Barren River Area Development District

Financial Statements

June 30, 2018



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Board of Directors

Bowling Green, Kentucky

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Barren River Area Development District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic

Barren River Area Development District

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Report on the Financial Statements

Management's Responsibility for the Financial Statements

financial statements as listed in the table of contents.

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.

Auditors' 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. 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 auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and select pension and OPEB information on pages 4 through 13 and 55 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements, specific grant activity reports and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

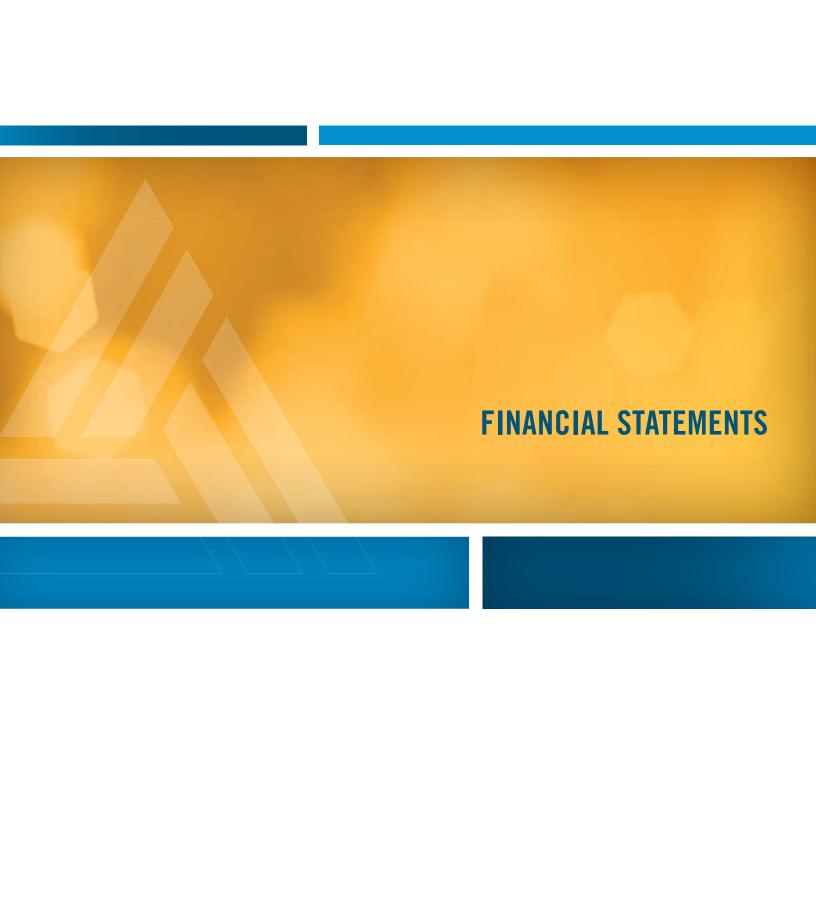
The combining statements, grant activity reports, other information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, grant activity reports, other information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 December 14, 2018 on our consideration of Barren River Area Development District'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 Barren River Area Development District'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 the District's internal control over financial reporting and compliance.

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 14, 2018







BARREN RIVER AREA DEVELOPMENT DISTRICT (BRADD) MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2018

As management of the Barren River Area Development District (BRADD), we offer readers of BRADD's financial statements this narrative overview and analysis of the financial activities of BRADD for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

BRADD MAJOR PROGRAMS AND SERVICES

Programs and activities of the BRADD are operated under the general direction of a Board composed of representation from the ten county area, which includes Allen, Barren, Butler, Edmonson, Hart, Logan, Metcalfe, Monroe, Simpson and Warren. The Executive Director coordinates and administers a staff to provide the programs and services set forth by the Board. Goals and objectives of the BRADD are outlined in the Comprehensive Economic Development Strategy (CEDS), which is updated annually.

- Aging and Independent Living Services administers the provision of aging related services in the ten county region, through the Area Agency on Aging and Independent Living, including the Participant Directed Services (PDS) program.
- Community and Economic Development provides assistance to local governments and industrial development agencies developing physical resources to meet demands for community, business, and industrial growth and expansion; offers funding through RLF loan programs to qualified projects.
- **Information Systems and Data Services** maintains and provides a variety of information ranging from Census data, maps, and transportation counts to the creation of data sets using the Geographic Information System (GIS) and Global Positioning Satellite (GPS) tools.
- **Government Services** provides a broad range of services to local governments including technical assistance, training, and publications.
- **Planning Services** provides staffing support for activities to protect the resources of the ten county area. Programs include water and wastewater supply planning, waste management, and comprehensive planning.
- Transportation and Transit Planning Services provides coordination of transportation of planning efforts between the State and local governments and provides information and technical assistance to local governments for street and road funding and development of airports, bikeways and public transportation systems.

FINANCIAL HIGHLIGHTS

- ❖ Net position for governmental activities is \$532,959 and (\$555,238) as of June 30, 2017 and 2018, respectively. The FY18 amount includes \$726,699 invested in capital assets, \$555,597 restricted for grant programs, \$225,793 restricted for building maintenance, and (\$2,063,327) is unrestricted. The decrease is due to pension related activities and the adoption of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).
- ❖ For governmental activities, revenues are \$8,108,491 for the year ended June 30, 2018. For the year ended June 30, 2017, revenues were \$7,810,338. The increase of \$298,153 from 2017 to 2018 is primarily attributable to the growth of the PDS program.
- ❖ The net increase in fund balances for all funds during the year ended June 30, 2018 is \$133,924, which is primarily attributable to the timing of local contracts in JFA group and no special repayments from General Fund. Fund balances increased for the Special Revenue Funds by \$85,349 and increased for the General Fund by \$48,575.
- ❖ Barren River Local Officials Organization (BRLOO) is a blended component unit of the District and is shown as an enterprise fund on the District's financial statements. BRLOO's purpose is to promote the economic development of the District and to acquire and lease transit vehicles for local service agencies. BRLOO's net position is \$119,721 and \$85,361 as of June 30, 2017 and 2018 respectively.

BASIC FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements, fund financial statements, proprietary fund statements, and related notes. The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which provide information about the activities of BRADD as a whole and present a longer-term view of BRADD's finances. The fund financial statements focus on governmental activities and how various services were financed in the short-term as well as the balance remaining for future spending. Fund financial statements also report BRADD's operations in more detail than the government-wide statements by providing information about BRADD's most significant funds. The proprietary fund statements are used to document the activities of BRLOO and include the Statement of Net Position, Statement of Revenues, Expenditures and Changes in Fund Net Position, and Statement of Cash Flows. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of BRADD's finances, in a manner similar to private-sector business. These statements report information about the BRADD using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is paid or received.

The Statement of Net Position presents information on all of BRADD's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the BRADD is improving or deteriorating.

The Statement of Activities presents information showing how BRADD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

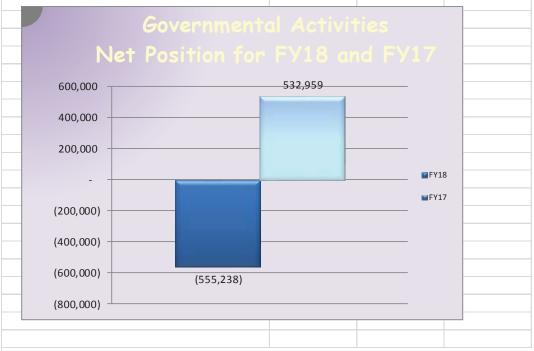
The government-wide financial statements outline functions of the BRADD that are principally supported by grants and agreements between BRADD and various units of government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not BRADD as a whole. BRADD's basic services are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of BRADD's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance BRADD's programs. BRADD's funds consist of the Local (or General Fund), JFA and Non-JFA, Aging, Participant Directed Services and Revolving Loan Fund.

Net Position for June 30,				Percentage
		FY18	FY17	Change
Cash and Investments		31,768	30,667	3.59%
Accounts Receivable		-	672	
Capital Assets, net		54,807	88,382	-37.99%
Total Assets		86,575	119,721	-27.69%
Accounts Payable		-	-	
Jnearned Revenue		1,214	-	
Total Liabilities		1,214	-	
nvestment in Capital Asset	S	54,807	88,382	-37.999
Unrestricted Funds		30,554	31,339	-2.50%
Total Net Position		85,361	119,721	-28.70%
Net P	usiness Type Position for F		V17	
		Y18 and F	V17	
Net P			V17	
140,000	osition for F	Y18 and F	V17	
140,000 120,000 100,000		Y18 and F	V17	Y18
140,000 120,000	osition for F	Y18 and F		
140,000 120,000 100,000	osition for F	Y18 and F		Y18 Y17
140,000 120,000 100,000 80,000	osition for F	Y18 and F		
140,000 120,000 100,000 80,000	osition for F	Y18 and F		
140,000 120,000 100,000 80,000 60,000 40,000	osition for F	Y18 and F		

Governmental Activities			
Net Position for June 30, 2018 and June 30,	2017		
			Percentage
	FY18	FY17	Change
Cash and Investments	2,272,815	2,241,666	1.39%
Grants Receivable	548,382	540,461	1.47%
Accounts Receivable	464,628	301,649	54.03%
Loans, net	67,237	133,668	-49.70%
Other	29,199	6,777	330.85%
Capital Assets, net	726,699	790,283	-8.05%
Total Assets	4,108,960	4,014,504	2.35%
OPEB Related	312,864	-	
Pension Related	1,144,043	845,937	35.24%
Total Deferred Outflows of Resources	1,456,907	845,937	72.22%
Accounts Payable	472,174	461,020	2.42%
Accrued Liabilities	170,843	175,372	-2.58%
Unearned Revenue	109,004	76,876	41.79%
Compensated Absences	71,830	86,467	-16.93%
Net OPEB Liability	1,150,599	-	
Net Pension Liability	3,350,082	3,526,454	-5.00%
Total Liabilities	5,324,532	4,326,189	23.08%
OPEB Related	60,243	-	
Pension Related	736,330	1,293	56847.41%
Total Deferred Inflows of Resources	796,573	1,293	61506.57%
Investment in Capital Assets	726,699	790,283	-8.05%
Restricted for Grant Programs	555,597	524,753	5.88%
Restricted for Building Maintenance	225,793	246,222	
Unrestricted Funds	(2,063,327)	(1,028,299)	100.65%
Total Net Position	(555,238)	532,959	-204.18%



^{*} At year-end liabilities exceeded assets by \$555,238 with a net change of (\$1,088,197) or -204.18%

REVENUES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, revenues are \$8,108,491 for the year ended June 30, 2018, representing an increase of \$298,153 or 3.82% from \$7,810,338 for the year ended June 30, 2017.

