Barren River Area Development District

Financial Statements

June 30, 2017



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TAB: THOUGHT LEADERSHIP

Join Our Conversation





Independent Auditors' Report

Board of Directors Barren River Area Development District Bowling Green, Kentucky 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, 2017, 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, 2017, 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 information on pages 4 through 14 and 53 through 57 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.

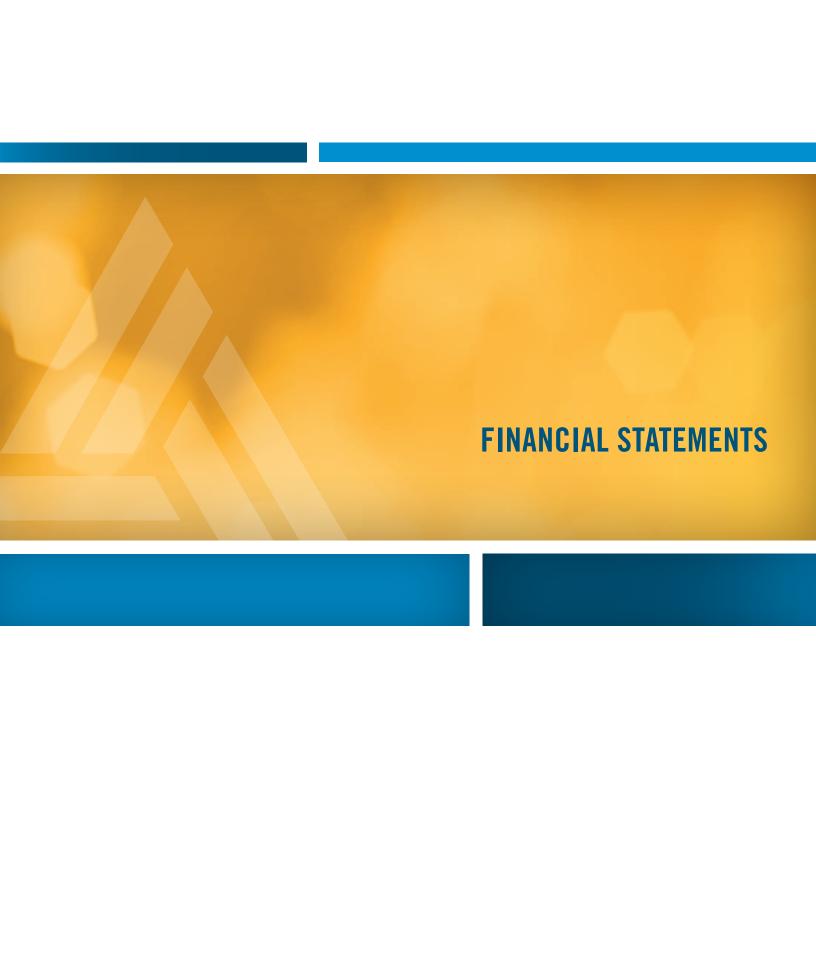
The combining statements, grant activity reports, other information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information 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 11, 2017 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.

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

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 11, 2017







BARREN RIVER AREA DEVELOPMENT DISTRICT (BRADD) MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2017

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, 2017. 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 Consumer Directed Option
 (CDO) 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 \$943,329 and \$532,959 as of June 30, 2016 and 2017, respectively. The FY17 amount includes \$790,283 invested in capital assets, \$524,753 restricted for grant programs, \$246,222 restricted for building maintenance, and (\$1,028,299) is unrestricted. The decrease is due to pension related activities.
- ❖ For governmental activities, revenues are \$7,810,338 for the year ended June 30, 2017. For the year ended June 30, 2016, revenues were \$9,040,270. The decrease of \$1,229,932 from 2016 to 2017 is primarily attributable to the loss of the WIOA program as of September 30, 2016.
- ❖ The net decrease in fund balances for all funds during the year ended June 30, 2017 is (\$46,791), which is primarily attributable to the repayment of WIOA related funds. Fund balances increased for the Special Revenue Funds by \$55,257 and decreased for the General Fund by (\$102,048).
- ❖ 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 \$170,163 and \$119,721 as of June 30, 2016 and 2017 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 Balances, 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.

