## Barren River Area Development District

**Financial Statements** 

June 30, 2020



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### **TAB: THOUGHT LEADERSHIP**

Join Our Conversation





**Board of Directors** 

### **Independent Auditors' Report**

Bowling Green, Kentucky

Barren River Area Development District

#### Carr, Riggs & Ingram, LLC

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### **Report on the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

#### **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, 2020, 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.

### **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 12 and 56 through 63 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.

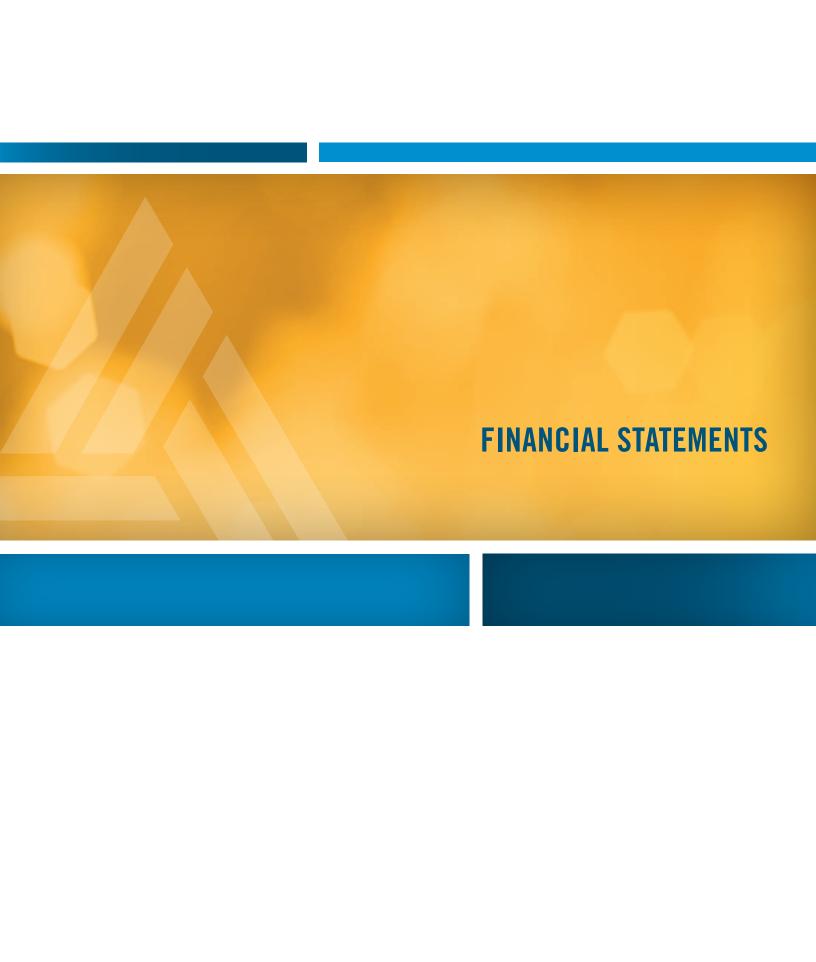
The combining statements, grant activity reports, other information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information 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 9, 2020 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 9, 2020





## BARREN RIVER AREA DEVELOPMENT DISTRICT (BRADD) MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2020

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, 2020. 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 and the Veteran's Directed Services (VDS) 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 (\$544,607) and (\$384,532) as of June 30, 2019 and 2020, respectively. The FY20 amount includes \$723,618 invested in capital assets, \$529,157 restricted for grant programs, \$189,266 restricted for building maintenance, and (\$1,826,573) is unrestricted. The change is primarily due to pension related activities.
- ❖ For governmental activities, revenues are \$10,223,632 for the year ended June 30, 2020. For the year ended June 30, 2019, revenues were \$9,226,643. The increase of \$996,989 from 2019 to 2020 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, 2020 is \$238,831, which is primarily attributable to the growth of the PDS program. Fund balances increased for the Special Revenue Funds by \$269,099 and decreased for the General Fund by \$30,268.
- ❖ 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 \$109,356 and \$80,286 as of June 30, 2019 and 2020 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.

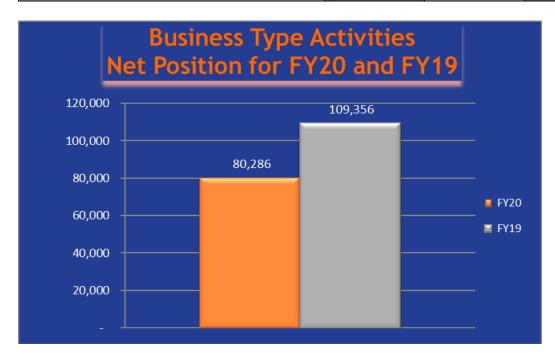
The government-wide financial statements outline functions of the BRADD that are principally supported by grants and agreements between BRADD and various units of government.

### **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, Veteran's Directed Services, Participant Directed Services and Revolving Loan Fund.

Business Type Activities Net Position for June 30, 2020 and June 30, 2019

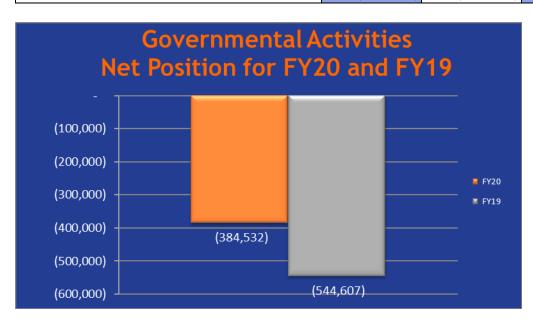
			Percentage
	FY20	FY19	Change
Cash and Investments	28,934	29,729	-2.67%
Capital Assets, net	51,352	79,627	-35.51%
Total Assets	80,286	109,356	-26.58%
Unearned Revenue	-	-	
Total Liabilities	-	-	
Investment in Capital Assets	51,352	79,627	-35.51%
Unrestricted Funds	28,934	29,729	-2.67%
Total Net Position	80,286	109,356	-26.58%



<sup>\*</sup> At year-end assets exceeded liabilities by \$80,286 with a net change of \$29,070 or 26.58%.

### Governmental Activities Net Position for June 30, 2020 and June 30, 2019

			Percentage
	FY20	FY19	Change
Cash and Investments	2,313,824	2,339,857	-1.11%
Grants Receivable	635,266	586,676	8.28%
Accounts Receivable	771,746	509,063	51.60%
Loans, net	184,939	133,739	38.28%
Other	30,306	29,512	2.69%
Capital Assets, net	723,618	702,892	2.95%
Total Assets	4,659,699	4,301,739	8.32%
OPEB Related	323,207	253,781	27.36%
Pension Related	785,636	792,393	-0.85%
Total Deferred Outflows of Resources	1,108,843	1,046,174	5.99%
Accounts Payable	533,649	461,287	15.69%
Accrued Liabilities	290,521	253,484	14.61%
Unearned Revenue	49,598	72,487	-31.58%
Compensated Absences	84,852	72,959	16.30%
Net OPEB Liability	851,439	933,370	-8.78%
Net Pension Liability	3,561,182	3,201,795	11.22%
Total Liabilities	5,371,241	4,995,382	7.52%
OPEB Related	391,532	246,639	58.75%
Pension Related	390,301	650,499	-40.00%
Total Deferred Inflows of Resources	781,833	897,138	-12.85%
Investment in Capital Assets	723,618	702,892	2.95%
Restricted for Grant Programs	529,157	560,153	-5.53%
Restricted for Building Maintenance	189,266	218,868	-13.53%
Unrestricted Funds	(1,826,573)	(2,026,520)	-9.87%
Total Net Position	(384,532)	(544,607)	-29.39%



<sup>\*</sup> At year-end liabilities exceeded assets by \$384,532 with a net change of \$160,075 or 29.39%.