	2018	2018	2017	2017	Change	Change
	Revenue \$	Revenue %	Revenue \$	Revenue %	in \$	in %
Program Revenues:						
Charges for Services	116,191	1.43%	86,868	1.11%	29,323	33.76%
Operating Grants and						
Contributions	7,983,548	98.46%	7,718,115	98.82%	265,433	3.44%
Total program revenues	8,099,739		7,804,983		294,756	
General Revenues:						
Investment Income	8,752	0.11%	5,355	0.07%	3,397	63.44%
Total Revenues	8,108,491		7,810,338		298,153	3.82%

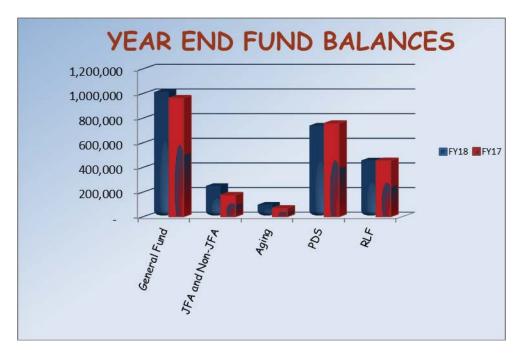
EXPENSES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, expenses are \$8,367,324 for the year ended June 30, 2018, representing an increase of \$146,616 or 1.78% from \$8,220,708 for the year ended June 30, 2017. Object expenses as a percentage of total expenses for both years are as follows:

	2018	2018	2017	2017	Change	Change
	Expense \$	Expense %	Expense \$	Expense %	in \$	in %
Governmental Activities						
Object Expenses:						
Program Services	5,643,365	67.45%	5,203,447	63.30%	439,918	8.45%
Personnel	2,244,972	26.83%	2,463,792	29.97%	(218,820)	-8.88%
Contractual Services	5,519	0.07%	1,635	0.02%	3,884	237.55%
Travel	62,204	0.74%	63,024	0.77%	(820)	-1.30%
Repairs and Maintenance	52,851	0.63%	22,491	0.27%	30,360	134.99%
Insurance	36,981	0.44%	29,931	0.36%	7,050	23.55%
Direct Other	1,241	0.01%	91,933	1.12%	(90,692)	-98.65%
Audit & Legal Fees	35,792	0.43%	47,159	0.57%	(11,367)	-24.10%
Space & Rental	-	0.00%	5,158	0.06%	(5,158)	-100.009
Telephone	8,654	0.10%	10,613	0.13%	(1,959)	-18.469
Office Supplies	16,602	0.20%	17,363	0.21%	(761)	-4.389
Postage	8,926	0.11%	7,990	0.10%	936	11.719
Printing	13,219	0.16%	13,684	0.17%	(465)	-3.409
Pension Management	276	0.00%	-	0.00%	276	
Miscellaneous	8,117	0.10%	11,651	0.14%	(3,534)	-30.339
Staff Training	26,979	0.32%	26,978	0.33%	1	0.009
Meeting	11,766	0.14%	14,095	0.17%	(2,329)	-16.529
Utilities	30,694	0.37%	31,247	0.38%	(553)	-1.779
Depreciation	63,584	0.76%	65,060	0.79%	(1,476)	-2.279
Computer Support & Maintenance	44,576	0.53%	38,277	0.47%	6,299	16.469
Marketing & Advertising	17,694	0.21%	20,257	0.25%	(2,563)	-12.65%
Janitorial	14,160	0.17%	14,158	0.17%	2	0.019
Dues & Subscriptions	19,152	0.23%	20,765	0.25%	(1,613)	-7.779
Total Expenses	8,367,324		8,220,708		146,616	1.789

FUND BALANCES

Fund balances overall increased \$133,924 or 5.52% from \$2,424,486 to \$2,558,410 between FY 17 and FY 18.



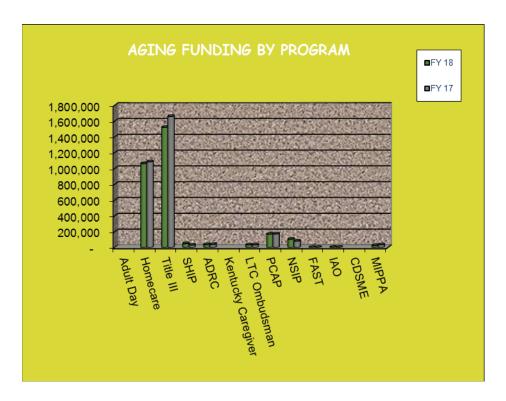
REVENUES VS EXPENDITURES





- * Examples of other expenditures are insurance, utilities, and repairs and maintenance.
- ❖ Intergovernmental revenue accounts for 92% of total revenues while program services accounts for 72% of total expenditures.

SPECIAL REVENUE FUNDS



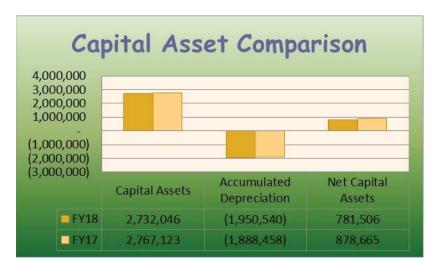
- Overall Intergovernmental Aging funding decreased approximately \$135,000 during FY 18 due to continued State budget reductions.
- Examples of aging services include case management, home delivered meals and legal assistance.

ADDITIONAL SPECIAL REVENUE FUNDS

- Revolving Loan Fund (RLF) fund balance increased slightly due to interest income being collected.
- Participant Directed Services (PDS) fund balance decreased due to the program being a cost reimbursement program and the reimbursement rate was lowered during FY 17. It is expected that it will take a couple of years to adjust for that decrease in rate.
- General Fund balance decreased primarily due to more dues being collected and less personnel charges.
- JFA and Non-JFA fund balance increased due to performance based agreements.

CAPITAL ASSETS

At June 30, 2018, BRADD and its component units had invested \$2,732,046 in capital assets, consisting of land, building, furniture, equipment, and vehicles. The accumulated depreciation on those assets is \$1,950,540; therefore, net capital assets are \$781,506. This is a decrease of \$97,159 or 11.06% of net capital assets from FY 17.



OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the BRADD is continued adequate funding from federal and state grantor agencies. Since mandated special programs remain underfunded and must be supplemented with local funds, increases from locally generated funds must be sought. BRADD will continue to operate conservatively to assure that a deficit does not occur due to federal and state under-funding. In addition, BRADD will continue to utilize financial funds from federal, state, and local agencies to provide beneficial services to the cities and counties in the region. BRADD will continue efforts to generate new program opportunities and funding sources as a top priority.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and other stakeholders with a general overview of the Barren River Area Development District's accountability for the funding received. Any questions about this report or requests for additional information should be directed to Eric Sexton, Executive Director, at Barren River Area Development District, 177 Graham Avenue, Bowling Green, KY 42101, or by calling (270) 781-2381.

Barren River Area Development District Statement of Net Position

June 30, 2018

	Go	overnmental Activities	ness-Type ctivities	Total
Assets				
Cash and investments	\$	2,272,815	\$ 31,768	\$ 2,304,583
Grants receivable		548,382	-	548,382
Accounts receivable		464,628	-	464,628
Loans, net		67,237	-	67,237
Other		29,199	-	29,199
Nondepreciable capital assets		71,133	-	71,133
Depreciable capital assets		1,931,754	729,159	2,660,913
Less: accumulated depreciation		(1,276,188)	(674,352)	(1,950,540)
Total assets		4,108,960	86,575	4,195,535
Deferred Outflows of Resources				
OPEB related		312,864	-	312,864
Pension related		1,144,043	-	1,144,043
Total deferred outflows of resources		1,456,907	-	1,456,907
Liabilities				
Accounts payable		472,174	-	472,174
Accrued liabilities		170,843	-	170,843
Unearned revenue		109,004	1,214	110,218
Compensated absences		71,830	-	71,830
Net OPEB liability		1,150,599	-	1,150,599
Net pension liability		3,350,082	-	3,350,082
Total liabilities		5,324,532	1,214	5,325,746
Deferred Inflows of Resources				
OPEB related		60,243	-	60,243
Pension related		736,330	-	736,330
Total deferred inflows of resources		796,573	-	796,573
Net Position				
Net investment in captial assets		726,699	54,807	781,506
Restricted		, -	,	,
Grant programs		555,597	-	555,597
Building maintenance		225,793	-	225,793
Unrestricted		(2,063,327)	30,554	(2,032,773)
Total net position	\$	(555,238)	\$ 85,361	\$ (469,877)

Barren River Area Development District Statement of Activities

Year Ended June 30, 2018			Program Revenues	les	Net (E	Net (Expense) Revenue and Changes in Net Position	and
		,	Operating	Capital Grants			
	Expenses	Charges tor Services	Grants and Contributions	and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Program services	\$ 5,643,365	\$ 116,191	\$ 5,652,346	\$	\$ 125,172	\$	\$ 125,172
Personnel	2,244,972	ı	1,915,799	ı	(329,173)	ı	(329, 173)
Contractual services	5,519	ı	5,519	1	1	1	1
Travel	62,204	ı	62,204	ı	1	1	ı
Repairs and maintenance	52,851	ı	52,851	ı	1	ı	ı
Insurance	36,981	ı	36,981	ı	1	ı	ı
Direct other	1,241	ı	1,241	ı	1	ı	ı
Audit and legal fees	35,792	ı	35,792	ı	1	1	ı
Telephone	8,654	ı	8,654	ı	1	ı	ı
Office supplies	16,602	ı	16,602	ı	ı	ı	ı
Postage	8,926	ı	8,926	ı	ı	ı	ı
Printing	13,219	ı	13,219	ı	ı	ı	ı
Pension management	276	ı	276	ı	ı	ı	ı
Miscellaneous	8,117	ı	8,117	ı	1	ı	ı
Staff training	26,979	ı	26,979	ı	1	1	ı
Depreciation - unallocated	63,584	ı	•	ı	(63,584)	ı	(63,584)
Utilities	30,694	ı	30,694	ı	1	1	ı
Computer support and							
maintenance	44,576	ı	44,576	ı	ı	ı	ı
Marketing and advertising	17,694	ı	17,694	ı	ı	ı	ı
Meeting	11,766	ı	11,766	ı	ı	ı	ı
Janitorial	14,160	1	14,160	1	1	1	1

The accompanying notes are an integral part of these financial statements.