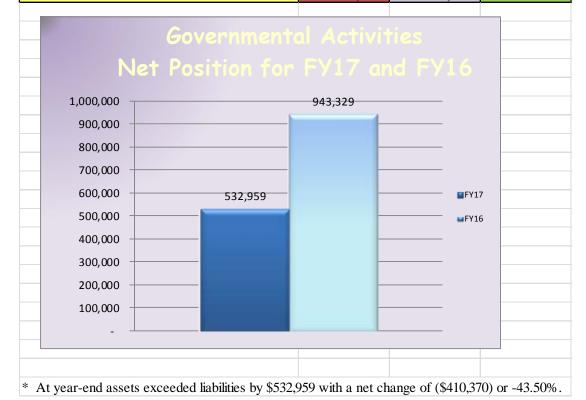
FUND FINANCIAL STATEMENTS

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, WIA/WIOA, Consumer Directed Option and Revolving Loan Fund.

Business Type Activities				
Net Position for June 30,	, 2017 and June 30, 2	016		
				Percentage
		FY17	FY16	Change
Cash and Investments		30,667	31,467	-2.54%
Accounts Receivable		672	-	
Capital Assets, net		88,382	138,696	-36.28%
Total Assets		119,721	170,163	-29.64%
Accounts Payable Total Liabilities		-	-	
Investment in Capital Asset	te	88,382	138,696	-36.28%
Unrestricted Funds		31,339	31,467	-0.41%
Total Net Position		119,721	170,163	-29.64%
180,000		170,163		
160,000				
140,000	119,721			
120,000	113,721			
100,000				FY17
80,000				FY16
60,000				
40,000				
20,000				

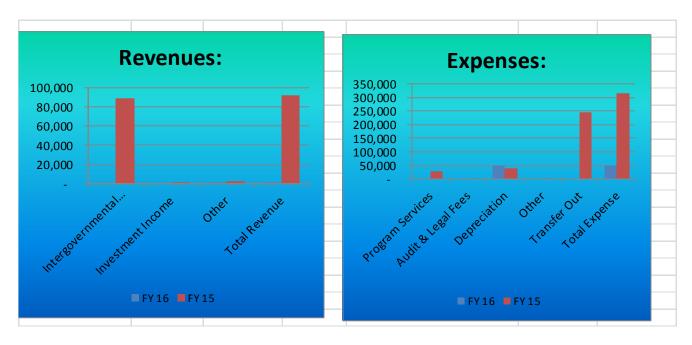
* At year-end assets exceeded liabilities by \$119,721 with a net change of (\$50,442) or -29.64%.

Governmental Activities									
Net Position for June 30, 2017 and June 30, 2016									
			Percentage						
	FY17	FY16	Change						
Cash and Investments	2,241,666	2,103,501	6.57%						
Grants Receivable	540,461	850,777	-36.47%						
Accounts Receivable	301,649	227,907	32.36%						
Loans, net	133,668	326,395	-59.05%						
Other	6,777	37,672	-82.01%						
Capital Assets, net	790,283	815,790	-3.13%						
Total Assets	4,014,504	4,362,042	-7.97%						
Pension Related	845,937	562,967	50.26%						
Total Deferred Outflows of Resources	845,937	562,967	50.26%						
Accounts Payable	461,020	701,934	-34.32%						
Accrued Liabilities	175,372	211,224	-16.97%						
Unearned Revenue	76,876	60,200	27.70%						
Compensated Absences	86,467	101,617	-14.91%						
Net Pension Liability	3,526,454	2,904,556	21.41%						
Total Liabilities	4,326,189	3,979,531	8.71%						
Pension Related	1,293	2,149	-39.83%						
Total Deferred Inflows of Resources	1,293	2,149	-39.83%						
Investment in Capital Assets	790,283	815,790	-3.13%						
Restricted for Grant Programs	524,753	500,296	4.89%						
Restricted for Building Maintenance	246,222	246,401							
Unrestricted Funds	(1,028,299)	(619,158)	66.08%						
Total Net Position	532,959	943,329	-43.50%						



REVENUES AND EXPENSES FOR BUSINESS TYPE ACTIVITIES:

Business type revenues decreased \$90,726 from FY 16 to FY 17 because there were no purchases of vehicles for BRLOO in FY 17. Business type expenditures decreased \$265,591 from FY 16 to FY 17 because of a transfer out of cash from BRDC to BRADD in FY 16.



