-0-
Case Management (Alzheimer's)	As Approved	31	4.00	124	-0-
Homecare In-Facility Respite	As Approved	<u>0</u>	3.75	-	<u>-0-</u>
Total		<u>13,264</u>		50,829	<u>\$ -0-</u>
Less Fees Due from Client				(1,296)	
Total Amount Earned				<u>\$ 49,533</u>	

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 49,533</u>
Amount Earned	\$ 49,533
Payments from KIPDA as of 6/30/14	<u>44,528</u>
Due from (to) KIPDA at 6/30/14	<u>\$ 5,005</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC  
ADULT DAY CARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES (CONTINUED)  
CONTRACT NUMBER PON2-725 1300002030-1 (TRI)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Amount</u>
<b>Revenues:</b>	
State funds	\$ 49,533
In-kind	-0-
Local support	15,019
Private pay fees	52,798
Fees & donations	1,350
<b>Total Revenues</b>	<b>118,700</b>
 <b>Expenses:</b>	
Salaries and fringes	64,454
Travel	56
Supplies	1,024
Maintenance	1,094
Advertising	33
Insurance	1,831
Telephone	1,665
Postage	180
Contract/subscription	278
Training	16
Vehicle	3,634
Miscellaneous	0
Space Costs	2,768
<b>Total Expenses</b>	<b>77,033</b>
 <b>Total Revenues over Expenses</b>	<b>\$ 41,667</b>
 <b>Indirect Expenses</b>	<b>22,305</b>
 <b>Net Revenues over Expenses</b>	<b>\$ 19,362</b>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LIHEAP-WEATHERIZATION**  
**STATEMENT OF ALLOWABLE EXPENSES**  
**CONTRACT NUMBER 736-130002076**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>DOE Weatherization Assistance</u>
Expenses:	
Administration	\$ 4,965
Materials	23,969
Program support	23,827
Labor	15,191
Health and safety	26,328
Total Expenses	<u>94,280</u>
Less: Questioned costs	<u>-0-</u>
Total Expenses Less Questioned Costs	94,280
Less: Contract payments June 30	75,695
CAK purchased equipment	-0-
CAK purchased materials	-0-
Under/(Over)payment Due Agency	<u>\$ 18,585</u>