Barren River Area Development District Statement of Activities

			(Net (E)	Net (Expense) Revenue and	pu
Year Ended June 30, 2018			Program Revenues	es Canital Grants	Chan	Changes in Net Position	_
		Charges for	Grants and	and	Governmental	Governmental Business-Type	
	Expenses	Services	Contributions	Contributions	Activities	Activities	Total
Dues and subscriptions	19,152	1	19,152	'	ı	1	1
Total governmental activities	8,367,324	116,191	7,983,548		(267,585)	1	(267,585)
Business-type activities							
Audit and legal fees	785	ı	1	1	ı	(785)	(785)
Depreciation expense	33,575	ı	1	1	1	(33,575)	(33,575)
Total business-type activites	34,360	1	1	1	ı	(34,360)	(34,360)
Total government	\$ 8,401,684	\$ 116,191	\$ 116,191 \$ 7,983,548 \$	- \$	(267,585)		(34,360) (301,945)

General Revenues					
Investment income		8,752	1	8,752	52
Total general revenues		8,752	•	8,752	52
Change in net position		(258,833)	(34,360)	(293,193)	93)
Net position - beginning of year, as previously stated		532,959	119,721	652,680	80
Effect of adoption of GASB 75		(829,364)	1	(829,364)	54)
Net position - beginning of year, as restated		(296,405)	119,721	119,721 (176,684)	84)
Net position - end of year	Ş	\$ (555,238) \$ 85,361 \$ (469,877)	85,361	\$ (469,8	[]

The accompanying notes are an integral part of these financial statements.

Barren River Area Development District Balance Sheet Governmental Funds

June 30, 2018		General Fund		Special Revenue Funds	Go	Total overnmental Funds
Assets						
Cash and investments	\$	888,104	\$	1,384,711	\$	2,272,815
Due from other funds		179,780	Ċ	238,468	•	418,248
Grants receivable		-		548,382		548,382
Accounts receivable		75		464,553		464,628
Loans, net		-		67,237		67,237
Other		-		29,199		29,199
Tatalassata	ć	1 007 050	۲	2 722 550	<u>ر</u>	2 000 500
Total assets	\$	1,067,959	\$	2,732,550	\$	3,800,509
Liabilities and Fund Balances Liabilities						
Due to other funds	\$	2,624	\$	415,624	\$	418,248
Accounts payable		-		472,174		472,174
Accrued payroll and taxes		-		170,843		170,843
Unearned revenue		53,392		55,612		109,004
Compensated absences		-		71,830		71,830
Total liabilities		56,016		1,186,083		1,242,099
Fund Balances						
Non-Spendable		_		29,199		29,199
Restricted		225,793		555,597		781,390
Assigned		-		961,671		961,671
Unassigned		786,150		-		786,150
Total fund balances		1,011,943		1,546,467		2,558,410
Total liabilities and fund balances	\$	1,067,959	\$	2,732,550	\$	3,800,509

Barren River Area Development District Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30,	2018
Total fund balances - governmental funds	\$ 2,558,410
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$2,002,887 and the accumulated depreciation is \$1,276,188.	726,699
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.	407,713
Deferred outflows and inflows of resources related to OPEB expense are applicable to future periods, therefore, are not reported in the fund statements.	252,621
Long-term liabilities, including net pension and net OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of: Net OPEB liability	(1,150,599)
Net pension liability	(3,350,082)
Total net position - governmental activities	\$ (555,238)

Barren River Area Development District Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2018		General Fund		Special Revenue Funds	Go	Total vernmental Funds
Revenues						
Intergovernmental revenue	\$	_	\$	7,352,217	\$	7,352,217
Local revenue	,	116,191	т	376,450	т.	492,641
In-kind income		,		138,126		138,126
Program income		48		87,468		87,516
Investment income		6,329		2,423		8,752
Other income		22,437		6,802		29,239
Total revenues		145,005		7,963,486		8,108,491
Expenditures						
Program services		-		5,643,365		5,643,365
Personnel		18,724		1,897,075		1,915,799
Contractual services		4,344		1,175		5,519
Travel		5,202		57,002		62,204
Repairs and maintenance		24,313		28,538		52,851
Insurance		1,426		35,555		36,981
Direct other		-		1,241		1,241
Audit and legal fees		4,966		30,826		35,792
Telephone		65		8,589		8,654
Office supplies		766		15,836		16,602
Postage		50		8,876		8,926
Printing		77		13,142		13,219
Pension management		3		273		276
Miscellaneous		824		7,293		8,117
Staff training		423		26,556		26,979
Utilities		301		30,393		30,694
Computer support and						
maintenance		189		44,387		44,576
Marketing and advertising		2		17,692		17,694
Dues and subscriptions		13,507		5,645		19,152
Janitorial		139		14,021		14,160
Meeting		8,814		2,952		11,766
Total expenditures		84,135		7,890,432		7,974,567
Excess of revenues over expenditures		60,870		73,054		133,924

Barren River Area Development District Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2018	General Fund	Special Revenue Funds	Total Governmental Funds
Other Financing Sources (Uses) Operating transfers in Operating transfers out	- (12 20E)	12,295	12,295
Total other financing sources (uses)	(12,295)	12,295	(12,295)
Net change in fund balance	48,575	85,349	133,924
Fund balances - beginning of year	963,368	1,461,118	2,424,486
Fund balances - end of year	\$ 1,011,943 \$	1,546,467	\$ 2,558,410

Barren River Area Development District Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Year Ended June 30,	2018
Total net change in fund balances - governmental funds	\$ 133,924
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$63,584) exceed capital outlays (\$0) in the period.	(63,584)
Government funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	(260,559)
Government funds report District OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense	(68,614)
Change in net position - governmental activities	\$ (258,833)

Barren River Area Development District Statement of Net Position Proprietary Fund

Lune 20, 2010	Loca	Barren River Local Officials	
June 30, 2018	Org	anization	
Assets			
Current assets			
Cash	\$	31,768	
Total current assets		31,768	
Noncurrent assets			
Fixed assets - net		54,807	
Total noncurrent assets		54,807	
Total assets		86,575	
Liabilities and Net Position			
Current liabilities			
Unearned revenues		1,214	
Total liabilities		1,214	
Net Position			
Net investment in capital assets		54,807	
Unrestricted		30,554	
Total net position	\$	85,361	

Barren River Area Development District Statement of Revenues, Expenditures and Changes in Fund Net Position Proprietary Fund

Year Ended June 30, 2018	Barren River Local Officials Organization
Operating Expenses	
Audit and legal fees	\$ 785
Depreciation expense	33,575
Total operating expenses	34,360
Operating loss	(34,360)
Change in net position	(34,360)
Net position - beginning of year	119,721
Net position - end of year	\$ 85,361

Barren River Area Development District Statement of Cash Flows Proprietary Fund

Year Ended June 30, 2018	L	Barren River ocal Officials Organization
Cash Flours from Operating Activities		
Cash Flows from Operating Activities	4	(705)
Cash payments for other operating expenses	\$	(785)
Net cash (used in) operating activities		(785)
Cash Flows from Capital and Related Financing Activities Proceeds from local contributions		1,886
Net cash provided by (used in) capital and related financing activities		1,886
Net increase in cash		1,101
Cash - beginning of year		30,667
Cash - end of year	\$	31,768

Barren River Area Development District Statement of Cash Flows Proprietary Fund

Year Ended June 30, 2018		Barren River Local Officials Organization		
Reconciliation of Operating Loss to Net Cash Provided By (Used in) Operating Activities:				
Operating loss	\$	(34,360)		
Adjustments to reconcile operating loss to net cash provided				
by (used in) operating activities:				
Depreciation		33,575		
Net cash used in operating activities	\$	(785)		

NOTE 1: NATURE OF OPERATIONS AND REPORTING ENTITY

Reporting Entity

The Barren River Area Development District (the "District") supports economic development, gives technical assistance and helps in administering services and programs in the designated ten county Barren River Area of Kentucky. The District was established under the laws of the Commonwealth of Kentucky by KRS 147A.050(4). The Attorney General in OAG 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, the District has entered into various agreements, memoranda of agreements and contracts, all of which are subject to the financial management policies of the District.

The District receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since members of the District's Board of Directors are elected officials, or are appointed by elected officials, and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units," the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete.

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements:

Blended Component Unit

Barren River Local Officials Organization ("BRLOO")—Although it is legally separated from the District, BRLOO is reported as if it were part of the primary government because the board of governance is substantially the same and the entities share common management. BRLOO is included as an enterprise fund on the District's financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-Wide Financial Statements — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Eliminations have been made to minimize the duplicate recording of internal activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged by the District.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements — Fund financial statements report detailed information about the District's funds. Separate statements for each fund category (governmental and proprietary) are presented. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total fund balances.

Proprietary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following funds:

Governmental Fund Types

General Fund

The General Fund accounts for financial resources in use for general types of operations and all unassigned fund balances are considered as resources available for use. The general fund is a major fund.

Special Revenue

JFA (Joint Funding Agreement) and Non-JFA, Aging, Revolving Loan Fund (RLF) and Participant Directed Services (PDS) programs account for the activities of the special revenue fund that are restricted, committed or assigned to expenditures in accordance with restrictions established by the various grantors (primarily the United States Government and the Commonwealth of Kentucky). The separate projects of federally funded grant programs are identified in the accompanying schedule of expenditures of federal awards. The special revenue fund is a major fund.

Proprietary Fund Type

Enterprise Fund

The Barren River Local Officials Organization ("BRLOO") is a blended component unit being reported as an enterprise fund on the District's financial statements. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of BRLOO is intergovernmental revenue. Operating expenses for enterprise funds include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

To the proprietary activities, the District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which GASB prevails.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On this basis of accounting, revenues are recognized when they become measurable and available as assets.

Governmental funds are used to account for the government's general activities. Governmental fund types use the flow of current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid. The administration of all accounts follows an annual cost allocation plan, prepared and approved under guidelines of the Department for Local Government. The purchase of supplies and services complies with the Kentucky procurement laws. In-kind contributions included in the accompanying financial statements consist of donated facilities or services and are valued at fair market value as of the date of the donation.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Investments

Investments are non-brokered certificates of deposit reported at cost.

Loans

The District grants commercial loans to eligible borrowers, through the Revolving Loan Fund (RLF) Program. The ability of the District's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this District's area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for loan losses. Interest income is accrued on the unpaid principal balance.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans (continued)

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest for loans that are placed on non-accrual or charged off is accounted for on the cash basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental activities column of the statement of net position, except for the net residual amounts due between governmental and business type activities, which are presented as internal balances.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets are capitalized at cost. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

All reported capital assets are depreciated, except for land. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives		
Computer equipment	5 years		
Vehicles	5 years		
Audio-visual equipment	7 years		
Furniture and fixtures	10 years		
Building and improvements	7-40 years		

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Outflows of Resources – Pension Related

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The deferred outflows of resources reported in this year's financial statements include a deferred outflow of resources for contributions made to the District's defined benefit pension plan between the measurement date of the net pension liabilities from the plan and the end of the District's fiscal year and deferred outflows of resources related to the differences between the expected and actual demographics for the cost sharing defined benefit plan. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred amounts related to the actuarial assumptions for demographic factors in the cost sharing pension plan will be recognized over a closed period equal to the average of the expected remaining services lives of all employees participating in the plan. No deferred outflows of resources affect the governmental funds financial statements in the current year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources – Pension Related

The District's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the District's various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of 5 years, including the current year. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows and Outflows of Resources - OPEB Related

The District's statement of net position reports a separate section for deferred inflows and outflows of resources related to OPEB which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District proportionate share of pension amounts were further allocated to each participating employer based on the salaries paid by each employer. Pension investments are reported at fair value. Note 9 provides further detail on the net pension liability.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value. Note 10 provides further detail on the net OPEB liability.