REVENUES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, revenues are \$7,810,338 for the year ended June 30, 2017, representing a decrease of \$1,229,932 or 13.61% from \$9,040,270 for the year ended June 30, 2016.

	2017	2017	2016	2016	Change	Change
	Revenue \$	Revenue %	Revenue \$	Revenue %	in \$	in %
Program Revenues:						
Charges for Services	86,868	1.11%	83,604	0.92%	3,264	3.90%
Operating Grants and						
Contributions	7,718,115	98.82%	8,952,625	99.03%	(1,234,510)	-13.79%
Total program revenues	7,804,983		9,036,229		(1,231,246)	
General Revenues:						
Investment Income	5,355	0.07%	4,041	0.04%	1,314	32.52%
Total Revenues	7,810,338		9,040,270		(1,229,932)	-13.61%

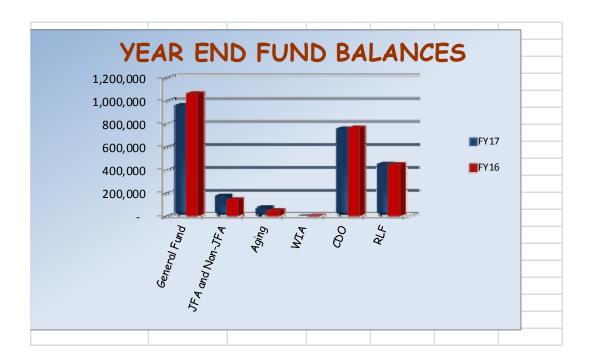
EXPENSES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, expenses are \$8,220,708 for the year ended June 30, 2017, representing a decrease of \$1,203,009 or 12.77% from \$9,423,717 for the year ended June 30, 2016. Object expenses as a percentage of total expenses for both years are as follows:

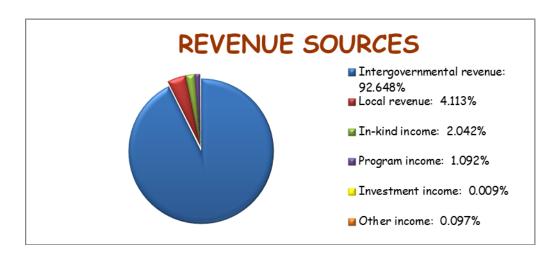
	2017	2017	2016	2016	Change	Change
	Expense \$	Expense %	Expense \$	Expense %	in \$	in %
Sovernmental Activities						
Object Expenses:						
Program Services	5,203,447	63.30%	5,828,547	61.85%	(625,100)	-10.729
Personnel	2,463,792	29.97%	2,746,752	29.15%	(282,960)	-10.30%
Contractual Services	1,635	0.02%	125,843	1.34%	(124,208)	-98.70%
Travel	63,024	0.77%	80,574	0.86%	(17,550)	-21.789
Repairs and Maintenance	22,491	0.27%	54,081	0.57%	(31,590)	-58.419
Insurance	29,931	0.36%	33,355	0.35%	(3,424)	-10.279
Direct Other	91,933	1.12%	83,583	0.89%	8,350	9.999
Audit & Legal Fees	47,159	0.57%	51,587	0.55%	(4,428)	-8.589
Space & Rental	5,158	0.06%	20,630	0.22%	(15,472)	-75.009
Equipment		0.00%	8,000	0.08%	(8,000)	-100.009
Telephone	10,613	0.13%	14,520	0.15%	(3,907)	-26.919
Office Supplies	17,363	0.21%	28,519	0.30%	(11,156)	-39.129
Postage	7,990	0.10%	10,779	0.11%	(2,789)	-25.879
Printing	13,684	0.17%	20,887	0.22%	(7,203)	-34.499
Pension Management		0.00%	3,516	0.04%	(3,516)	-100.009
Miscellaneous	11,651	0.14%	11,042	0.12%	609	5.529
Staff Training	26,978	0.33%	77,436	0.82%	(50,458)	-65.169
Meeting	14,095	0.17%	21,830	0.23%	(7,735)	-35.439
Utilities	31,247	0.38%	30,490	0.32%	757	2.489
Depreciation	65,060	0.79%	69,731	0.74%	(4,671)	-6.709
Computer Support & Maintenance	38,277	0.47%	38,896	0.41%	(619)	-1.599
Marketing & Advertising	20,257	0.25%	24,526	0.26%	(4,269)	-17.419
Janitorial	14,158	0.17%	14,257	0.15%	(99)	-0.699
Dues & Subscriptions	20,765	0.25%	24,336	0.26%	(3,571)	-14.679
Total Expenses	8,220,708		9,423,717		(1,203,009)	-12.779