### **EXPENSES FOR GOVERNMENTAL ACTIVITIES**

For governmental activities, expenses are \$10,063,557 for the year ended June 30, 2020, representing an increase of \$838,653 or 9.09% from \$9,224,904 for the year ended June 30, 2019. Object expenses as a percentage of total expenses for both years are as follows:

	2020	2020	2019	2019	Change	Change
	Expense \$	Expense %	Expense \$	Expense %	in \$	in %
Governmental Activities						
Object Expenses:						
Program Services	7,426,304	73.79%	6,600,444	71.55%	825,860	12.51%
Personnel	2,159,011	21.45%	2,028,005	21.98%	131,006	6.46%
Contractual Services	11,458	0.11%	6,476	0.07%	4,982	76.93%
Travel	43,891	0.44%	58,105	0.63%	(14,214)	-24.46%
Repairs and Maintenance	34,811	0.35%	57,398	0.62%	(22,587)	-39.35%
Insurance	37,407	0.37%	40,692	0.44%	(3,285)	-8.07%
Audit & Legal Fees	34,494	0.34%	38,874	0.42%	(4,380)	-11.27%
Telephone	7,528	0.07%	8,163	0.09%	(635)	-7.78%
Office Supplies	21,107	0.21%	19,666	0.21%	1,441	7.33%
Postage	9,670	0.10%	8,881	0.10%	789	8.88%
Printing	11,189	0.11%	10,581	0.11%	608	5.75%
Pension Management	3,261	0.03%	1,223	0.01%	2,038	166.64%
Miscellaneous	10,866	0.11%	21,194	0.23%	(10,328)	-48.73%
Staff Training	27,815	0.28%	34,888	0.38%	(7,073)	-20.27%
Bad Debt Expense	-	0.00%	57,496	0.62%	(57,496)	-100.00%
Provision for Loan Losses	44,165	0.44%	25,280	0.27%	18,885	74.70%
Meeting	6,904	0.07%	19,135	0.21%	(12,231)	-63.92%
Utilities	24,688	0.25%	28,394	0.31%	(3,706)	-13.05%
Depreciation	60,126	0.60%	57,429	0.62%	2,697	4.70%
Computer Support & Maintenan	36,635	0.36%	55,728	0.60%	(19,093)	-34.26%
Marketing & Advertising	9,952	0.10%	13,308	0.14%	(3,356)	-25.22%
Janitorial	14,162	0.14%	14,156	0.15%	6	0.04%
Dues & Subscriptions	28,113	0.28%	19,388	0.21%	8,725	45.00%
Total Expenses	10,063,557		9,224,904		838,653	9.09%

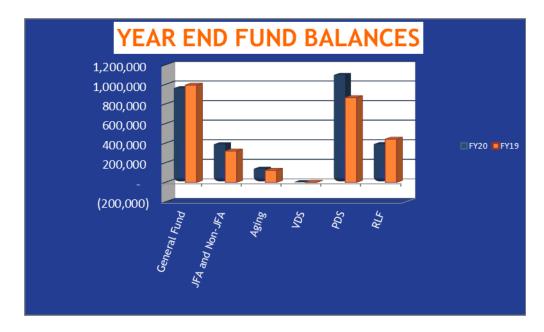
### **REVENUES FOR GOVERNMENTAL ACTIVITIES**

For governmental activities, revenues are \$10,223,632 for the year ended June 30, 2020, representing an increase of \$988,097 or 10.7% from \$9,235,535 for the year ended June 30, 2019.

	2020	2020	2019	2019	Change	Change
	Revenue \$	Revenue %	Revenue \$	Revenue %	in \$	in %
Program Revenues:						
Charges for Services	117,841	1.15%	116,884	1.27%	957	0.82%
Operating Grants and						
Contributions	10,090,265	98.70%	9,091,738	98.44%	998,527	10.98%
Total program revenues	10,208,106		9,208,622		999,484	
General Revenues:						
Investment Income	15,526	0.15%	18,021	0.20%	(2,495)	-13.84%
Gain on Disposal of Fixed Asset		0.00%	8,892	0.10%	(8,892)	
Total Revenues	10,223,632		9,235,535		988,097	10.70%

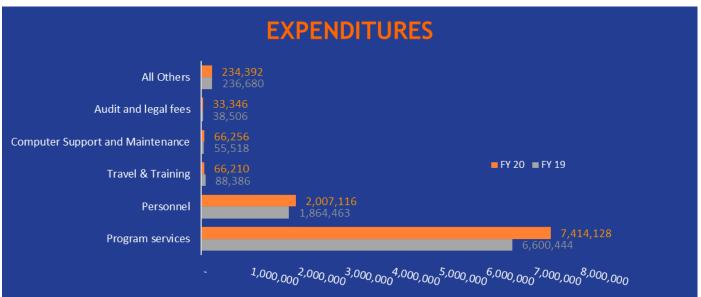
### **FUND BALANCES**

Fund balances overall increased \$238,831 or 8.72% from \$2,738,630 to \$2,977,461 between FY 19 and FY 20.



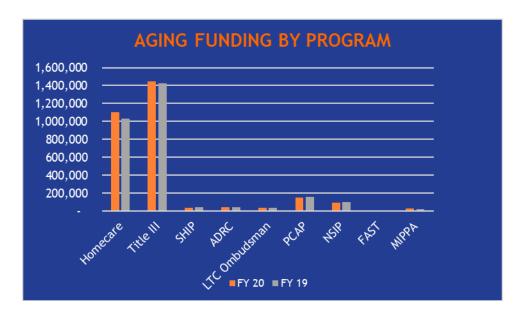
### **REVENUES VS EXPENDITURES**





- ❖ Total revenues increased \$998,313 or 11.01% from FY 19 to FY 20.
- ❖ Total expenditures increased \$937,451 or 10.55% from FY 19 to FY 20.
- ❖ Intergovernmental revenue accounts for 93% of total revenues while program services accounts for 75% of total expenditures.
- Examples of other expenditures are insurance, utilities, and repairs and maintenance.

### **SPECIAL REVENUE FUNDS**



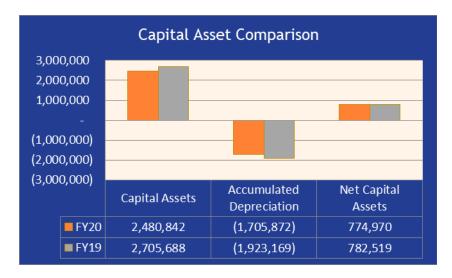
- Overall Intergovernmental Aging funding increased approximately \$75,000 during FY 20 due to Covid-19 pandemic and increased funds to serve the elderly.
- Examples of aging services include case management, home delivered meals and legal assistance.

### ADDITIONAL SPECIAL REVENUE FUNDS

- Revolving Loan Fund (RLF) fund balance decreased due to a write-off for a defaulted loan and setting up a
  provision for loan losses related to the Covid-19 loans.
- Participant Directed Services (PDS) fund balance increased due to the growth of the program.
- Veteran's Directed Services (VDS) fund balance increased due to a small growth in the program and this being its second year.
- General Fund balance decreased due to a change in how staff time is charged for non-specific duties.
- JFA and Non-JFA fund balance increased due to performance based agreements.

### **CAPITAL ASSETS**

At June 30, 2020, BRADD and its component units had invested \$2,480,842 in capital assets, consisting of land, building, furniture, equipment, and vehicles. The accumulated depreciation on those assets is \$1,705,872; therefore, net capital assets are \$774,970. This is a decrease of \$7,549 or 0.96% of net capital assets from FY 19.



#### **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, 2020

	Go	overnmental Activities	iness-Type Activities	Total
Assets				
Cash and investments	\$	2,313,824	\$ 28,934	\$ 2,342,758
Grants receivable		635,266	-	635,266
Accounts receivable		771,746	-	771,746
Loans, net		184,939	-	184,939
Other		30,306	-	30,306
Nondepreciable capital assets		71,133	-	71,133
Depreciable capital assets		1,995,553	414,156	2,409,709
Less: accumulated depreciation		(1,343,068)	(362,804)	(1,705,872)
Total assets		4,659,699	80,286	4,739,985
Deferred Outflows of Resources				
OPEB related		323,207	-	323,207
Pension related		785,636	-	785,636
Total deferred outflows of resources		1,108,843	-	1,108,843
Liabilities				
Accounts payable		533,649	-	533,649
Accrued liabilities		290,521	-	290,521
Unearned revenue		49,598	-	49,598
Compensated absences		84,852	-	84,852
Net OPEB liability		851,439	-	851,439
Net pension liability		3,561,182	-	3,561,182
Total liabilities		5,371,241	_	5,371,241
Deferred Inflows of Resources				
OPEB related		391,532	-	391,532
Pension related		390,301	-	390,301
Total deferred inflows of resources		781,833	-	781,833
Net Position (Deficit)				
Net investment in captial assets		723,618	51,352	774,970
Restricted		•	,	,
Grant programs		529,157	-	529,157
Building maintenance		189,266	-	189,266
Unrestricted (deficit)		(1,826,573)	28,934	(1,797,639)
Total net position (deficit)	\$	(384,532)	\$ 80,286	\$ (304,246)

### Barren River Area Development District Statement of Activities

Net (Expense) Revenue and Finded June 30, 2020 Program Revenues Changes in Net Position