Post-Employment Health Care Benefits

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS plan.

Unearned Revenue

Monies received from federal and state grants that are in excess of allowable expenditures are recorded as unearned revenue and will be returned to the grantor upon their request, unless allowable expenditures are incurred which satisfies the grantor compliance requirements.

Compensated Absences

Compensated absences are absences for which employees will be paid for vacation. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the District and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Notes are recognized as a liability in the fund financial statements when due.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The District classifies its net position into the following three categories:

Net investment in capital assets - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

Revenues — Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues — Exchange and Non-Exchange Transactions (continued)

Eligibility requirements include timing requirements, which specify the year in which the resources are designated for use (or the fiscal year when use is first permitted), matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Income Taxes

The District is a political subdivision and is exempt from income taxes. The District's component unit qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 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.

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through December 14, 2018, which was the date the financial statements were made available.

Recently Issued and Adopted Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this Statement is to address accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The District has implemented the new requirements of this Statement for the fiscal year ended June 30, 2018. The implementation of GASB Statement No. 75 resulted in the reduction of beginning net positon by \$829,364.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District is evaluating the requirements of this Statement.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District is evaluating the requirements of this Statement.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. 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. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is evaluating the requirements of this Statement.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District is evaluating the requirements of this Statement.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is evaluating the requirements of this Statement.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District is evaluating the requirements of this Statement.

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2018, the carrying amounts of the District's deposits, which include investments, were \$2,304,583 and the bank balances were \$2,392,220, of which \$2,392,220 was covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

The District's investments consist of non-brokered certificates of deposit.

▶ Custodial Credit Risk Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Kentucky; bonds of any city, county, school district or special road district of the State of Kentucky; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

As of June 30, 2018, the District's deposits were not exposed to custodial credit risk.

▶ Interest Rate Risk

The District's investment policy does not address any limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District's investment policy includes no other investment requirements that would further limit its investment choices.

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consist of the following:

Receivable Fund	Payable Fund	Amount
JFA	Aging	155,516
JFA	RLF	338
JFA	PDS	79,990
General	JFA	179,780
JFA	General	2,624

The interfund activity relates to the temporary cash needs among the funds.

NOTE 5: LOANS

At June 30, 2018, the District has outstanding loans made to local industries that are funded through federal and local loan programs. Amounts are recorded in the Revolving Loan Fund, with outstanding loans of \$67,237 at June 30, 2018, net of allowances for loan losses of \$9,150. None of the District's loans were on a non-accrual status at June 30, 2018.

An analysis of allowance for loan losses as of June 30, 2018 follows:

June 30,	2018
Balance - beginning of year Provision for loan losses	\$ 9,150 -
Balance - end of year	\$ 9,150

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

	Capital Cost							
	В	eginning			Ret	irements/		Ending
June 30, 2018		Balance	Ad	ditions	Recla	assifications		Balance
Governmental Activities								
Non-depreciable capital assets:					1			
Land	\$	71,133	\$	-	\$	-	\$	71,133
Total nondepreciable historical cost		71,133		-		-		71,133
Capital assets that are depreciated:								
Office furniture and equipment		360,819		-		(35,077)		325,742
Office building	:	1,559,578		-		-	2	1,559,578
Vehicles		46,434		-		-		46,434
Total depreciable historical cost		1,966,831		-		(35,077)		1,931,754
Less accumulated depreciation for:								
Office furniture and equipment		272,561		16,037		(35,077)		253,521
Office building		939,520		38,261		-		977,781
Vehicles		35,600		9,286		-		44,886
Total accumulated depreciation		1,247,681	(63,584		(35,077)		1,276,188
Governmental activities, capital assets,								
net	\$	790,283	\$ (63,584)	\$	-	\$	726,699
	Capital Cost							
		eginning				rirements/		Ending
June 30, 2018		Balance	Ad	ditions	Recla	assifications		Balance
Business-Type Activities								
Vehicles	\$	729,159	\$	-	\$	-	\$	729,159
Total historical cost		729,159		-		-		729,159
Less accumulated depreciation		640,777		33,575		-		674,352
·		•						· ·
Business-type activities, capital assets, net	\$	88,382	\$ (:	33,575)	\$		\$	54,807

Depreciation expense is reported as a separate line in the statement of activities, and relates to program services and administration.

NOTE 7: FUND BALANCES

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At June 30, 2018, the District's special revenue funds had \$29,199 of prepaid amounts.

Restricted fund balances arise when constraints placed on use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. At June 30, 2018, the District's special revenue funds had \$555,597 restricted for grant programs and \$225,793 restricted for repairs and maintenance costs of the building in the general fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which for the District is the Board of Directors. The Board of Directors must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had no commitments at June 30, 2018.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. At June 30, 2018, the District had \$740,171 in the PDS fund assigned for future Aging/PDS expenses. Other special revenue funds had assigned fund balances of \$221,500 for future program expenditures.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds.

NOTE 8: OPERATING LEASE COMMITMENTS

The District has commitments to lease certain equipment. Future minimum rental commitments for equipment operating leases are as follow:

June 30,	
2019	5,876
2020	5,876
2021	5,876
2022	1,469
	\$ 19,097

NOTE 9: RETIREMENT PLANS

The District participates in a Profit Sharing Plan (a defined contribution retirement plan) administered by the Kentucky Area Development District Pension Trust. Effective April 1, 1992, all new eligible employees were required to participate and existing employees can elect to participate in the County Employee's Retirement System (CERS), a cost-sharing multiple-employer plan (defined benefit public employee retirement plan) administered by the Kentucky Retirement Systems under the provisions of the Kentucky Revised Statutes Section 61.645.

The Profit Sharing Plan provides for employer discretionary profit sharing contributions on covered payroll. The Plan also provides for discretionary matching employer contributions on covered payroll, usually 1%. However, the District is not required to contribute to the Plan for employees who perform less than a year of service and less than 1,000 hours of service. All employees are eligible to participate in the Plan after one year of service, at least 1,000 hours of service and has attained age 18 and participation is voluntary.

Employees are not required to contribute to the Plan. Participants are 100% vested after two plan years of service.

The District's employees share of funding under the County Employees Retirement System is equal to 5% (6% for new hires effective July 1, 2008) of the employee's covered salary. The District is required to contribute at an actuarially determined rate. The rate for CERS is 19.18%, 18.68%, and 17.06% for the years ended June 30, 2018, 2017 and 2016, respectively, of annual covered payroll. CERS provides retirement and disability benefits, annual cost-of-living adjustments if funding and legislation allows, and death benefits to plan members and beneficiaries.

NOTE 9: RETIREMENT PLANS (CONTINUED)

The District's contributions to the Plans during the fiscal years ended June 30, 2018, 2017 and 2016 were:

June 30,	2018	2017	2016
•			
CERS ¹	\$ 255,108	\$ 272,015	\$ 302,051
401(k) Profit Sharing Match ¹	10,588	12,096	14,027

¹ Equal to required contributions for each year.

The District offers employees the option to participate in Kentucky Deferred Comp (KDC) as a 457(b) pre-tax contribution plan. KDC requires a minimum monthly payroll contribution of \$30. Participation is voluntary and all employees are eligible to participate. Since the District has little to no administrative involvement and does not perform the investing function for this plan, the plan's assets and liabilities are not included in the accompanying financial statements.

General Information About the CERS Pension Plan

Plan Description

The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan. CERS is administered by the Board of Trustees of the Kentucky Retirement System. CERS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.5%. No COLA has been granted since July 1, 2011.

Tier 1 - Non-Hazardous Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

NOTE 9: RETIREMENT PLANS (CONTINUED)

Benefits Provided (continued)

- Tier 2 Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.
- Tier 3 Non-Hazardous Tier 3 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. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the 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.

Contributions

Employers participating in the CERS were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the KRS Board of Trustees on the basis of an annual valuation last preceding the July 1 of a new biennium. The KRS Board of Trustees may amend contribution rates as of the first day of July of the second year of a 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 actuarial bases adopted by the KRS Board of Trustees. For the fiscal year ended June 30, 2018, participating employers contributed 14.48% of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2018 was 14.48%.

Administrative costs of KRS are financed through employer contributions and investment earnings.

NOTE 9: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$3,350,082 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2017 contributions to the pension plan relative to the 2017 contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.057234%.

For the year ended June 30, 2018, the District recognized pension expense of \$444,364. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows (Resources		
Difference between expected and actual experience	\$	4,155	\$	85,039	
Net difference between projected and actual earnings on pension plan investments		265,322		223,886	
Change of assumptions		618,181		-	
Changes in proportion and differences between employer contributions and proportionate share of contribution		63,778		427,405	
District contributions subsequent to the measurement date		192,607			
Total	\$	1,144,043	\$	736,330	

\$192,607 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 9: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Year ended June 30,	
2018	\$ 130,071
2019	101,064
2020	26,989
2021	(43,017)
Thereafter	_

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2017 were based on an actuarial valuation date of June 30, 2016. The total pension liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year ending June 30, 2017, using generally accepted actuarial principles. The actuary did not perform the actuarial valuation as of June 30, 2016 but did replicate the prior actuary's valuations results on the same assumption, methods, and data, as of that date. The roll-forward is based on the results of the actuary's replication. Subsequent to the actuarial valuation date (June 30, 2016), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2017 (measurement date), which were also used to determine the Total Pension Liability and Net Pension Liability as of June 30, 2017.

Inflation	2.30%
Salary Increases	3.05%, average
Investment rate of return	6.25%

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

NOTE 9: RETIREMENT PLANS (CONTINUED)

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the KRS plan's CAFR.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	Current						
		1% Decrease Discount Rate (5.25%) (6.25%)		1% Increase (7.25%)			
District's proportionate share							
of the net pension liability	\$	4,225,177	\$	3,350,082	\$	2,618,071	

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the County Employees Retirement System's (CERS) OPEB Plan

Plan Description

The District's employees are provided OPEB under the provisions of Kentucky Revised Statues, the Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The CERS Insurance Fund is a cost sharing, multiple employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at www.kyret.ky.gov.

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Benefits Provided

The CERS Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Contributions

Employers participating in the CERS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2018, the required contribution was 4.70% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2018, were \$62,501. The KRS board may amend contribution rates as of the first day of July of the second year of a 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 actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits under 26 USC Section 401(h) which are non-refundable and are forfeited.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$1,150,599 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net OPEB liability was based on the District's share of 2017 contributions to the OPEB plan relative to the 2017 contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.57234%.