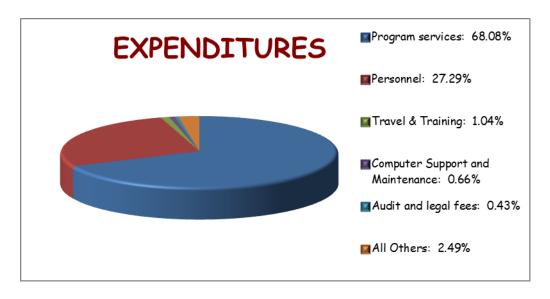
FUND BALANCES

Fund balances overall decreased \$46,791 or 1.89% from \$2,471,277 to \$2,424,486 between FY 16 and FY 17.



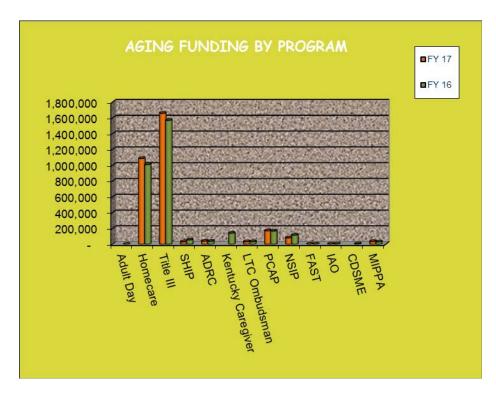
REVENUES VS EXPENDITURES





- Examples of other expenditures are insurance, utilities, and repairs and maintenance.
- ❖ Intergovernmental revenue accounts for 93% of total revenues while program services accounts for 68% of total expenditures.

SPECIAL REVENUE FUNDS



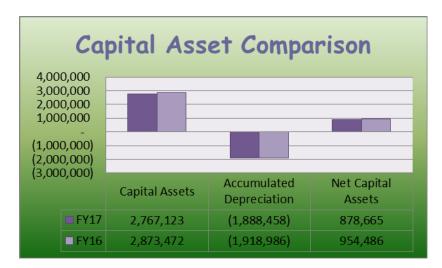
- Overall Intergovernmental Aging funding decreased approximately \$30,000 during FY 17 due to continued State budget reductions.
- Examples of aging services include case management, home delivered meals and legal assistance.

ADDITIONAL SPECIAL REVENUE FUNDS

- Revolving Loan Fund (RLF) fund balance increased due to more interest income being collected and loans being current resulting in no change in provision for loan losses.
- Consumer Directed Option (CDO) fund balance decreased due to the program being a cost reimbursement program and the reimbursement rate was lowered during FY 17.
- WIOA fund balance was zeroed out due to loss of program as of September 30, 2016.
- General Fund balance decreased primarily due to a repayment of WIOA related funds.
- JFA and Non-JFA fund balance increased due to performance based agreements.

CAPITAL ASSETS

At June 30, 2017, BRADD and its component units had invested \$2,767,123 in capital assets, consisting of land, building, furniture, equipment, and vehicles. The accumulated depreciation on those assets is \$1,888,458; therefore, net capital assets are \$878,665. This is a decrease of \$75,821 or 7.94% of net capital assets from FY 16.