Year Ended June 30, 2020				Pr	rogram Reven	ues			Char	nges in Net Posi	tion	
			 _		Operating	C	apital Grants	_	_			
			narges for		Grants and		and		ernmental	,,		
	Ex	penses	 Services	Co	Contributions		Contributions		Activities	Activities		Total
Governmental activities												
Program services	\$ 7	7,426,304	\$ 117,841	\$	7,594,468	\$	-	\$	286,005	\$ -	\$	286,005
Personnel	2	2,159,011	-		2,059,529		-		(99,482)	-		(99,482)
Contractual services		11,458	-		11,458		-		-	-		-
Travel		43,891	-		43,891		-		-	-		-
Repairs and maintenance		34,811	-		66,973		-		32,162	-		32,162
Insurance		37,407	-		37,407		-		-	-		-
Audit and legal fees		34,494	-		34,494		-		-	-		-
Telephone		7,528	-		7,528		-		-	-		-
Office supplies		21,107	-		21,107		-		-	-		-
Postage		9,670	-		9,670		-		-	-		-
Printing		11,189	-		11,189		-		-	-		-
Pension management		3,261	-		3,261		-		-	-		-
Miscellaneous		10,866	-		10,866		-		-	-		-
Staff training		27,815	-		27,815		-		-	-		-
Provision for loan losses		44,165	-		-		-		(44,165)	-		(44,165)
Depreciation - unallocated		60,126	-		-		-		(60,126)	-		(60,126)
Utilities		24,688	-		24,688		-		-	-		-
Computer support and												
maintenance		36,635	-		66,790		-		30,155	-		30,155
Marketing and advertising		9,952	-		9,952		-		-	-		-
Meeting		6,904	-		6,904		-		-	-		-
Janitorial		14,162	-		14,162		-		-	-		-

### Barren River Area Development District Statement of Activities

Year Ended June 30, 2020				D	rogram Reven	1105		-	xpense) Revenue	
real Ended Julie 30, 2020	Expenses	Charg Serv	es for		Operating Grants and ontributions	Capital Grants and Contributions		vernmental Activities	Business-Type Activities	Total
Dues and subscriptions	28,113		-		28,113		-	-	-	-
Total governmental activities	10,063,557	1:	17,841		10,090,265		-	144,549	-	144,549
Business-type activities										
Audit and legal fees	795		-		-		-	-	(795)	(795)
Depreciation expense	28,275		-		-		-	-	(28,275)	(28,275)
Total business-type activites	29,070		-		-		-	-	(29,070)	(29,070)
Total government	\$ 10,092,627	\$ 1	17,841	\$	10,090,265	\$	_	144,549	(29,070)	115,479
		Genera	l Reve	nues						
		Inves	tment	inco	me			15,526	-	15,526
		Total ge	eneral	reve	nues			15,526	-	15,526
		Change	in net	posi	tion			160,075	(29,070)	131,005
		Net pos	ition (	defic	it) - beginning	of year		(544,607)	109,356	(435,251)
		Net pos	ition (	defic	it) - end of yea	r	\$	(384,532)	\$ 80,286	\$ (304,246)

# Barren River Area Development District Balance Sheet Governmental Funds

June 30, 2020	General Fund	Special Revenue Funds		Total overnmental Funds
		1 01110.0		
Assets				
Cash and investments	\$ 901,359	\$ 1,412,465	\$	2,313,824
Due from other funds	179,780	348,690		528,470
Grants receivable	-	635,266		635,266
Accounts receivable	20,200	751,546		771,746
Loans, net	-	184,939		184,939
Other	-	30,306		30,306
Total assets	\$ 1,101,339	\$ 3,363,212	\$	4,464,551
Liabilities and Fund Balances Liabilities				
Due to other funds	\$ 74,434	\$ 454,036	\$	528,470
Accounts payable	57,728	475,921		533,649
Accrued payroll and taxes	-	290,521		290,521
Unearned revenue	7,509	42,089		49,598
Compensated absences	-	84,852		84,852
Total liabilities	139,671	1,347,419		1,487,090
Fund Balances				
Non-spendable	-	30,306		30,306
Restricted	189,266	529,157		718,423
Assigned	-	1,456,330		1,456,330
Unassigned	772,402	-		772,402
Total fund balances	961,668	2,015,793		2,977,461
Total liabilities and fund balances	\$ 1,101,339	\$ 3,363,212	\$	4,464,551

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

June 30,	2020
Total fund balances - governmental funds	\$ 2,977,461
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 \$2,066,686 and the accumulated depreciation is \$1,343,068.	723,618
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.	395,335
Deferred outflows and inflows of resources related to OPEB expense are applicable to future periods, therefore, are not reported in the fund statements.	(68,325)
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	(851,439)
Net pension liability	(3,561,182)
Total net position - governmental activities	\$ (384,532)

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

Year Ended June 30, 2020	General Fund	Special Revenue Funds	Go	Total vernmental Funds
Teur Lindeu Julie 30, 2020	runu	ruius		ruius
Revenues				
Intergovernmental revenue	\$ -	\$ 9,358,605	\$	9,358,605
Local revenue	144,420	460,854		605,274
In-kind income	-	173,222		173,222
Program income	-	64,252		64,252
Investment income	11,552	3,974		15,526
Other income	-	6,753		6,753
Total revenues	155,972	10,067,660		10,223,632
Expenditures				
Program services	30,711	7,414,128		7,444,839
Personnel	52,413	2,007,116		2,059,529
Contractual services	9,730	1,728		11,458
Travel	4,974	38,917		43,891
Repairs and maintenance	33,021	33,952		66,973
Insurance	946	36,461		37,407
Audit and legal fees	1,148	33,346		34,494
Telephone	170	7,358		7,528
Office supplies	814	20,293		21,107
Postage	132	9,538		9,670
Provision for loan losses	-	44,165		44,165
Printing	169	11,020		11,189
Pension management	83	3,178		3,261
Miscellaneous	-	10,866		10,866
Staff training	522	27,293		27,815
Utilities	787	23,901		24,688
Computer support and				
maintenance	534	66,256		66,790
Marketing and advertising	208	9,744		9,952
Dues and subscriptions	21,557	6,556		28,113
Janitorial	359	13,803		14,162
Meeting	5,074	1,830		6,904
Total expenditures	163,352	9,821,449		9,984,801
(Deficiency) excess of revenues over				
expenditures	(7,380)	246,211		238,831

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

Year Ended June 30, 2020	General Fund	Special Revenue Funds	Total Governmental Funds
Other Financing Sources (Uses)			
Operating transfers in	-	23,164	23,164
Operating transfers out	(22,888)	(276)	(23,164)
Total other financing sources (uses)	(22,888)	22,888	-
Net change in fund balance	(30,268)	269,099	238,831
Fund balances - beginning of year	991,936	1,746,694	2,738,630
Fund balances - end of year	\$ 961,668 \$	2,015,793	\$ 2,977,461

### 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,	2020
Total net change in fund balances - governmental funds	\$ 238,831
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 capital outlays (\$80,852) exceed depreciation expense (\$60,126) in the period.	20,726
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	(105,946)
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	6,464
Change in net position - governmental activities	\$ 160,075

# Barren River Area Development District Statement of Net Position Proprietary Fund

lung 20, 2020	Loca	Barren River Local Officials Organization	
June 30, 2020	Org	anization	
Assets			
Current assets			
Cash	\$	28,934	
Total current assets		28,934	
Noncurrent assets			
Fixed assets - net		51,352	
Total noncurrent assets		51,352	
Total assets		80,286	
Liabilities and Net Position			
Net Position			
Net investment in capital assets		51,352	
Unrestricted		28,934	
Total liabilities and net position	\$	80,286	

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

Year Ended June 30, 2020	Loca	Barren River Local Officials Organization	
Operating Evponses			
Operating Expenses  Audit and legal fees	\$	795	
Depreciation expense	Ţ	28,275	
Total operating expenses		29,070	
Operating loss		(29,070)	
Change in net position		(29,070)	
Net position - beginning of year		109,356	
Net position - end of year	\$	80,286	

# Barren River Area Development District Statement of Cash Flows Proprietary Fund

Year Ended June 30, 2020	Barren River Local Officials Organization	
Cash Flows from Operating Activities		
Cash payments for other operating expenses	\$	(795)
Net cash used in operating activities		(795)
Net decrease in cash		(795)
Cash - beginning of year		29,729
Cash - end of year	\$	28,934

# Barren River Area Development District Statement of Cash Flows Proprietary Fund

Year Ended June 30, 2020		Barren River Local Officials Organization	
Reconciliation of Operating Loss to Net Cash Provided By (Used in) Operating Activities:			
Operating loss	\$	(29,070)	
Adjustments to reconcile operating loss to net cash provided			
by (used in) operating activities:			
Depreciation		28,275	
Net cash used in operating activities	\$	(795)	

#### **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 organization is 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), Veteran Directed Services (VDS) 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 under guidelines of the Department for Local Government and Federal grant regulations. 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 borrower's cash flows from their operations and general economic conditions in this District's area. The loans are unsecured.

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.

### **Accounts and Grants Receivable**

Accounts and grants receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts and grants receivables.

### 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.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **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.