For the year ended June 30, 2018, the District recognized OPEB expense of \$131,115.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources		
Difference between expected and actual experience	\$	-	\$	3,196	
Net difference between projected and actual investment earnings on OPEB plan investments		-		54,377	
Change of assumptions		250,363		-	
Changes in proportion and differences between employer contriutions and proportionate share of contribution		-		2,670	
District contributions subsequent to the measurement date		62,501			
Total	\$	312,864	\$	60,243	

For the year ended June 30, 2018, \$62,501 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2018	\$ 32,712
2019	32,712
2020	32,712
2021	32,712
2022	46,306
Thereafter	12,965

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2017 were based on an actuarial valuation date of June 30, 2016. The total OPEB liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year ending June 30, 2017, using generally accepted actuarial principles. The actuary did not perform the actuarial valuation as of June 30, 2016 but did replicate the prior actuary's valuations results on the same assumption, methods, and data, as of that date. The roll-forward is based on the results of the actuary's replication. Subsequent to the actuarial valuation date (June 30, 2016), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation, and payroll

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Actuarial Assumptions (continued)

growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2017 (measurement date), which were also used to determine the total OPEB Liability and net OPEB Liability as of June 30, 2017.

Inflation 2.30%
Payroll Growth Rate 2.00%
Salary Increase 3.05%, average
Investment Rate of Return 6.25%

Healthcare Trend Rates (Pre-65) Initial trend starting at 7.25% at January 1, 2019,

and gradually decreasing to an ultimate trend rate

of 4.05% over a period of 13 years.

Healthcare Trend Rates (Post-65) Initial trend starting at 5.10% at January 1, 2019,

and gradually decreasing to an ultimate trend rate

of 4.05% over a period of 11 years.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

Discount Rate

The projection of cash flows used to determine the discount rate of 5.84% for CERS non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the OPEB Plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return of each major asset class are summarized in the KRS plan's CAFR.

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2018, calculated using the discount rate of 5.84%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.84%) or 1-percentage-point higher (6.84%) than the current rate:

	Current					
	19	1% Decrease Discount Rate (4.84%) (5.84%)		1% Increase (6.84%)		
District's proportionate share of the						
collective net OPEB liability	\$	1,464,074	\$	1,150,599	\$	889,739

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

			ŀ	Current lealthcare		
	1%	Decrease		Rate	1	% Increase
District's proportionate share of the						
collective net OPEB liability	\$	882,569	\$	1,150,599	\$	1,499,023

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE 11: CONTINGENCIES

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if, based on the grantor's review, the funds were not used for their intended purposes, the grantors may request refunds of monies advanced, or refuse to reimburse the District for its expenditures. The amounts of such future refunds and unreimbursed expenditures, if any, are not expected to be significant. Continuation of the District's grant programs is predicated upon the satisfaction of the various grantors that the funds they provide are being spent as intended and upon their intent to continue their programs.

NOTE 11: CONTINGENCIES (CONTINUED)

In the event of termination of the District's grant program relating to loans ("Revolving Loan Fund"), for cause or convenience, the grantor would recover its fair share of the Revolving Loan Fund's assets consisting of cash, receivables, personal and real property and notes or other financial instruments developed through the use of the funds. The grantor's participation is 75% while the District's match is 25% of the program budget.

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District provides, through a commercial insurance provider, a fully-insured health insurance plan for eligible employees. The District pays a percentage of its employees' insurance premiums.

During the fiscal year ended June 30, 2018, the District incurred a total expense of \$211,081 for health insurance premiums. The District also has a Health Reimbursement Arrangement (HRA) and/or Health Savings Account (HSA) which funds part of the qualified medical expenses.

The District continues to carry commercial insurance for general liability, worker's compensation and all other risks of loss, including errors and omissions insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 13: EXCESS EXPENDITURES OVER APPROPRIATIONS

The District has no funds with a deficit fund balance. However, the following funds have excess current year expenditures over current year revenues:

Fund	Δ	mount
PDS	\$	18,030
Barren River Local Officials Organization		34,360

NOTE 14: FUND TRANSFERS

Fund transfers for the year ended June 30, 2018 consist of the following:

Туре	From Fund	To Fund	Purpose	Δ	mount
Operating	General	JFA and Non-JFA	Matching/Regional Support	Ś	12,295

NOTE 15: COST ALLOCATION PLAN (CAP)

The District is required by the Department of Local Government, to operate under a cost allocation plan that conforms with 2 CFR Part 200. The District is in conformity with 2 CFR Part 200.

All funds expended by the District are charged either to a specific grant and/or program element as a Direct cost or spread to all grants and/or program elements as an indirect cost in conformity with 2 CFR Part 200, Uniform Guidance. Direct costs are defined as those that can be identified specifically with a particular cost objective. Indirect costs are those incurred for a common or joint purposes benefiting more than one grant and/or program element. Below is a listing of direct and indirect costs as they are charged by the District.

Cost Allocation Policy

Essentially, those personnel and other costs incurred only because of the work element, and which may be readily and accurately ascribed to that element, are charged as Direct Costs. All other costs are charged indirectly when it is impractical to charge them directly to a cost objective without a disproportionate amount of effort or the cost is incurred for a common or joint purpose benefitting more than one cost objective. The indirect Costs are distributed proportionately based upon an established methodology.

- Salary Work time of regular full-time, part-time, temporary, or seasonal staff is charged as a Direct Cost to the program element(s) in which they have assigned responsibilities or to which their work is deemed beneficial. Work time of employees that benefits more than one work element and the allocation of time to direct charge would require an inordinate amount of effort are charged to Indirect Costs.
- Personnel Burden All employees' benefit costs specifically related to an employee
 are charged in the same manner as that employee's salary, either direct or indirect.
 Some burden costs are general and cannot be specifically related and are charged as
 indirect.
- 3. <u>Staff Travel/Training</u> The regular full-time, part-time, temporary, or seasonal staff charged directly to work element(s) will have their travel costs charged accordingly. Travel costs for indirect staff time will be charged to the indirect cost pool. Employee reimbursements for travel follow 200 KAR 2:006.
- 4. <u>Board Training</u> Training recommended for Board to increase the knowledge of officials to further the goals of the District will be charged to the general fund. Board's reimbursements for travel follow 200 KAR 2:006.
- 5. Other Travel Costs or required reimbursements for other travel such as program participants will be charged as a direct cost to the work element to which the activity is assigned.

NOTE 15: COST ALLOCATION PLAN (CAP) (CONTINUED)

- 6. Other Other costs, including but not limited to: communications, printing, postage, equipment and supplies, will be charged as direct costs when possible. Other costs that cannot be readily identified to an individual program will be charged as indirect.
- 7. <u>Building costs/Rent</u> Office space, equipment and furniture depreciation, building insurance, utilities and routine operational costs such as janitorial and general maintenance of the main office building will be charged as indirect.
- 8. <u>Insurance</u> General and public officials' liabilities, workers compensation, bonding, and other exposures are considered indirect costs.
- 9. <u>Services and fees</u> General services of benefit to all District programs, such as indirect audit costs, general legal advice, office supplies, pension management fee, and staff development programs, are costs that are shared as an economical and rational management methodology.
- 10. Other In-Kind In-kind contributions of services from outside agencies or personnel may be utilized as a match for certain programs provided that the value of the services is substantiated in an appropriate manner.

All additional costs, which are not identified above, may be charged as indirect costs, unless indicated otherwise by the Department for Local Government, or prohibited by federal regulations.

381,883
301,003
1/1/21
14,421
275
31,136
6,604
5,935
35,907
2,096
1,214
1,387
19,333
503
2,462
30,697
38,908
572,761
_

Barren River Area Development District Budgetary Comparison Schedule for the General Fund

Year Ended June 30, 2018

							Variances
							Favorable
	Budgeted	l Ar					nfavorable)
	Original		Final		Actual	Fin	al to Actual
Revenues							
Local income	\$ 94,703	\$	94,703	\$	116,191	\$	21,488
Program income	600		600		48		(552)
Investment income	4,701		4,701		6,329		1,628
Other income	23,669		23,669		22,437		(1,232)
Total revenues	123,673		123,673		145,005		21,332
Expenditures							
Personnel	39,529		39,529		18,724		20,805
Contractual services	-		-		4,344		(4,344)
Travel	9,584		9,584		5,202		4,382
Repairs and Maintenance	403		403		24,313		(23,910)
Insurance	549		549		1,426		(877)
Direct other	91,443		91,443		-		91,443
Audit and legal fees	14,054		14,054		4,966		9,088
Telephone	157		157		65		92
Office supplies	247		247		766		(519)
Postage	122		122		50		72
Printing			-		77		(77)
Pension management			-		3		(3)
Miscellaneous	765		765		824		(59)
Staff training	600		600		423		177
Utilities	599		599		301		298
Computer support and							
maintenance	27,219		27,219		189		27,030
Marketing	18		18		2		16
Dues and subscriptions	16,397		16,397		13,507		2,890
Janitorial	273		273		139		134
Meeting	11,630		11,630		8,814		2,816
Total expenditures	213,589		213,589		84,135		129,454
Excess (deficiency) of revenues over							
expenditures	(89,916)		(89,916)		60,870		150,786
Other Financing Sources (Uses)	. , ,		, , ,				,
Operating transfers in (out)	(12,132)		(12,132)		(12,295)		(163)
Total other financing sources (uses)	(12,132)		(12,132)		(12,295)		(163)
Net change in fund balance	(102,048)		(102,048)		48,575		150,623
Fund balances - beginning of year	 1,065,416		1,065,416		963,368		(102,048)
Fund balances - end of year	\$ 963,368	\$	963,368	Ş	1,011,943	\$	48,575

Barren River Area Development District Budgetary Comparison Schedule for the Special Revenue Funds