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, 2017

		vernmental Activities	В	usiness-Type Activities	Total
Assets					
Cash and investments	\$	2,241,666	\$	30,667	\$ 2,272,333
Grants receivable	·	540,461	•	-	540,461
Accounts receivable		301,649		672	302,321
Loans, net		133,668		-	133,668
Other		6,777		-	6,777
Nondepreciable capital assets		71,133		-	71,133
Depreciable capital assets		1,966,831		729,159	2,695,990
Less: accumulated depreciation		(1,247,681)		(640,777)	(1,888,458)
Total assets		4,014,504		119,721	4,134,225
Deferred Outflows of Resources					
Pension related		845,937		-	845,937
Total deferred outflows of resources		845,937		-	845,937
Liabilities					
Accounts payable		461,020		-	461,020
Accrued liabilities		175,372		-	175,372
Unearned revenue		76,876		-	76,876
Compensated absences		86,467		-	86,467
Net pension liability		3,526,454		-	3,526,454
Total liabilities		4,326,189		-	4,326,189
Deferred Inflows of Resources					
Pension related		1,293		-	1,293
Total deferred inflows of resources		1,293		-	1,293
Net Position					
Net investment in captial assets		790,283		88,382	878,665
Restricted		,=		, -	- 3,3
Grant programs		524,753		-	524,753
Building maintenance		246,222		-	246,222
Unrestricted		(1,028,299)		31,339	(996,960)
Total net position	\$	532,959	\$	119,721	\$ 652,680

Barren River Area Development District Statement of Activities

Year Ended June 30, 2017 Program Revenues Net (Expense) Revenue and Changes in Net Position