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	6 - 8 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 Inflows and Outflows of Resources – Pension Related

The District's statement of net position reports a separate section for deferred inflows and outflows of resources related to pension 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. 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.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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's proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 10 provides further detail on the net pension liability.

### 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 11 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.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **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.

#### **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.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **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.

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, performance based, requiring the completion of certain tasks or required outcomes, 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.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Subsequent Events**

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through December 9, 2020, which was the date the financial statements were made available.

### **Recent Accounting Pronouncements**

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, 2019 (as modified by GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). Early adoption is permitted. 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 June 15, 2021 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). 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, 2020 (as modified by GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). 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, 2019 (as modified by GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). 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, 2020, the carrying amounts of the District's deposits, which include investments, were \$2,342,758 and the bank balances were \$2,451,087, of which \$2,451,087 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, which are reported at cost.

### **NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

### ▶ 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, 2020, 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: ACCOUNTS AND GRANTS RECEIVABLES ALLOWANCE FOR DOUBTFUL ACCOUNTS

An analysis of the allowance for doubtful accounts as of June 30, 2020 follows:

June 30,	2020
Balance - beginning of year Charge offs Provision for doubtful accounts	\$ 57,496 (57,496)
Balance - end of year	\$ -

### **NOTE 5: INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2020 consist of the following:

Receivable Fund	Payable Fund	Amount
JFA	Aging	164,690
JFA	RLF	2,324
JFA	VDS	6,898
JFA	PDS	100,344
General	JFA	179,780
JFA	General	74,434

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

### **NOTE 6: LOANS**

At June 30, 2020, the District has outstanding loans made to local businesses that are funded through federal and local loan programs. Amounts are recorded in the Revolving Loan Fund, with outstanding loans of \$184,939 at June 30, 2020, net of allowance for loan losses of \$9,734. The District had no loans on nonaccrual status at June 30, 2020.

An analysis of allowance for loan losses as of June 30, 2020 follows:

June 30,		2020		
Balance - beginning of year Provision for loan losses	\$	34,430 44,165		
Charge offs		(68,861)		
Balance - end of year	\$	9,734		

**NOTE 7: CAPITAL ASSETS** 

Capital asset activity for the year ended June 30, 2020 is as follows:

	Capital Cost							
	В	eginning	Retirements/			Ending		
June 30, 2020		Balance	A	dditions	Rec	lassifications		Balance
<b>Governmental Activities</b>								
Non-depreciable capital assets:								
Land	\$	71,133	\$	-	\$	-	\$	71,133
Total nondepreciable historical cost		71,133		-		-		71,133
Capital assets that are depreciated:								
Office furniture and equipment		313,820		62,317		(15,788)		360,349
Office building	:	1,559,578		-		-	1	L,559,578
Vehicles		57,091		18,535		-		75,626
Total depreciable historical cost		1,930,489		80,852		(15,788)	1	1,995,553
Less accumulated depreciation for:								
Office furniture and equipment		256,484		16,688		(15,788)		257,384
Office building	;	1,015,275		37,111		-	1	L,052,386
Vehicles		26,971		6,327		-		33,298
Total accumulated depreciation		1,298,730		60,126		(15,788)	1	L,343,068
Governmental activities, capital assets,								
net	\$	702,892	\$	20,726	\$	-	\$	723,618
Business-Type Activities								
Vehicles	\$	704,066	\$	-	\$	(289,910)	\$	414,156
Total historical cost		704,066		-		(289,910)		414,156
Less accumulated depreciation		624,439		28,275		(289,910)		362,804
Business-type activities, capital assets, net	\$	79,627	Ş	(28,275)	\$	-	Ş	51,352

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

#### **NOTE 8: 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, 2020, the District's special revenue funds had \$30,306 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, 2020, the District's special revenue funds had \$529,157 restricted for grant programs and \$189,266 restricted for building repairs and maintenance costs 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, 2020.

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, 2020, the District's special revenue funds had \$1,095,989 in the PDS fund assigned for future Aging/PDS expenses, the VDS fund had \$1,338 assigned for future program expenditures and the JFA/Non-JFA fund had assigned fund balances of \$359,003 for future program expenditures. Total assigned fund balance in the special revenue funds was \$1,456,330 at June 30, 2020.

*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 9: OPERATING LEASE COMMITMENTS**

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

June 30,	
2021	5,876
2022	1,470
	\$ 7,346

#### **NOTE 10: RETIREMENT PLANS**

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 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 24.06%, 21.48%, and 19.18% for the years ended June 30, 2020, 2019 and 2018, 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.

The District participates in a Profit Sharing Plan (a defined contribution retirement plan) administered by the Kentucky Area Development District Pension Trust. 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.

### **NOTE 10: RETIREMENT PLANS (CONTINUED)**

The District's contributions to the Plans during the fiscal years ended June 30, 2020, 2019 and 2018 were:

June 30,	2020	2019	2018
CERS <sup>1</sup>	\$ 331,565	\$ 274,992	\$ 255,108
401(k) Profit Sharing Match <sup>1</sup>	11,161	9,543	10,588

<sup>&</sup>lt;sup>1</sup> 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 and regular part-time salaried 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 10: 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 1:420 Employees Administrative Duties). 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 are 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, 2020, participating employers contributed a percentage of each employee's creditable compensation. Administrative costs to KRS are financed through employer contributions and investment earnings. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2020 was 19.30%.

### **NOTE 10: RETIREMENT PLANS (CONTINUED)**

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

At June 30, 2020, the District reported a liability of \$3,561,182 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2019 contributions to the pension plan relative to the 2019 contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.050635%.

For the year ended June 30, 2020, the District recognized pension expense of \$371,409. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		ed Inflows of esources
Difference between expected and actual experience	\$	90,928	\$ 15,047
Net difference between projected and actual earnings on pension plan investments		68,361	125,768
Change of assumptions		360,432	-
Changes in proportion and differences between employer contributions and proportionate share of contribution		-	249,486
District contributions subsequent to the measurement date		265,915	-
Total	\$	785,636	\$ 390,301

\$265,915 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, 2020. 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 10: 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,	
2020	\$ 69,902
2021	30,894
2022	24,550
2023	4,074
Thereafter	-

### **Actuarial Assumptions**

The total pension liability, net pension liability, and sensitivity information as of June 30, 2019 were based on an actuarial valuation date of June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2018. The actuarial assumptions are:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality tab for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

### **NOTE 10: RETIREMENT PLANS (CONTINUED)**

### **Long-Term Expected Rate of Return**

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

Target	Long-Term Expected
Allocation	Real Rate of Return
62.50%	
18.75%	4.30%
18.75%	4.80%
10.00%	6.65%
15.00%	2.60%
14.50%	
13.50%	1.35%
1.00%	0.20%
23.00%	
5.00%	4.85%
3.00%	2.97%
15.00%	4.10%
	_
100.00%	3.89%
	<b>Allocation 62.50%</b> 18.75%  18.75%  10.00%  15.00% <b>14.50%</b> 1.00% <b>23.00%</b> 5.00%  3.00%  15.00%

#### **Discount Rate**

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's CAFR.

### **NOTE 10: RETIREMENT PLANS (CONTINUED)**

### 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:

	19					% Increase (7.25%)
District's proportionate share						
of the net pension liability	\$	4,454,029	\$	3,561,182	\$	2,817,003

### **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 11: 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 and regular part-time salaried 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.

#### **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.

### NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### **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, 2020, the required contribution was 4.76% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2020, were \$65,650. 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.

### **Implicit Subsidy**

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2020, the District reported a liability of \$851,439 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on the District's share of 2019 contributions to the OPEB plan relative to the 2019 contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.050622%.

For the year ended June 30, 2020, the District recognized OPEB expense of \$73,802.

### NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources		
Difference between expected and actual experience	\$	-	\$	256,899	
Net difference between projected and actual investment earnings on OPEB plan investments		5,608		43,425	
Change of assumptions		251,949		1,685	
Changes in proportion and differences between employer contriutions and proportionate share of contribution		-		89,523	
District contributions subsequent to the measurement date		65,650			
Total	\$	323,207	\$	391,532	

For the year ended June 30, 2020, \$65,650 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. 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,	
2020	\$ (25,918)
2021	(25,918)
2022	(13,895)
2023	(36,882)
2024	(26,784)
Thereafter	(4,578)

### NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### **Actuarial Assumptions**

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2019 were based on an actuarial valuation date of June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019, using generally accepted actuarial principles. There have been no changes in plan provisions since June 30, 2018. The plan adopted new actuarial assumptions since June 30, 2018, which were used to determine the total OPEB liability as follows:

Inflation 2.30% Payroll Growth Rate 2.00%

Salary Increase 3.30% to 10.30%, varies by service

Investment Rate of Return 6.25%

Healthcare Trend Rates (Pre-65) Initial trend starting at 7.00% at January 1, 2020,

and gradually decreasing to an ultimate trend rate

of 4.05% over a period of 12 years.