Year Ended June 30, 2018

Tear Ended Julie 30, 2018		Budgeted	l Am	ounts			Fa	ariances avorable favorable)
	•	Original		Final		Actual	Fina	l to Actual
Revenues								
Intergovernmental revenue	\$	7,121,524	\$	7,121,524	\$	7,352,217	\$	230,693
Local revenue	Ψ	316,175	Υ	316,175	Υ	376,450	Υ	60,275
In-kind income		156,951		156,951		138,126		(18,825)
Program income		83,919		83,919		87,468		3,549
Investment income		654		654		2,423		1,769
Other income		7,442		7,442		6,802		(640)
Total revenues		7,686,665		7,686,665		7,963,486		276,821
								·
Expenditures								
Program services		5,203,447		5,203,447		5,643,365		(439,918)
Personnel		2,086,191		2,086,191		1,897,075		189,116
Contractual services & direct								
other		2,125		2,125		2,416		(291)
Repairs and maintenance		22,088		22,088		28,538		(6,450)
Insurance		29,382		29,382		35,555		(6,173)
Audit and legal fees		33,105		33,105		30,826		2,279
Space & rental		5,158		5,158		-		5,158
Telephone & utilities		41,104		41,104		38,982		2,122
Office supplies & postage		24,984		24,984		24,712		272
Printing and marketing		33,923		33,923		30,834		3,089
Pension management		_		_		273		(273)
Miscellaneous		10,886		10,886		7,293		3,593
Staff training and travel		79,818		79,818		83,558		(3,740)
Computer support and								
maintenance		50,611		50,611		44,387		6,224
Dues and subscriptions		4,368		4,368		5,645		(1,277)
Janitorial		13,885		13,885		14,021		(136)
Meeting		2,465		2,465		2,952		(487)
Total expenditures		7,643,540		7,643,540		7,890,432		(246,892)
- // 6								
Excess (deficiency) of revenues		40.40=		40.40=		72.07.		20.022
over expenditures		43,125		43,125		73,054		29,929

Barren River Area Development District Budgetary Comparison Schedule for the Special Revenue Funds

Year Ended June 30, 2018

						Varia Favor	
	Budgeted	Am	ounts			(Unfavo	
	Original		Final	•	Actual	Final to	Actual
Other Financing Sources (Uses)							
Operating transfers in - net	12,132		12,132		12,295		163
Total other financing sources							
(uses)	12,132		12,132		12,295		163
Net change in fund balance	55,257		55,257		85,349	:	30,092
Fund balances - beginning of year	1,461,118		1,461,118		1,461,118		_
Fund balances - end of year	\$ 1,516,375	\$	1,516,375	\$	1,546,467	\$	30,092

Barren River Area Development District Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions County Employees Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability - CERS

As of June 30,		2018	2017	2016	2015
District's proportion of the net pension liability		0.057234%	0.071623%	0.067555%	0.067639%
District's proportionate share of the net pension liability	\$	3,350,082 \$	3,526,454 \$	2,905,556 \$	2,194,000
District's covered payroll	\$	1,456,183 \$	1,770,522 \$	1,630,152 \$	1,603,118
District's proportionate share of the net pension liability as a percentage of its covered payroll		230.06%	199.18%	178.24%	136.86%
Plan fiduciary net position as a percentage of the total pension liability		53.30%	55.50%	59.97%	68.80%
Schedule	of Dis	trict Contributior	ns - CERS		
For the Year Ended June 30,		2018	2017	2016	2015
Contractually required contribution	Ċ	102 607 ¢	202 104 ¢	210 000 ¢	201 607

For the Year Ended June 30,	2018	2017	2016	2015
Contractually required contribution Contributions in relation to the contractually	\$ 192,607	\$ 203,194	\$ 219,899	\$ 201,697
required contribution	 192,607	203,194	219,899	201,697
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ _
District's covered payroll	\$ 1,330,073	\$ 1,456,183	\$ 1,770,522	\$ 1,630,152
Contributions as a percentage of covered payroll	14.48%	13.95%	12.42%	12.37%

Changes of Benefit Terms

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

Barren River Area Development District Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions County Employees Retirement System

Changes of Assumptions

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2018: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: No changes in assumptions.

Barren River Area Development District Schedule of the District's Proportionate Share of the Collective Net OPEB Liability and Schedule of District's Contributions County Employees Retirement System

Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS

As of June 30,	2018
District's proportion of the net OPEB liability	0.057234%
District's proportionate share of the net OPEB liability	\$ 1,150,599
District's covered payroll	\$ 1,456,183
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	79.01%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%
Schedule of District Contributions - CERS	
For the years ended June 30,	2018
Contractually required contribution	\$ 62,501
Contributions in relation to the contractually required contribution	 62,501
Contribution deficiency (excess)	\$ -
District's covered payroll	\$ 1,330,073
Contributions as a percentage of covered payroll	4.70%

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

Changes of Benefit Terms

2018: No changes of benefit terms.

Changes of Assumptions

2018: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

Barren River Area Development District Combining Balance Sheet Special Revenue Funds

	_	JFA and			Revolving	Total Special Revenue	enne
June 30, 2018		Non-JFA	Aging	PDS	Loan	Funds	
Assets							
Cash and investments	\$	198,592 \$	248,100 \$	\$ 547,401	\$ 390,618	\$ 1,38	1,384,711
Due from other funds		238,468		ı	ı	23	238,468
Grants receivable		144,810	403,572	 1	1	54	548,382
Accounts receivable		ı		464,553	ı	46	464,553
Loans, net		ı		ı	67,237	9	67,237
Other		28,549	270	380	ı	2	29,199
Total assets	Ş	610,419 \$	651,942	\$ 1,012,334	\$ 457,855	\$ 2,73	2,732,550
Liabilities and Fund Balances							
Liabilities							
Due to other funds	\$	\$ 082,671	155,516	\$ 79,990	\$ 338	\$ 41	415,624
Accounts payable		88,062	383,381	731	ı	47	472,174
Accrued payroll and taxes		3,625		167,218	ı	17	170,843
Unearned revenue		17,073	14,695	 23,844	ı	5	55,612
Compensated absences		71,830		1	1	7	71,830
Total liabilities		360,370	553,592	 271,783	338	1,18	1,186,083

Barren River Area Development District Combining Balance Sheet Special Revenue Funds

	JF	JFA and			Revolving	Special Revenue
June 30, 2018	Ž	Non-JFA	Aging	PDS	Loan	Funds
Fund Balances						
Non-Spendable		28,549	270	380	1	29,199
Restricted		1	080'86	ı	457,517	555,597
Assigned		221,500	1	740,171	1	961,671
Total fund balances		250,049	98,350	740,551	457,517	1,546,467
Total liabilities and fund balances	÷	\$ 610,419		651,942 \$ 1,012,334 \$	\$ 457,855 \$	2,732,550

Barren River Area Development District Combining Statement of Revenues, Expenditures and Changes in Fund Balance **Special Revenue Funds**

	JFA and	,		Revolving	Total Special Revenue
Year Ended June 30, 2018	Non-JFA	Aging	PDS	Loan	Funds
Revenues					
Intergovernmental revenue	\$ 445,922 \$	3,024,604	\$ 3,881,691	- \$	\$ 7,352,217
Local revenue	140,081	236,369	1	ı	376,450
In-kind income	1	138,126	1	ı	138,126
Program income	1	29,108	55,257	3,103	87,468
Investment income	1	ı	ı	2,423	2,423
Other income	1	1	6,802	1	6,802
Total revenues	586,003	3,428,207	3,943,750	5,526	7,963,486
Expenditures					
Program services	1	2,501,308	3,142,057	1	5,643,365
Personnel	431,964	760,747	702,285	2,079	1,897,075
Contractual services	1	ı	1,175	ı	1,175
Travel	13,379	18,480	25,138	2	57,002
Repairs and maintenance	7,710	10,780	10,018	30	28,538
Insurance	8,074	14,268	13,174	39	35,555
Direct other	ı	2,355	ı	1,241	3,596
Audit and legal fees	6,997	12,353	11,441	35	30,826
Telephone	1,617	3,584	3,381	7	8,589
Office supplies	2,516	5,221	8,093	9	15,836
Postage	1,941	2,705	4,227	3	8,876
Printing	5,414	3,813	3,913	2	13,142
Pension management	62	108	103	ı	273
Miscellaneous	1,000	287	900′9	1	7,293

Barren River Area Development District Combining Statement of Revenues, Expenditures and Changes in Fund Balance **Special Revenue Funds**

Formation PDS Loan 50 9,212 4,283 11 95 12,189 11,276 33 41 23,423 8,347 21 34 10,669 889 - 98 2,174 771 2 84 5,619 5,203 15 07 546 - 99 20 28,366 (18,030) 1,898 95 - - - 95 - - - 95 - - - 15 28,366 (18,030) 1,898 15 28,366 (18,030) 1,898 34 69,984 758,581 455,619 49 \$ 98,350 \$ 740,551 \$ 457,517		JFA and			Revolving	Total Special Revenue
13,050 9,212 4,283 11 6,895 12,189 11,276 33 10,241 23,423 8,347 21 6,134 10,669 889 - 2,698 2,174 771 2 3,184 5,619 5,203 15 2,307 546 - 99 2,307 5,619 5,203 15 60,820 28,366 (18,030) 1,898 12,295 - - - 12,295 - - - 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,517 \$ 250,049 98,350 740,551 \$ 457,517	Year Ended June 30, 2018	Non-JFA	Aging	PDS	Loan	Funds
6,895 12,189 11,276 33 10,241 23,423 8,347 21 6,134 10,669 889 - 2,698 2,174 771 2 3,184 5,619 5,203 15 2,307 546 - 99 60,820 28,366 (18,030) 1,898 12,295 - - - 12,295 - - - 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$ 457,517	Staff training	13,050	9,212	4,283	11	26,556
10,241 23,423 8,347 21 6,134 10,669 889 - 2,698 2,174 771 2 3,184 5,619 5,203 15 2,307 546 - 99 2,307 526,183 3,399,841 3,961,780 3,628 60,820 28,366 (18,030) 1,898 12,295 - - - - 12,295 - - - - 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$	Utilities	6,895	12,189	11,276	33	30,393
10,241 23,423 8,347 21 6,134 10,669 889 - 2,698 2,174 771 2 3,184 5,619 5,203 15 2,307 546 - 99 525,183 3,399,841 3,961,780 3,628 60,820 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$	Computer support and					
6,134 10,669 889 - 2,698 2,174 771 2 3,184 5,619 5,203 15 2,307 546 - 99 60,820 28,366 (18,030) 1,898 12,295 - - - 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551	maintenance	10,241	23,423	8,347	21	42,032
2,698 2,174 771 2 3,184 5,619 5,203 15 2,307 546 - 99 525,183 3,399,841 3,961,780 3,628 60,820 28,366 (18,030) 1,898 12,295 - - - 12,295 - - - 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$	Marketing and advertising	6,134	10,669	889	ı	17,692
3,184 5,619 5,203 15 2,307 546 - 99 60,820 28,366 (18,030) 1,898 12,295 - - - 12,295 - - - 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$	Dues and subscriptions	2,698	2,174	771	2	5,645
2,307 546 - 99 525,183 3,399,841 3,961,780 3,628 60,820 28,366 (18,030) 1,898 12,295 - - - 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551	Janitorial	3,184	5,619	5,203	15	14,021
525,183 3,399,841 3,961,780 3,628 60,820 28,366 (18,030) 1,898 12,295 - - - 73,115 28,366 (18,030) 1,898 73,115 28,366 (18,030) 1,898 \$ 250,049 \$ 98,350 \$ 740,551 \$ 457,517	Meeting	2,307	546	1	66	2,952
60,820 28,366 (18,030) 1,898 12,295 - - - 12,295 - - - 73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$ 457,517	Total expenditures	525,183	3,399,841	3,961,780	3,628	7,890,432
12,295	Excess (deficiency) of revenues over expenditures	60,820	28,366	(18,030)	1,898	73,054
12,295 - <td>Other Financing Sources (Uses) Operating transfers in</td> <td>12,295</td> <td>1</td> <td>1</td> <td>1</td> <td>12,295</td>	Other Financing Sources (Uses) Operating transfers in	12,295	1	1	1	12,295
73,115 28,366 (18,030) 1,898 176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$ 457,517	Total other financing sources (uses)	12,295	1	1	1	12,295
176,934 69,984 758,581 455,619 \$ 250,049 \$ 98,350 \$ 740,551 \$ 457,517	Net change in fund balance	73,115	28,366	(18,030)	1,898	85,349
\$ 250,049 \$ 98,350 \$ 740,551 \$ 457,517	Fund balances - beginning of year	176,934	69,984	758,581	455,619	1,461,118
	Fund balances - end of year	250,049	98,350	740,551		\$ 1,546,467