	Program Revenues					Changes in Net Position					
			(Operating	Cap	ital Grants					
	Ch	arges for	(Grants and		and	Go	vernmental	Business-Type)	
Expenses	S	ervices	Co	ntributions	Coı	ntributions		Activities	Activities		Total
\$ 5,203,447	\$	86,868	\$	5,064,433	\$	-	\$	(52,146)	\$ -	\$	(52,146)
2,463,792		-		2,125,720		-		(338,072)	-		(338,072)
1,635		-		1,635		-		-	-		-
63,024		-		63,024		-		-	-		-
9,888		-		22,491		-		12,603	-		12,603
29,931		-		29,931		-		-	-		-
91,933		-		91,933		-		-	-		-
47,159		-		47,159		-		-	-		-
5,158		-		5,158		-		-	-		-
10,613		-		10,613		-		-	-		-
17,363		-		17,363		-		-	-		-
7,990		-		7,990		-		-	-		-
13,684		-		13,684		-		-	-		-
11,651		-		11,651		-		-	-		-
26,978		-		26,978		-		-	-		-
65,060		-		-		-		(65,060)	-		(65,060)
31,247		-		31,247		-		-	-		-
50,880		-		77,830		-		26,950	-		26,950
20,257		-		20,257		-		-	-		-
14,095		-		14,095		-		-	-		-
14,158		-		14,158		-		-	-		-
	\$ 5,203,447 2,463,792 1,635 63,024 9,888 29,931 91,933 47,159 5,158 10,613 17,363 7,990 13,684 11,651 26,978 65,060 31,247 50,880 20,257 14,095	\$ 5,203,447 \$ 2,463,792 1,635 63,024 9,888 29,931 91,933 47,159 5,158 10,613 17,363 7,990 13,684 11,651 26,978 65,060 31,247 50,880 20,257 14,095	\$ 5,203,447 \$ 86,868 2,463,792 - 1,635 - 63,024 - 9,888 - 29,931 - 91,933 - 47,159 - 5,158 - 10,613 - 17,363 - 7,990 - 13,684 - 11,651 - 26,978 - 65,060 - 31,247 - 50,880 - 20,257 - 14,095 -	\$ 5,203,447 \$ 86,868 \$ 2,463,792	Expenses Charges for Services Operating Grants and Contributions \$ 5,203,447 \$ 86,868 \$ 5,064,433 2,463,792 - 2,125,720 1,635 - 1,635 63,024 - 63,024 9,888 - 22,491 29,931 - 29,931 91,933 - 91,933 47,159 - 47,159 5,158 - 5,158 10,613 - 10,613 17,363 - 17,363 7,990 - 7,990 13,684 - 13,684 11,651 - 11,651 26,978 - 26,978 65,060 - - 31,247 - 31,247 50,880 - 77,830 20,257 - 20,257 14,095 - 14,095	Expenses Charges for Services Operating Grants and Contributions Contributions \$ 5,203,447 \$ 86,868 \$ 5,064,433 \$ 2,463,792 1,635 - 2,125,720 1,635 - 1,635 63,024 - 63,024 9,888 - 22,491 29,931 - 29,931 91,933 - 91,933 47,159 - 47,159 5,158 - 5,158 10,613 - 10,613 17,363 - 17,363 7,990 - 7,990 13,684 - 11,651 26,978 - 26,978 65,060 - - 31,247 - 31,247 50,880 - 77,830 20,257 - 20,257 14,095 - 14,095	Expenses Charges for Services Operating Grants and Contributions Capital Grants and Contributions \$ 5,203,447 \$ 86,868 \$ 5,064,433 \$ - 2,463,792 1,635 - 2,125,720 - 63,024 - 63,024 - 9,888 - 22,491 - 29,931 - 29,931 - 91,933 - 91,933 - 47,159 - 47,159 - 5,158 - 5,158 - 10,613 - 10,613 - 17,363 - 17,363 - 7,990 - 7,990 - 13,684 - 11,651 - 26,978 - 26,978 - 65,060 - - - 31,247 - 31,247 - 50,880 - 77,830 - 50,880 - 77,830 - 50,880 -	Expenses Charges for Services Operating Grants and Contributions Capital Grants and Contributions Good Contributions \$ 5,203,447 \$ 86,868 \$ 5,064,433 \$ - \$ 2,463,792 - 2,125,720 - 1,635 1,635 - 1,635 - 4,635 63,024 - 63,024 - 29,931 29,931 - 29,931 - 29,931 91,933 - 91,933 - 47,159 47,159 - 47,159 - 5,158 10,613 - 10,613 - 7,990 17,363 - 17,363 - 7,990 13,684 - 13,684 - 13,684 11,651 - 26,978 - 26,978 65,060 - 77,830 - 5,0880 20,257 - 20,257 - 14,095	Expenses Charges for Services Operating Grants and Contributions Capital Grants and Contributions Governmental Activities \$ 5,203,447 \$ 86,868 \$ 5,064,433 \$ - \$ (52,146) 2,463,792 - 2,125,720 - (338,072) 1,635 - 1,635 - (338,072) 63,024 - 63,024 - (2,2491) 9,888 - 22,491 - (2,2603) 29,931 - 29,931 - (2,2491) 91,933 - 91,933 - (2,2491) 47,159 - 47,159 - (2,2491) 10,613 - 5,158 - (2,2491) 10,613 - 7,990 - (2,2491) 10,613 - 7,990 - (2,2491) 10,613 - 7,990 - (2,2491) 10,613 - 7,990 - (2,2491) 11,651 - 7,990 - (2,2491) 11,651 - 7,990 - (2,2491) 11,651 - 7,990 - (2,2491) 11,651 - (2,2491) - (2,2491) 11,651 - (2,2491) - (2,2491) 11,651	Charges for Services	Solution Charges for Expenses Charges for Services Charges for Contributions Contrib

Barren River Area Development District Statement of Activities

Vana Fradad I 20 2017	=	xpense) Revenue					
Year Ended June 30, 2017			Program Reven		Cnar	nges in Net Posit	ion
		Chausas fau	Operating	Capital Grants	Carramamantal	Dusiness Tune	
	Expenses	Charges for Services	Grants and Contributions	and Contributions	Governmental Activities	Business-Type Activities	Total
Dues and subscriptions	20,765	Jei vices	20,765	-	- Activities	- Activities	- Total
Total governmental activities	8,220,708	86,868	7,718,115	-	(415,725)	-	(415,725)
Business-type activities							
Audit and legal fees	775	-	-	-	-	(775)	(775)
Depreciation expense	50,314	-	-	-	-	(50,314)	(50,314)
Other	25	672	-	-	-	647	647
Total business-type activites	51,114	672	-	-	-	(50,442)	(50,442)
Total government	\$ 8,271,822	\$ 87,540	\$ 7,718,115	\$ -	(415,725)	(50,442)	(466,167)
		General Rev	enues				
		Investmen			5,355	-	5,355
		Total genera	l revenues		5,355	-	5,355
		Change in net position			(410,370)	(50,442)	(460,812)
		Net position	- beginning of ye	ar	943,329	170,163	1,113,492
		Net position	- end of year		\$ 532,959	\$ 119,721	\$ 652,680