Healthcare Trend Rates (Post-65) Initial trend starting at 5.00% at January 1, 2020,

and gradually decreasing to an ultimate trend rate

of 4.05% over a period of 10 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.

### **Long-Term Expected Rate of Return**

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

### NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

### Long-Term Expected Rate of Return (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.30%
Non US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Special Credit/High Yield	15.00%	2.60%
Liquidity	14.50%	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	23.00%	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	3.89%

#### **Discount Rate**

The projection of cash flows used to determine the discount rate of 5.68% for CERS non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 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 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the Plan's 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 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

### 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, 2020, calculated using the discount rate of 5.68%, 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 (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

			(	Current		
	19	% Decrease (4.68%)	_	count Rate (5.68%)	_	6 Increase (6.68%)
District's proportionate share of the						
collective net OPEB liability	\$	1,140,578	\$	851,439	\$	613,208

### 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:

	1%	1% Decrease		Rate	1	% Increase
District's proportionate share of the						
collective net OPEB liability	\$	633,220	\$	851,439	\$	1,116,056

### **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 12: 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

### **NOTE 12: CONTINGENCIES (CONTINUED)**

satisfaction of the various grantors that the funds they provide are being spent as intended and upon their intent to continue their programs.

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 13: 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, 2020, the District incurred a total expense of \$230,891 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 14: 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
		_
General Fund	\$	30,268
Revolving Loan		49,940
Barren River Local Officials Organization		29,070

#### **NOTE 15: FUND TRANSFERS**

Fund transfers for the year ended June 30, 2020 consist of the following:

Туре	From Fund	To Fund	Purpose	Amount		
Operating Operating	General PDS	JFA and Non-JFA Aging	Matching/Regional Support Program assistance	\$	22,888 276	

### NOTE 16: 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 purpose 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 benefiting 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.
- Staff Travel/Training 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.

### NOTE 16: COST ALLOCATION PLAN (CAP) (CONTINUED)

- 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 council members/other board members will be charged as a direct cost to the work element to which the activity is assigned.
- 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.

### NOTE 16: COST ALLOCATION PLAN (CAP) (CONTINUED)

Year Ended June 30, 2020	Ind	irect Cost
Salaries and benefits	\$	340,286
	Ą	•
Travel		10,869
Audit and legal		34,183
Pension management		3,260
Telephone		6,694
Supplies		8,225
Insurance		37,409
Postage		1,485
Printing		593
Dues and subscriptions		1,009
Computer support and maintenance		21,094
Other		1,060
Rent		4,659
Utilities		24,520
Building maintenance and janitorial		43,452
	\$	538,798

#### **NOTE 17: UNCERTAINTY**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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

Year Ended June 30, 2020

rear Enacasane 30, 2020		Rudgeted	lΛn	nounts				Variance vith Final	
-		Original	udgeted Amounts ginal Final		ı	Actual	Fin	Budget Final to Actual	
Revenues									
Local income	\$	116,884	\$	116,884	\$	144,420	\$	27,536	
Investment income	7	10,822	,	10,822	•	11,552	•	730	
Other income		29,590		29,590		-		(29,590)	
Total revenues		157,296		157,296		155,972		(1,324)	
Expenditures									
Program services		24,730		24,730		30,711		(5,981)	
Personnel		17,760		17,760		52,413		(34,653)	
Contractual services		4,980		4,980		9,730		(4,750)	
Travel		3,513		3,513		4,974		(1,461)	
Repairs and Maintenance		18,575		18,575		33,021		(14,446)	
Insurance		1,447		1,447		946		501	
Audit and legal fees		368		368		1,148		(780)	
Telephone		176		176		170		6	
Office supplies		932		932		814		118	
Postage		140		140		132		8	
Printing		302		302		169		133	
Pension management		12		12		83		(71)	
Miscellaneous		45		45		-		45	
Staff training		1,094		1,094		522		572	
Utilities		268		268		787		(519)	
Computer support and									
maintenance		210		210		534		(324)	
Marketing		32		32		208		(176)	
Dues and subscriptions		13,424		13,424		21,557		(8,133)	
Bad debt expense		57,496		57,496		-		57,496	
Janitorial		134		134		359		(225)	
Meeting		16,788		16,788		5,074		11,714	
Total expenditures		162,426		162,426		163,352		(926)	
Deficiency of revenues over									
expenditures		(5,130)		(5,130)		(7,380)		(2,250)	
Other Financing Sources (Uses)									
Operating transfers in (out)		(14,877)		(14,877)		(22,888)		(8,011)	
Total other financing sources (uses)		(14,877)		(14,877)		(22,888)		(8,011)	
Net change in fund balance		(20,007)		(20,007)		(30,268)		(10,261)	
Fund balances - beginning of year		1,011,943		1,011,943		991,936		(20,007)	
Fund balances - end of year	\$	991,936	\$	991,936	\$	961,668	\$	(30,268)	

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

Year Ended June 30, 2020

						Variance with Final
	Budgeted	l Am	ounts	_		Budget
	Original		Final		Actual	Final to Actual
Revenues						
Intergovernmental revenue	\$ 8,419,018	\$	8,419,018	\$	9,358,605	\$ 939,587
Local revenue	406,380		406,380		460,854	54,474
In-kind income	136,525		136,525		173,222	36,697
Program income	93,301		93,301		64,252	(29,049)
Investment income	7,199		7,199		3,974	(3,225)
Other income	6,924		6,924		6,753	(171)
Total revenues	9,069,347		9,069,347		10,067,660	998,313
Cynandityras						
Expenditures  Drogram convices	6,600,444		6,600,444		7 /1/ 120	(012 604)
Program services Personnel	1,864,463		1,864,463		7,414,128	(813,684)
Contractual services & direct	1,004,403		1,004,403		2,007,116	(142,653)
	1 406		1 406		1 720	(222)
other	1,496		1,496		1,728	(232)
Travel	-		-		38,917	(38,917)
Repairs and maintenance	38,823		38,823		33,952	4,871
Insurance	39,245		39,245		36,461	2,784
Audit and legal fees	38,506		38,506		33,346	5,160
Telephone	-		-		7,358	(7,358)
Utilities	36,113		36,113		23,901	12,212
Office supplies	27,475		27,475		20,293	7,182
Postage	-		-		9,538	(9,538)
Bad debt expense	25,280		25,280		44,165	(18,885)
Printing	23,555		23,555		11,020	12,535
Pension management	1,211		1,211		3,178	(1,967)
Miscellaneous	21,149		21,149		10,866	10,283
Staff training	88,386		88,386		27,293	61,093
Computer support and						
maintenance	55,518		55,518		66,256	(10,738)
Marketing	-		-		9,744	(9,744)
Dues and subscriptions	5,964		5,964		6,556	(592)
Janitorial	14,022		14,022		13,803	219
Meeting	2,347		2,347		1,830	517
Total expenditures	8,883,997		8,883,997		9,821,449	(937,452)
Excess of revenues over						
expenditures	185,350	_	185,350		246,211	60,861

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

### Year Ended June 30, 2020

						Variance with Final
	Budgeted	Am	ounts			Budget
	Original		Final	•	Actual	Final to Actual
Other Financing Sources (Uses)						_
Operating transfers in - net	14,877		14,877		22,888	8,011
Total other financing sources						
(uses)	14,877		14,877		22,888	8,011
Net change in fund balance	200,227		200,227		269,099	68,872
Fund balances - beginning of year	1,546,467		1,546,467		1,746,694	200,227
Fund balances - end of year	\$ 1,746,694	\$	1,746,694	\$	2,015,793	\$ 269,099

As of June 30,	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.050635%	0.052572%	0.057234%	0.071623%	0.067555%	0.067639%
District's proportionate share of the net pension liability	\$ 3,561,182 \$	3,201,795 \$	3,350,082 \$	3,526,454 \$	2,905,556 \$	2,194,000
District's covered payroll	\$ 1,280,223 \$	1,330,073 \$	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	278.17%	240.72%	230.06%	199.18%	178.24%	136.86%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%	68.80%
For the Year Ended June 30,	2020	2019	2018	2017	2016	2015
Contractually required contribution Contributions in relation to the contractually	\$ 265,915 \$	207,619 \$	192,607 \$	203,194 \$	219,899 \$	201,697
required contribution	265,915	207,619	192,607	203,194	219,899	201,697
Contribution deficiency (excess)	\$ - \$	- \$	- \$	- \$	- \$	-
District's covered payroll	\$ 1,378,076 \$	1,280,223 \$	1,330,073 \$	1,456,183 \$	1,770,522 \$	1,630,152
Contributions as a percentage of covered payroll	19.30%	16.22%	14.48%	13.95%	12.42%	12.37%

# 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 Benefit Terms**

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

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms

### **Changes of Assumptions**

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

2020: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2019: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

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.