Barren River Area Development District Statement of Grant Activity

Year Ended June 30, 2018

Revenue Federal revenue State revenue			A 50000 50	ו הסבוו		Predisaster
al revenue revenue	Funds	Broker	Service	Management	JFA	Mitigation
an						
State revenue	ı	- \$	- \$	\$ - \$	133,762	\$ 4,650
	ı	3,437,849	157,273	286,569	142,228	741
Local revenue	116,191	1	1	1	1	1
Program income	48	29,987	979	24,644	ı	ı
Investment income	6,329	1	1	1	ı	1
In-Kind income	ı	ı	1	1	ı	ı
Other income	22,437	6,802	1	1	1	1
Total revenue	145,005	3,474,638	157,899	311,213	275,990	5,391
Expenditures						
. Direct costs:						
Salaries	10,998	259,910	ı	109,882	132,690	597
Benefits	3,432	127,868	1	43,159	45,471	245
Annual leave	546	14,323	1	699'9	7,402	31
Travel & training	5,484	24,125	1	1	16,108	9
Other costs	58,059	12,873	1	9,259	5,868	4,189
Contractual services	ı	1,175	1	1	1	ı
Program services	1	2,984,158	157,899	1	1	1
Total direct costs	78,519	3,424,432	157,899	168,969	207,539	5,068
Indirect costs	5,616	150,918	ı	59,562	69,272	323
Total expenditures	84,135	3,575,350	157,899	228,531	276,811	5,391
Other Financing Sources (Uses)						
Transfer in	ı	ı	1	1	821	ı
Transfer out	(12,295)	ı	I	1	ı	ı
Total other financing sources (uses)	(12,295)	1	1	ı	821	1
Net change in fund balances \$	48,575	\$ (100,712)	- \$	\$ 82,682 \$	1	- \$

Barren River Area Development District Statement of Grant Activity

Year Ended June 30, 2018

			Regional		Other Local	Local Road
	Region	Regional Transit	Transportation	Water Planning	Contract	Updates
Revenue						
Federal revenue	❖	10,772 \$	\$ -	\$ -	\$ -	1
State revenue		ı	78,067	75,703	ı	1
Local revenue		ı	•		117,081	23,000
Program income		ı	1	1	ı	1
Investment income		1		•	ı	•
In-Kind income		ı	1	1	ı	1
Other income		1	1	1	1	1
Total revenue		10,772	78,067	75,703	117,081	23,000
Expenditures						
Direct costs:						
Salaries		6,288	29,437	32,601	31,417	10,546
Benefits		2,359	10,781	13,614	10,512	4,581
Annual leave		476	2,190	2,045	1,974	781
Travel & training		172	1,300	4,236	862	206
Other costs		802	1,482	5,304	8,778	774
Contractual services		ı		ı	ı	ı
Program services		1	1	1	1	1
Total direct costs		10,100	45,190	57,800	53,543	17,188
Indirect costs		3,365	15,652	17,986	16,318	5,837
Total expenditures		13,465	60,842	75,786	69,861	23,025
Other Financing Sources (Uses)						
Transfer in		2,693	8,674	83	1	25
iransier out		ı	1		•	1
Total other financing sources (uses)		2,693	8,674	83		25
Net change in fund balances	❖	\$ -	\$ 25,899 \$	\$ -	47,220 \$	1

Barren River Area Development District Statement of Grant Activity

Year Ended June 30, 2018

יכמן בוומרת זמוור כס' בסדס					Mental Health			
	Revolving	<u></u>		Aging	& Aging		IIIB Supportive	Title IIIB
	Loan Fund	þı	HRSA	General Funds	Council	Title III Admin	Services	Ombudsman
Revenue								
Federal revenue	❖	٠	12,642	\$	- \$	\$ 72,761	\$ 361,478	\$ 23,584
State revenue		,	1	1	ı	42,424	258,814	4,162
Local revenue		,	•	47,785	8,675	1	29,167	20,368
Program income	3,5	3,103	1	1	1	ı	8,032	1
Investment income	2,4	2,423	1	ı	ı	ı	ı	ı
In-Kind income			1	1	1	1	31,398	1
Offiel Illcollie			'		'	•	ı	'
Total revenue	5,5	5,526	12,642	47,785	8,675	115,185	688,889	48,114
Expenditures								
Direct costs:								
Salaries	1,3	1,200	3,955	1	ı	52,232	75,175	1
Benefits	(17	390	1,533	1	1	22,604	29,987	1
Annual leave		77	385	1	ı	4,204	3,166	1
Travel & training		1	180	ı	ı	5,721	4,694	ı
Other costs	1,3	1,342	331	420	227	5,684	10,060	ı
Contractual services		1	•	ı	ı	1	1	ı
Program services		1		1	7,412	1	524,880	48,114
Total direct costs	3,(3,009	6,384	420	7,639	90,445	647,962	48,114
Indirect costs		619	2,136	I	1	29,126	40,927	ı
Total expenditures	3,6	3,628	8,520	420	7,639	119,571	688,889	48,114
Other Financing Sources (Uses)								
Transfer in		1	1	1	1	4,386	1	1
Transfer out		1	ı	(24,161)	•	1	I	ı
Total other financing sources (uses)		1	1	(24,161)	1	4,386	1	1
Net change in fund balances	\$ 1,8	1,898 \$	4,122	\$ 23,204	\$ 1,036	\$	\$	٠ ٠
Net change in fund balances		- 11	4,122	23,204		\$	1	\$ -

Year Ended June 30, 2018

	IIIC1 C	IIIC1 Congregate	IIIC2 Home	III	IIID Health	
	Σ	Meals	Delivered Meals	Prom	Promotion	IIIE Admin
Revenue						
Federal revenue	\$	165,296	\$ 299,708	ζ.	19,245 \$	12,789
State revenue		48,400	74,000		1	4,263
Local revenue		3,612	•		ı	1
Program income		7,500	2,500		ı	1
Investment income		ı	•		ı	1
In-Kind income		45,148	44,307		3,379	ı
Other income		1			1	1
Total revenue		269,956	420,515		22,624	17,052
Expenditures						
Direct costs:						
Salaries		4,689	5,023		1	9,005
Benefits		1,868	1,928		1	2,506
Annual leave		390	419		1	203
Travel & training		233	162		1	169
Other costs		269	271		ı	189
Contractual services		ı	•		ı	1
Program services		261,270	410,015		22,624	1
Total direct costs		268,719	417,818		22,624	12,572
Indirect costs		2,552	2,705		•	4,480
Total expenditures		271,271	420,523		22,624	17,052
Other Financing Sources (Uses)						
Transfer in		1,315	8		ı	ı
Transfer out		1	ı		ı	ı
Total other financing sources (uses)		1,315	8		1	1
Net change in fund balances	↔	1	· •	\$	\$	ı

18,900 74,347

Medicaid ADRC-S 73,260 73,260 73,260 73,260 73,260 NSIP Oct -June Ş 32,488 32,488 32,488 32,488 32,488 NSIP July -Sept \$ 8,080 22,438 14,358 22,438 22,438 22,438 **Ombudsman =** Ş 4,898 9,658 14,556 14,556 14,556 14,556 **Prevention** VII Elder Abuse S 20,219 13,808 14,079 4,000 756 2,145 2,082 **IIIE Caregiver** 117,162 28,554 6,926 1,493 101,208 142,408 156,216 14,079 142,137 Support S Total other financing sources (uses) Other Financing Sources (Uses) Net change in fund balances Contractual services Year Ended June 30, 2018 Program services Travel & training Investment income Total direct costs Program income Annual leave Federal revenue In-Kind income Other costs Total expenditures State revenue Local revenue Other income Direct costs: Transfer out Benefits Salaries Transfer in Total revenue **Expenditures** Indirect costs Revenue

40,116 21,591 2,385 485

93,247

69,232 24,015

93,247

4,561 94

Year Ended June 30, 2018

	SHIP	SHIP Admin	SHIP Training	SHIP S	SHIP Services	FAST	IAO
Revenue							
Federal revenue	Ş	1,852	\$ 9,399	ب	38,549 \$	1,000 \$	3,000
State revenue		1	ı		1	ı	1
Local revenue		1	ı		22,857	ı	1
Program income		1	ı		1	ı	ı
Investment income		1	ı		ı	ı	ı
In-Kind income		•	1		ı	ı	ı
Other income		ı	1		1	•	1
Total revenue		1,852	9,399		61,406	1,000	3,000
Expenditures							
. Direct costs:							
Salaries		898	261		1,934	499	ı
Benefits		313	06		828	214	ı
Annual leave		77	21		88	35	ı
Travel & training		127	ı		189	ı	ı
Other costs		∞	1		445	ı	ı
Contractual services		1	ı		ı	ı	ı
Program services		1	8,890		56,925	1	3,000
Total direct costs		1,393	9,262		60,409	748	3,000
Indirect costs		460	137		1,008	277	ı
Total expenditures		1,853	9,399		61,417	1,025	3,000
Other Financing Sources (Uses)							
Transfer in		⊣	I		11	25	ı
Transfer out		ı	1		1	1	ı
Total other financing sources (uses)		1	1		11	25	1
Net change in fund balances	\$	1	- \$	\$	\$ -	\$ -	1