Barren River Area Development District Balance Sheet Governmental Funds

June 30, 2017	(General Fund		Special Revenue Funds	Go	Total overnmental Funds
Assets						
Cash and investments	\$	801,862	\$	1,439,804	\$	2,241,666
Due from other funds	Y	179,780	Y	243,979	Y	423,759
Grants receivable		-		540,461		540,461
Accounts receivable		_		301,649		301,649
Loans, net		5,783		127,885		133,668
Other		-		6,777		6,777
				•		<u> </u>
Total assets	\$	987,425	\$	2,660,555	\$	3,647,980
Liabilities and Fund Balances Liabilities Due to other funds	\$	8,661	\$	415,098	\$	423,759
Accounts payable		573		460,447		461,020
Accrued payroll taxes		-		175,372		175,372
Unearned revenue		14,823		62,053		76,876
Compensated absences		-		86,467		86,467
Total liabilities		24,057		1,199,437		1,223,494
Fund Balances						
Non-Spendable		-		6,777		6,777
Restricted		246,222		524,753		770,975
Assigned		-		929,588		929,588
Unassigned		717,146		-		717,146
Total fund balances		963,368		1,461,118		2,424,486
Total liabilities and fund balances	\$	987,425	\$	2,660,555	\$	3,647,980

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

June 30,	2017
Total fund balances - governmental funds	\$ 2,424,486
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 \$2,037,964 and the accumulated depreciation is \$1,247,681.	790,283
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.	844,644
Long-term liabilities, including net pension liability, 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 pension liability	(3,526,454)
Total net position - governmental activities	\$ 532,959

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

Year Ended June 30, 2017	General Fund		Special Revenue Funds	Go	Total vernmental Funds
Revenues					
Intergovernmental revenue	\$	-	\$ 7,121,524	\$	7,121,524
Local revenue		94,703	316,175		410,878
In-kind income		-	156,951		156,951
Program income		600	83,919		84,519
Investment income		4,701	654		5,355
Other income		23,669	7,442		31,111
Total revenues		123,673	7,686,665		7,810,338
Expenditures					
Program services		-	5,203,447		5,203,447
Personnel		39,529	2,086,191		2,125,720
Contractual services		-	1,635		1,635
Travel		9,584	53,440		63,024
Repairs and maintenance		403	22,088		22,491
Insurance		549	29,382		29,931
Direct other		91,443	490		91,933
Audit and legal fees		14,054	33,105		47,159
Space & rental		-	5,158		5,158
Telephone		157	10,456		10,613
Office supplies		247	17,116		17,363
Postage		122	7,868		7,990
Printing		-	13,684		13,684
Miscellaneous		765	10,886		11,651
Staff training		600	26,378		26,978
Utilities		599	30,648		31,247
Computer support and					
maintenance		27,219	50,611		77,830
Marketing and advertising		18	20,239		20,257
Dues and subscriptions		16,397	4,368		20,765
Janitorial		273	13,885		14,158
Meeting		11,630	2,465		14,095
Total expenditures		213,589	7,643,540		7,857,129
Excess (deficiency) of revenues					
over expenditures		(89,916)	43,125		(46,791)

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

Year Ended June 30, 2017	General Fund	Special Revenue Funds	Total Governmental Funds
Other Financing Sources (Uses) Operating transfers in	-	12,132	12,132
Operating transfers out	(12,132)	-	(12,132)
Total other financing sources (uses)	(12,132)	12,132	-
Net change in fund balance	(102,048)	55,257	(46,791)
Fund balances - beginning of year	1,065,416	1,405,861	2,471,277
Fund balances - end of year	\$ 963,368 \$	1,461,118	\$ 2,424,486