# 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 (continued)**

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,		2020	2019	2018
District's proportion of the net OPEB liability		0.050622%	0.052570%	0.057234%
District's proportionate share of the net OPEB liability	\$	851,439 \$	933,370 \$	1,150,599
District's covered payroll	\$	1,280,223 \$	1,330,073 \$	1,456,183
District's proportionate share of the net OPEB liability as a percentage of its covered payroll		66.51%	70.17%	79.01%
Plan fiduciary net position as a percentage of the total OPEB liability	/	60.44%	57.62%	52.40%
Schedule of District Contr	ibutio	ons - CERS		
For the years ended June 30,		2020	2019	2018
Contractually required contribution	\$	65,650 \$	67,373 \$	62,501
Contributions in relation to the contractually required contribution		65,650	67,373	62,501
Contribution deficiency (excess)	\$	- \$	- \$	-
District's covered payroll	\$	1,378,076 \$	1,280,223 \$	1,330,073
Contributions as a percentage of covered payroll		4.76%	5.26%	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**

No changes of benefit terms.

### **Changes of Assumptions**

2020: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2019: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premiums for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

# 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

### **Changes of Assumptions (continued)**

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				F	Revolving	Spe	Total ecial Revenue
June 30, 2020	1	Non-JFA	Aging	VDS	PDS		Loan		Funds
Assets									
Cash and investments	\$	291,636	\$ 158,447	\$ 13,699	\$ 740,874	\$	207,809	\$	1,412,465
Due from other funds		348,690	-	-	-		-		348,690
Grants receivable, net		72,798	562,468	-	-		-		635,266
Accounts receivable, net		-	-	18,828	732,718		-		751,546
Loans, net		-	-	-	-		184,939		184,939
Other		29,551	-	-	755		-		30,306
Total assets	\$	742,675	\$ 720,915	\$ 32,527	\$ 1,474,347	\$	392,748	\$	3,363,212
Liabilities and Fund Balances									
Liabilities									
Due to other funds	\$	179,780	\$ 164,690	\$ 6,898	\$ 100,344	\$	2,324	\$	454,036
Accounts payable		43,554	411,407	20,718	242		-		475,921
Accrued payroll and taxes		43,933	-	2,696	243,892		-		290,521
Unearned revenue		2,002	6,085	877	33,125		-		42,089
Compensated absences		84,852	-	-	-		-		84,852
Total liabilities		354,121	582,182	31,189	377,603		2,324		1,347,419

### Barren River Area Development District Combining Balance Sheet Special Revenue Funds

June 30, 2020	JFA and Non-JFA	Aging	VDS	PDS	Revolving Loan	Special Revenue Funds
Fund Balances						
Non-spendable	29,551	-	_	755	_	30,306
Restricted	-	138,733	-	-	390,424	529,157
Assigned	359,003	-	1,338	1,095,989	-	1,456,330
Total fund balances	388,554	138,733	1,338	1,096,744	390,424	2,015,793
Total liabilities and fund balances	\$ 742,675 \$	5 720,915 \$	32,527 \$	1,474,347	\$ 392,748 \$	3,363,212

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

Year Ended June 30, 2020	JFA and Non-JFA	Aging	VDS	PDS	Revolving Loan	Total Special Revenue Funds
Revenues						
Intergovernmental revenue	\$ 425,587 \$	2,938,771	<b>.</b>	\$ 5,994,247	\$ -	\$ 9,358,605
Local revenue	133,304	269,056	58,494	-	-	460,854
In-kind income		173,222	-	_	_	173,222
Program income	_	29,482	_	30,712	4,058	64,252
Investment income	-		_	-	3,974	3,974
Other income	-	-	-	6,753	-	6,753
Total revenues	558,891	3,410,531	58,494	6,031,712	8,032	10,067,660
Expenditures						
Program services	2,512	2,497,180	47,314	4,867,122	-	7,414,128
Personnel	425,875	770,913	7,968	792,424	9,936	2,007,116
Contractual services	155	287	3	1,279	4	1,728
Travel	8,316	13,120	159	17,274	48	38,917
Repairs and maintenance	7,881	12,717	130	13,060	164	33,952
Insurance	7,745	14,032	142	14,362	180	36,461
Audit and legal fees	7,058	12,796	130	13,197	165	33,346
Telephone	1,381	2,528	25	3,392	32	7,358
Office supplies	2,755	5,171	73	12,205	89	20,293
Postage	1,290	2,627	49	5,507	65	9,538
Provision for loan losses	-	-	-	-	44,165	44,165
Printing	3,057	4,093	39	3,715	116	11,020
Pension management	677	1,219	12	1,254	16	3,178
Miscellaneous	-	-	-	10,866	-	10,866

## 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, 2020	Non-JFA	Aging	VDS	PDS	Loan	Funds
Staff training	16,145	5,181	22	3,570	2,375	27,293
Utilities	5,070	9,185	93	9,435	118	23,901
Computer support and						
maintenance	11,613	29,528	80	24,933	102	66,256
Marketing and advertising	2,531	7,097	1	114	1	9,744
Dues and subscriptions	4,421	1,656	4	470	5	6,556
Janitorial	2,926	5,301	54	5,454	68	13,803
Meeting	1,304	203	-	-	323	1,830
Total expenditures	512,712	3,394,834	56,298	5,799,633	57,972	9,821,449
Excess (deficiency) of revenues						
over expenditures	46,179	15,697	2,196	232,079	(49,940)	246,211
Other Financing Sources (Uses)						
Operating transfers in	22,888	276	-	-	-	23,164
Operating transfers out	-	-	-	(276)	-	(276)
Total other financing sources (uses)	22,888	276	-	(276)	-	22,888
Net change in fund balance	69,067	15,973	2,196	231,803	(49,940)	269,099
Fund balances (deficit) - beginning of year	319,487	122,760	(858)	864,941	440,364	1,746,694
Fund balances - end of year	\$ 388,554	\$ 138,733 \$	1,338	\$ 1,096,744	\$ 390,424	\$ 2,015,793

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				PDS-Goods &	PDS-Fiscal	
	General Fund	Building	PDS-Support Broker	Services	Management	JFA
Revenue						
Federal revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,581
State revenue	-	-	5,484,163	67,706	442,378	119,932
Local revenue	144,420	-	-	-	-	-
Investment Income	8,992	2,560	-	-	-	-
Program Income	-	-	12,173	41	18,498	-
In-Kind income	-	-	-	-	-	-
Other income	-	-	6,753	-	-	-
Total revenue	153,412	2,560	5,503,089	67,747	460,876	251,513
Expenditures						
Direct costs:						
Salaries	29,927	-	316,683	-	107,328	126,902
Benefits	12,080	-	169,341	-	44,410	50,665
Annual leave	1,772	-	17,092	-	6,480	6,794
Travel & training	5,220	-	16,679	-	-	11,939
Other costs	33,816	32,162	35,785	-	10,276	6,678
Contractual services	4,000	-	988	-	-	-
Program services	30,711	-	4,799,375	67,747	-	-
Total direct costs	117,526	32,162	5,355,943	67,747	168,494	202,978
Indirect costs	13,664	-	158,092	-	49,357	57,759
Total expenditures	131,190	32,162	5,514,035	67,747	217,851	260,737
Other Financing Sources (Uses)						
Transfer in	-	-	-	-	-	9,224
Transfer out	(22,888)	-	(276)	-	-	-
Total other financing sources (uses)	(22,888)	-	276	-	-	9,224
Net change in fund balances	\$ (666)	\$ (29,602)	\$ (11,222)	\$ -	\$ 243,025	\$ _

			Regional		Other Local	Local Road	
	Regio	nal Transit	Transportation	Water Planning	Contracts	Updates	SOAR
Revenue							
Federal revenue	\$	16,000	\$ -	\$ -	\$ -	\$ -	\$ 1,868
State revenue		-	78,067	76,000	-	-	-
Local revenue		-	-	-	108,005	25,300	-
Investment Income		-	-	-	-	-	-
Program Income		-	-	-	-	-	-
In-Kind income		-	-	-	-	-	-
Other income		-	-	-	-	-	-
Total revenue		16,000	78,067	76,000	108,005	25,300	1,868
Expenditures							
Direct costs:							
Salaries		10,350	30,370	32,621	28,926	12,044	1,000
Benefits		3,214	9,699	19,026	11,259	5,458	362
Annual leave		517	1,555	1,781	2,100	925	39
Travel & training		487	5,294	1,286	2,777	408	16
Other costs		1,052	3,069	4,858	4,525	864	49
Contractual services		-	-	-	-	-	-
Program services		-	-	-	-	-	376
Total direct costs		15,620	49,987	59,572	49,587	19,699	1,842
Indirect costs		4,411	13,033	16,799	13,071	5,718	497
Total expenditures		20,031	63,020	76,371	62,658	25,417	2,339
Other Financing Sources (Uses)							
Transfer in		4,031	8,674	371	-	117	471
Transfer out			<u> </u>	-	-	-	
Total other financing sources (uses)		4,031	8,674	371	-	117	471
Net change in fund balances	\$	_	\$ 23,721	\$ -	\$ 45,347	\$ -	\$ -