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Fndp	7
Fndp	7
Fndp	7
ppu	7

	MIP	MIPPA - AAA Oct - June	MIPPA - AAA Jul - Sept	MIPPA - SHIP Oct - June	MIPPA - SHIP July - Sept	MIPPA - ADRC Oct - June	MIPPA - ADRC MIPPA - ADRC
Revenue							
Federal revenue	\$	6,731	\$ 5,542	\$ 6,480	\$ 2,380	\$ 3,166	\$ 1,969
State revenue		•	1	1	1	ı	1
Local revenue		1	1	ı	1	ı	1
Program income		1	ı	ı	1	ı	1
Investment income		1	1	ı	ı	ı	1
In-Kind income		1	ı	ı	ı	ı	1
Other income		1	1	ı	1	1	1
Total revenue		6,731	5,542	6,480	2,380	3,166	1,969
Expenditures							
Direct costs:							
Salaries		3,009	2,280	ı	ı	1,384	896
Benefits		1,306	971	ı	1	715	483
Annual leave		192	179	ı	ı	78	99
Travel & training		75	89	ı	ı	46	23
Other costs		469	854	ı	ı	126	1
Contractual services		1	ı	ı	ı	ı	1
Program services		1	1	6,480	2,380	1	1
Total direct costs		5,051	4,352	6,480	2,380	2,349	1,540
Indirect costs		1,680	1,191	ı	1	817	531
Total expenditures		6,731	5,543	6,480	2,380	3,166	2,071
Other Financing Sources (Uses)							
Transfer in		1	1	1	1	1	102
Transfer out		1	1	ı	1	ı	ı
Total other financing sources (uses)		1	1	ı	1	1	102
Net change in fund balances	\$	ı	\$	\$	\$	\$	\$

(36,456)133,924 87,516 138,126 29,239 432,876 61,147 72,969 1,269 36,456 492,641 8,752 150,612 7,401,806 572,761 5,900,674 1,039,568 5,643,365 7,974,567 \$ 1,451,543 8,108,491 Total 34,606 12,789 47,395 47,395 47,395 47,395 Ombudsman Long Term Care 2,989 1,320 639 90 2,226 2,989 2,989 763 **Evaluation** PCAP -Coordination 12,012 297 70 860'6 4,949 1,244 2,914 2,538 12,012 12,012 PCAP -5,500 Personal Care 10,052 240 463 155,418 155,418 4,081 671 134,418 149,925 155,425 **Attendant** Program 11,076 13,138 893,314 902,907 19 44,600 4,647 5,037 11,593 723,555 61,521 964,428 19 46,881 964,409 113,475 Homecare Services 30,745 4,206 4,206 54,254 24,743 4,395 392 3,172 86,956 113,495 113,495 117,701 Homecare Admin Total other financing sources (uses) Other Financing Sources (Uses) Net change in fund balances Contractual services Year Ended June 30, 2018 Program services Travel & training Investment income Total direct costs Program income Annual leave Federal revenue Other costs In-Kind income Total expenditures Local revenue State revenue Other income **Transfer out** Direct costs: Benefits Salaries Transfer in Total revenue **Expenditures** Indirect costs Revenue

Barren River Area Development District JFA and Non-JFA Indirect Cost Distribution

Year Ended June 30, 2018		rect Salary lus Burden	Percent of Total		ect Cost ribution	Percent of Total
JFA:						
Community and economic						
development (120)	\$	55,416	3.8%	\$	21,567	3.8%
Community development block	-	·		•	·	
grant (125)		26,864	1.8%		10,455	1.8%
ARC planning and assistance						
(130)		54,312	3.7%		21,072	3.7%
Management assistance (140)		26,210	1.8%		10,201	1.8%
Program administration (150)		15,358	1.0%		5,977	1.0%
Total JFA		178,160	12.1%		69,272	12.1%
Non-JFA		1,294,283	87.9%	!	503,489	87.9%
		_				
Total JFA and Non-JFA	\$	1,472,443	100.0%	\$.	572,761	100.0%

Barren River Area Development District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients		tal penditures
U.S. Department of Health & Human Services: Passed through Kentucky Cabinet for Health and Family Services:					
Aging Cluster					
Special Programs for the Aging Title III, part B					
Grants for Supportive Services and Senior				4	
Centers	93.044	PON 2 725 1700002624	\$ 150,792	\$ 457,824	
Special Programs for the Aging Title III, part C					
Nutrition Services	93.045	PON 2 725 1700002624	120,248	465,004	
Nutrition Services Incentive Program	93.053	PON 2 725 1700000099	-	32,488	
Nutrition Services Incentive Program	93.053	PON 2 725 1800000566	-	73,260	ć 4 020 F7C
Subtotal					\$ 1,028,576
Special Programs for the Aging Title VII,					
Chapter 3 Programs for Prevention of Elder	02.041	DON 3 735 1700003636	4 000		4 000
Abuse, Neglect and Exploitation	93.041	PON 2 725 1700002626	4,898		4,898
Special Programs for the Aging Title VII,					
Chapter 2 Long Term Care Ombudsman	93.042	PON 2 725 1700002626	8,080		8,080
Services for Older Individuals	95.042	PON 2 725 1700002020	8,080		8,080
Special Programs for the Aging Title III, Part D,					
Disease Prevention and Health Promotion	93.043	PON 2 725 1600002624	19,245		19,245
Services National Family Caregiver Support, Title III,	33.043	FON 2 723 1000002024	19,243		19,243
Part E	93.052	PON 2 725 1600002624			120 OE1
Centers for Medicare & Medicaid Services	95.052	PON 2 725 1000002024	-		129,951
(CMS) Research, Demonstrations and					
Evaluations	93.779	PON 2 725 1700002623	34,068		49,800
Medicaid Cluster - Medical Assistance Program	93.778	PON 2 725 1700002623 PON 2 725 1700002631	34,008		18,900
Public Health Emergency Preparedness	93.069	PON 2 725 1700002632	_		1,000
Medicare Enrollment Assistance Program	93.071	PON 2 725 1800000579	6,480	16,377	1,000
Medicare Enrollment Assistance Program	93.071	PON 2 725 1700000082	2,380	9,891	
Subtotal			_,		26,268
Assistance Programs for Chronic Disease					•
Prevention and Control	93.945	PON 2 725 1700002633	3,000		3,000
Passed through University of Louisville Research			·		
Foundation, Inc.:					
PPHF Geriatric Education Centers	93.969	ULRF 15-1152B3-01	-	10,500	
PPHF Geriatric Education Centers	93.969	ULRF 15-1152A3-01	-	2,142	
Subtotal					12,642
Total U.S. Department of Health & H	uman Serv	rices			1,302,360

Barren River Area Development District Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce:				
Direct program				
Economic Adjustment Assistance ¹	11.307	04-39-03813.01	-	352,975
Passed through Department for Local				
Government:				
Economic Development Support for Planning				
Organizations	11.302	PON2 112 1800000284		70,000
Total U.S. Department of Commerce)			422,975
Appalachian Regional Commission:				
Direct program				
Appalachian Local Development District				
Assistance	23.009	KY-0702-J-C41	-	42,162
Total Appalachian Regional Commiss	sion			42,162
U.S. Department of HUD:				
Passed through Department for Local				
Government:				
JFA - CDBG	14.228	PON2 112 1800000284	_	21,600
Total U.S. Department of HUD				21,600
U.S. Department of Transportation: Passed through KY Transportation Cabinet: Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Total U.S. Department of Transporta	20.505 ition	G01S704Z		10,772 10,772
U.S. Department of Homeland Security:				
Passed through KY Division of Emergency				
Management and Metcalfe County Fiscal Court: Hazard Mitigation Grant	97.039	EEMA DD 4106		4.650
Total U.S. Department of Homeland		FEMA-DR-4196		4,650 4,650
rotal old Department of Homeland	occu,			.,,,,,
Total Expenditures of Federal Award	ls		\$ 349,191	\$ 1,804,519
¹ Schedule of Expenditures of Federal Awards Calcul Assistance Fund (RLF) Grant	ation for Ed	conomic Adjustment		
Balance of RLF loans outstanding at June 30, 2018	3			\$ 76,387
				390,619
Cash and investment balance in RLF at June 30. 20		20.2010		3,627
Cash and investment balance in RLF at June 30, 20 Administrative expenses paid out of RLF in year e	nded June	30, 2018		5.027
·	nded June	30, 2018		470,633
·	nded June :	30, 2018		

Barren River Area Development District Notes to the Schedule of Expenditures of Federal Awards

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of Barren River Area Development District (the "District") under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passthrough entity identifying numbers are presented where available. 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.

Nonmonetary assistance is reported in the schedule at fair value of goods received. The District did not receive any nonmonetary assistance for the year ended June 30, 2018.

NOTE 3: INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The District uses a Cost Allocation Plan methodology as defined in Appendix VII, Part 200, Section F3.

NOTE 4: LOAN BALANCES

The balance of loans outstanding at June 30, 2018 was \$76,387, CFDA No. 11.307, Revolving loan fund.

NOTE 5: CONTINGENCIES

Grant monies received and disbursed by the District are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

NOTE 6: SUBRECIPIENTS

The District did provide federal funds to subrecipients for the fiscal year June 30, 2018 as noted in the accompanying Schedule of Expenditures of Federal Awards.

Barren River Area Development District Summary Schedule of Prior Audit Findings

No reportable items.



Independent Auditors' 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 Barren River Area Development District Bowling Green, Kentucky Carr, Riggs & Ingram, LLC

922 State Street, Suite 100 Bowling Green, Kentucky 42101 PO Box 104 Bowling Green, Kentucky 42102-0104 (270) 782-0700 (270) 782-0932 (fax)

167 South Main Street Russellville, Kentucky 42276 (270) 726-7151 (270) 726-3155 (fax)

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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 the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Barren River Area Development District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Barren River Area Development District's basic financial statements and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

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

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 14, 2018



Carr, Riggs & Ingram, LLC

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Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Barren River Area Development District
Bowling Green, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Barren River Area Development District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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 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).

Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District'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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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, 2018.

Report on Internal Control over Compliance

Management of the District 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, we considered the District'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 Uniform Guidance, 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 the District'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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify

any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Cau, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 14, 2018

Barren River Area Development District Schedule of Findings and Questioned Costs

${\bf Section} \ {\bf I-Summary} \ {\bf of} \ {\bf Auditors'} \ {\bf Results}$

Financial Statements

Type of auditors' report issued on whether the prepared in accordance with GAAP: Unmodified	financial sta	tements audited were
Internal control over financial reporting:		
Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiency(ies) identified?	☐ Yes	☑ None reported
Noncompliance material to financial statements noted?	□ Yes	☑ No
Federal Awards		
Internal control over major programs:		
Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiency(ies) identified?	☐ Yes	☑ None reported
Type of auditors' report issued on compliance for major programs: unmodified		
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a))?	□ Yes	☑ No

EXECUTE: Barren River Area Development District Schedule of Findings and Questioned Costs (Continued)

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
93.044; 93.045; 93.053	Aging Cluster

Dollar threshold used to distinguish

between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?
☐ Yes ☐ No

Section II — Financial Statement Findings

No items required to be reported.

Section III — Federal Award Findings and Questioned Costs

No items required to be reported.