Teur Linded Julie 30, 2020				Mental Health		Title IIIB		
	Revolving	Simulator	Aging	& Aging	Title IIIB	Supportive	Title IIIB	
	Loan Fund	Training	<b>General Funds</b>	Council	Admin	Services	Ombudsman	
Revenue								
Federal revenue	\$ -	\$ 2,136	\$ -	\$ -	\$ 81,517	\$ 377,711	\$ 23,584	
State revenue	-	-	-	-	23,749	47,972	-	
Local revenue	-	-	47,591	13,617	-	24,467	17,247	
Investment Income	3,974	-	-	-	-	-	-	
Program Income	4,058	-	-	-	-	3,001	-	
In-Kind income	-	-	-	-	-	31,446	-	
Other income	-	-	-	-	-	-	-	
Total revenue	8,032	2,136	47,591	13,617	105,266	484,597	40,831	
Expenditures								
Direct costs:								
Salaries	5,753	-	-	-	47,935	76,052	-	
Benefits	2,245	-	-	-	25,310	38,850	-	
Annual leave	293	-	-	-	3,889	3,159	-	
Travel & training	2,370	-	-	-	2,736	2,817	-	
Other costs	44,710	-	203	73	5,975	9,502	-	
Contractual services	-	-	-	-	-	-	-	
Program services	=	2,136	-	12,701	-	316,842	40,831	
Total direct costs	55,371	2,136	203	12,774	85,845	447,222	40,831	
Indirect costs	2,601	-		-	23,825	37,375	-	
Total expenditures	57,972	2,136	203	12,774	109,670	484,597	40,831	
Other Financing Sources (Uses)								
Transfer in	=	=	-	=	4,404	=	-	
Transfer out	-	-	(30,776)	-	-	-	_	
Total other financing sources (uses)	-	-	(30,776)	-	4,404	-	-	
Net change in fund balances	\$ (49,940)	\$ -	\$ 16,612	\$ 843	\$ -	\$ -	\$ -	

		IIIC1 Congregate		IIIC2 Home	IIID Health	
	IIIC1 Admin	Meals	IIIC2 Admin	Delivered Meals	Promotion	IIIE Admin
Revenue						
Federal revenue	\$ 6,879	\$ 191,386	5 \$ 6,744	4 \$ 230,558	\$ 15,941	\$ 15,269
State revenue	3,493	32,863	1 3,448	3 14,000	-	5,057
Local revenue	-		-		-	-
Investment Income	-		-		-	-
Program Income	-	11,322	2	- 3,499	-	-
In-Kind income	-	68,333	3	- 54,498	3,591	-
Other income	-		-		-	-
Total revenue	10,372	303,902	2 10,192	302,555	19,532	20,326
Expenditures						
Direct costs:						
Salaries	4,963		- 4,893	-	-	10,610
Benefits	2,410		- 2,384	1 -	-	3,572
Annual leave	442		- 421		-	854
Travel & training	93		- 50	) -	-	-
Other costs	72		- 69	-	-	712
Contractual services	-		-		-	_
Program services	-	303,902	2	- 302,555	19,532	-
Total direct costs	7,980	303,902	7,817	7 302,555	19,532	15,748
Indirect costs	2,409		- 2,378	-	-	4,613
Total expenditures	10,389	303,902	2 10,195	302,555	19,532	20,361
Other Financing Sources (Uses)						
Transfer in	17		- 3	-	-	35
Transfer out					-	-
Total other financing sources (uses)	17		- 3	3 -	-	35
Net change in fund balances	\$ -	\$	- \$	- \$ -	\$ -	\$ -

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	Ш	IE Caregiver	VII Elder Abuse Prevention	Omb	VII oudsman		P July -	NSIP Oc June	t -	ADRC	
Parameter 1		Support	Prevention	Omb	uusman		Sept	June		ADRC	
Revenue Federal revenue	\$	141,122	\$ 4,889	\$	8,673	\$	24,264	¢ 60.	669 9	23,9	0/4
State revenue	Ş	6,000	\$ 4,009	Ş	0,073	Ş	24,204	ر,وه ډ	009 ;	62,3	
Local revenue		28,222	32,675		13,026		-		-	02,3	04
Investment Income		20,222	32,073		13,020		_		-		_
Program Income			_		_		_		_		_
In-Kind income		139	_		_		_		-		_
Other income		139	_		_		_		_		_
		.==							-		
Total revenue		175,483	37,564		21,699		24,264	69,	569	86,2	.88
Expenditures											
Direct costs:											
Salaries		29,436	-		-		-		-	38,4	41
Benefits		8,297	-		-		-		-	20,6	75
Annual leave		2,082	-		-		-		-	2,0	51
Travel & training		1,666	-		-		-		-	5	53
Other costs		1,457	-		-		-		-	5,3	17
Contractual services		-	-		-		-		-		22
Program services		134,077	37,564		21,699		24,264	69,	669		-
Total direct costs		177,015	37,564		21,699		24,264	69,	669	67,0	)59
Indirect costs		12,273	-		-		-		-	19,2	29
Total expenditures		189,288	37,564		21,699		24,264	69,	669	86,2	88
Other Financing Sources (Uses)											
Transfer in		13,805	_		_		_		_		_
Transfer out		-			-		-		-		-
Total other financing sources (uses)		13,805	-		-		-		-		-
Net change in fund balances	\$	_	\$ -	\$	-	\$	-	\$	_ (	<del></del>	_

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			SHIP Training			
	SHI	P Admin	Funds	SHIP Services	FAST	HRSA
Revenue						
Federal revenue	\$	1,419	\$ 9,214	\$ 26,967	\$ 1,000	\$ 1,000
State revenue		-	-	-	-	-
Local revenue		-	-	36,420	-	-
Investment Income		-	-	-	-	-
Program Income		-	-	-	-	-
In-Kind income		-	-	-	-	-
Other income		-	-	-	-	-
Total revenue		1,419	9,214	63,387	1,000	1,000
Expenditures						
Direct costs:						
Salaries		723	260	1,721	448	1,128
Benefits		325	110	863	165	526
Annual leave		74	25	102	22	125
Travel & training		-	-	229	-	221
Other costs		1	-	18	164	-
Contractual services		-	-	-	-	-
Program services		-	8,699	59,700	-	-
Total direct costs		1,123	9,094	62,633	799	2,000
Indirect costs		340	121	841	201	538
Total expenditures		1,463	9,215	63,474	1,000	2,538
Other Financing Sources (Uses)						
Transfer in		44	1	87	-	-
Transfer out		-	-	-	-	-
Total other financing sources (uses)		44	1	87	-	
Net change in fund balances	\$	- 9	<b>-</b>	\$ -	\$ -	\$ (1,538)

	MIPPA - AAA Jul - Sept	MIPPA - AAA Oct - June	MIPPA - SHIP July - Sept	MIPPA - SHIP Oct - June	MIPPA - ADRC July - Sept	MIPPA - ADRC Oct - June
Revenue						
Federal revenue	\$ 3,403	\$ 5,677	\$ 7,620	\$ 4,140	\$ 2,351	\$ 3,334
State revenue	-	-	-	-	-	-
Local revenue	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Program Income	-	-	-	-	-	-
In-Kind income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenue	3,403	5,677	7,620	4,140	2,351	3,334
Expenditures						
Direct costs:						
Salaries	1,300	2,397	-	-	1,005	1,446
Benefits	643	1,177	-	-	657	748
Annual leave	94	176	-	-	53	76
Travel & training	662	48	-	-	37	57
Other costs	16	718	-	-	-	293
Contractual services	-	-	-	-	-	-
Program services	-	-	7,620	4,140	-	-
Total direct costs	2,715	4,516	7,620	4,140	1,752	2,620
Indirect costs	711	1,162	-	-	607	715
Total expenditures	3,426	5,678	7,620	4,140	2,359	3,335
Other Financing Sources (Uses)						
Transfer in	23	1	-	-	8	1
Transfer out		-		-		-
Total other financing sources (uses)	23	1	-	-	8	1
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Homecare Admin	Homecare Services	PCAP - Admin	PCAP - Subsidy	PCAP - Coordination	PCAP - Evaluation	PCHP
Revenue							
Federal revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State revenue	116,933	944,453	9,800	129,783	12,589	1,263	-
Local revenue	-	47,571	-	-	-	-	1,200
Investment Income	-	-	-	-	-	-	-
Program Income	-	11,660	-	-	-	-	-
In-Kind income	-	15,215	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total revenue	116,933	1,018,899	9,800	129,783	12,589	1,263	1,200
Expenditures							
Direct costs:							
Salaries	54,625	115,071	4,734	-	6,597	648	539
Benefits	30,455	57,948	1,788	-	1,812	191	299
Annual leave	4,201	4,710	341	-	319	47	35
Travel & training	386	3,421	10	-	25	105	-
Other costs	3,941	8,752	824	-	1,102	-	-
Contractual services	-	-	-	-	-	-	-
Program services	-	772,719	-	132,749	-	-	-
Total direct costs	93,608	962,621	7,697	132,749	9,855	991	873
Indirect costs	27,675	56,279	2,122	-	2,735	273	272
Total expenditures	121,283	1,018,900	9,819	132,749	12,590	1,264	1,145
Other Financing Sources (Uses)							
Transfer in	4,350	1	19	2,966	1	1	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources (uses)	4,350	1	19	2,966	1	1	
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55

real Ended Jame 30, 2020		IIIC1 - COVID	)	IIIC2 - COVID -			
	IIIC1 - COVID	Congregate	IIIC2 - COVID	<b>Home Delivered</b>	State Long Term		
	Admin	Meals	Admin	Meals	Care Ombudsman	VDS	Total
Revenue							
Federal revenue	\$ 2,15	9 \$ 71,659	\$ 13,697	\$ 114,902	\$ -	\$ - \$	1,642,237
State revenue		-	-	-	34,337	-	7,716,368
Local revenue		-		-	7,019	58,494	605,274
Investment Income		-	-	-	-	-	15,526
Program Income		-	-	-	-	-	64,252
In-Kind income		-		-	-	-	173,222
Other income		-	-	-	-	-	6,753
Total revenue	2,15	9 71,659	13,697	114,902	41,356	58,494	10,223,632
Expenditures							
Direct costs:							
Salaries	1,42	9 .	9,886	-	-	4,408	1,122,599
Benefits	65	6 .	3,568	-	-	1,888	533,076
Annual leave	11	2 .	433	-	-	388	63,579
Travel & training		-	-	-	-	140	59,732
Other costs		3 .	-	-	-	112	217,168
Contractual services		-	-	-	-	-	5,010
Program services		- 71,659	-	114,902	41,356	47,314	7,444,839
Total direct costs	2,20	0 71,659	13,887	114,902	41,356	54,250	9,446,003
Indirect costs	67	8 .	4,376	-	-	2,048	538,798
Total expenditures	2,87	8 71,659	18,263	114,902	41,356	56,298	9,984,801
Other Financing Sources (Uses)							
Transfer in	71	9 .	4,566	-	-	-	53,940
Transfer out				-	-	-	(53,940)
Total other financing sources (uses)	71	9 .	- 4,566	-	-	-	-
Net change in fund balances	\$	- \$	- \$ -	\$ -	\$ -	\$ 2,196 \$	238,831

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

Year Ended June 30, 2020	Direct Salary Plus Burden		Percent of Total			Percent of Total	
JFA:							
Community and economic							
development (120)	\$	58,099	3.5%	\$	18,898	3.5%	
Community development block							
grant (125)		28,361	1.7%		9,225	1.7%	
ARC planning and assistance							
(130)		59,828	3.6%		19,461	3.6%	
Management assistance (140)		22,759	1.4%		7,402	1.4%	
Program administration (150)		8,520	0.5%		2,772	0.5%	
Total JFA		177,567	10.6%		57,758	10.7%	
Non-JFA		1,478,108	89.4%		481,040	89.3%	
Total JFA and Non-JFA	\$	1,655,675	100.0%	\$	538,798	100.0%	

# **Barren River Area Development District Schedule of Expenditures of Federal Awards**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	rough to Total	
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					
Centers	93.044	PON 2 725 2000000214	\$ 147,585	\$ 482,812	
COVID-19 Special Programs for the Aging Title III, part B Grants for Supportive Services and					
Senior Centers	93.044	PON 2 725 2000000214	-	128,599	
Special Programs for the Aging Title III, part C					
Nutrition Services	93.045	PON 2 725 2000000214	119,606	435,567	
COVID-19 Special Programs for the Aging Title					
III, part C Nutrition Services	93.045	PON 2 725 2000000214	40,740	73,818	
<b>Nutrition Services Incentive Program</b>	93.053	PON 2 725 1900000884	-	24,264	
Nutrition Services Incentive Program Subtotal	93.053	PON 2 725 1900000884	-	69,669	\$ 1,214,729
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder					
Abuse, Neglect and Exploitation Special Programs for the Aging Title VII,	93.041	PON 2 725 1900004491	4,889		4,889
Chapter 2 Long Term Care Ombudsman Services for Older Individuals Special Programs for the Aging Title III, Part D,	93.042	PON 2 725 1900004491	8,673		8,673
Disease Prevention and Health Promotion Services National Family Caregiver Support, Title III,	93.043	PON 2 725 2000000214	15,941		15,941
Part E	93.052	PON 2 725 2000000214	_		156,391
State Health Insurance Assistance Program	93.324	PON 2 725 1900001119	23,280		37,600
Medicaid Cluster - Medical Assistance Program	93.778	PON 2 725 1900000816	-		23,904
Public Health Emergency Preparedness	93.069	PON 2 725 1900000533	-		1,000
Medicare Enrollment Assistance Program	93.071	PON 2 725 2000000094	4,140	13,151	
Medicare Enrollment Assistance Program	93.071	PON 2 725 1900001159	7,620	13,374	
Subtotal Passed through Kentuckiana Regional Planning					26,525
and Development Agency (KIPDA):					
PPHF Geriatric Education Centers	93.969	ULRF 19-0740A1-01			1,000
Total U.S. Department of Health & H	uman Serv	ices			1,490,652

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

Year Ended June 30, 2020					
Federal Grantor/	Federal	Contract Number/	Passed		
Pass-Through Grantor/	CFDA	Pass-Through Entity	Through to	To	tal
Program or Cluster Title	Number	Identifying Number	Subrecipients	Federal Ex	penditures
U.S. Department of Commerce:					
Economic Development Cluster					
Direct program					
Economic Adjustment Assistance <sup>1</sup>	11.307	04-39-03813.01		312,217	
Passed through Department for Local	11.507	04-39-03813.01	_	312,217	
Government:					
	11.307	04-79-06942		1 060	
Economic Adjustment Assistance Subtotal	11.507	04-79-06942	- ·	1,868	314,085
Passed through Department for Local					
Government:					
Economic Development Support for Planning					
Organizations	11.302	PON2 112 2000000183	-		66,667
Total U.S. Department of Commerce	)				380,752
Appalachian Regional Commission:					
Direct program					
Appalachian Local Development District					
Assistance	23.009	KY-702-J-C43	-		43,653
Total Appalachian Regional Commiss	sion				43,653
U.S. Department of HUD:					
Passed through Department for Local					
Government:					
Community Development Block Grants/State's					
program and Non-Entitlement Grants in					
Hawaii	14.228	PON2 112 2000000183	_		21,261
Total U.S. Department of HUD	14.220	1 ONZ 112 2000000103			21,261
					)
U.S. Department of Transportation:					
Passed through KY Transportation Cabinet:					
Formula Grants for Rural Areas and Tribal					
Transit Program	20.509	R111518635	-	2,136	
Metropolitan Transportation Planning and				·	
State and Non-Metropolitan Planning and					
Research	20.505	P030217441	-	16,000	
Subtotal			•	· ·	18,136
Total U.S. Department of Transporta	ition				18,136
Total Expenditures of Federal Award	lc		¢ 272 474		\$ 1 05 <i>1</i> 151
Total Expenditures of Federal Award	15		\$ 372,474		\$ 1,954,454
<sup>1</sup> Schedule of Expenditures of Federal Awards Calcul	ation for E	conomic Adjustment			
Assistance Fund (RLF) Grant					
Balance of RLF loans outstanding at June 30, 2020					\$ 194,673
Cash and investment balance in RLF at June 30, 2					207,809
Administrative expenses paid out of RLF in year e	nded June	30, 2020			13,807
					416,289
Federal share of RLF					X 75%
					\$ 312,217

# 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, 2020. 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, 2020.

#### **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, 2020 was \$194,673, 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, 2020 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

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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, 2020, 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 9, 2020.

#### **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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 9, 2020



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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, 2020. 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, 2020.

### **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.

Caux Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 9, 2020

# **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
Fede	eral 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	✓ None reported

# 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.



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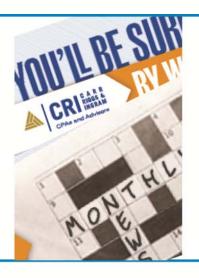
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