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,	2017
Total net change in fund balances - governmental funds	\$ (46,791)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$65,060) exceed	
capital outlays (\$39,553) in the period.	(25,507)
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	(338,072)
Change in net position - governmental activities	\$ (410,370)

Barren River Area Development District Statement of Net Position Proprietary Fund

June 30, 2017	Lo	Barren River Local Officials Organization	
June 30, 2017		I Ballization	
Assets			
Current assets			
Cash	\$	30,667	
Accounts receivable		672	
Total current assets		31,339	
Noncurrent assets			
Fixed assets - net		88,382	
Total noncurrent assets		88,382	
Total assets		119,721	
Liabilities and Net Position			
Net Position			
Net investment in capital assets		88,382	
Unrestricted		31,339	
Total net position	\$	119,721	

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

		Barren River Local Officials	
Year Ended June 30, 2017	Organ	Organization	
Operating Expenses			
Audit and legal fees	\$	775	
Depreciation expense		50,314	
Miscellaneous		25	
Total operating expenses		51,114	
Operating loss		(51,114)	
Non-Operating Revenues			
Other		672	
Total non-operating revenues		672	
Change in net position		(50,442)	
Net position - beginning of year		170,163	
Net position - end of year	\$	119,721	

Barren River Area Development District Statement of Cash Flows Proprietary Fund

Year Ended June 30, 2017	Barren River Local Officials Organization	
Cash Flows from Operating Activities		
Cash payments for other operating expenses	\$	(800)
Net cash (used in) operating activities		(800)
Net (decrease) in cash		(800)
Cash - beginning of year		31,467
Cash - end of year	\$	30,667

Barren River Area Development District Statement of Cash Flows Proprietary Fund

Year Ended June 30, 2017	Barren River Local Officials Organization	
Reconciliation of Operating Loss to Net Cash Provided By (Used in) Operating Activities:		
Operating loss	\$	(51,114)
Adjustments to reconcile operating loss to net cash provided		
by (used in) operating activities:		
Depreciation		50,314
Net cash used in operating activities	\$	(800)

NOTE 1: NATURE OF OPERATIONS AND REPORTING ENTITY

Reporting Entity

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

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

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

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

Blended Component Unit

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-Wide Financial Statements — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Eliminations have been made to minimize the duplicate recording of internal activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to 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, Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA), Revolving Loan Fund (RLF) and Consumer Directed Option (CDO) 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Enterprise Fund (continued)

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.

Basis of Accounting

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

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

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

Investments

Investments are non-brokered certificates of deposit reported at cost, which approximate fair value.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

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

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

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

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

Allowance for Loan Losses

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

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

Capital Assets

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-Employment Health Care Benefits

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

Unearned Revenue

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

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (continued)

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

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

Interfund Transactions

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

Revenues — Exchange and Non-Exchange Transactions

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

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

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

Income Taxes

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through December 11, 2017, which was the date the financial statements were made available.

Recent Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this Statement is to address accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement becomes effective for the fiscal year beginning July 1, 2017. The District is evaluating the requirements of this Statement.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

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

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is evaluating the requirements of this Statement.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for insubstance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is evaluating the requirements of this Statement.

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

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2017, the carrying amounts of the District's deposits, which include investments, were \$2,272,333 and the bank balances were \$2,415,405, of which \$2,415,405 was covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

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

▶ Custodial Credit Risk Deposits

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

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

As of June 30, 2017, the District's deposits were not exposed to custodial credit risk.

▶ Interest Rate Risk

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

Credit Risk

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

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consist of the following:

Receivable Fund	Payable Fund Amount			
JFA	Aging	164,470		
JFA	RLF	425		
JFA	CDO	70,423		
General	JFA	179,780		
JFA	General	8,661		

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

NOTE 5: LOANS

At June 30, 2017, the District has outstanding loans made to local industries that are funded through federal and local loan programs. Amounts are recorded in the Revolving Loan Fund and General Fund, with outstanding loans of \$133,668 at June 30, 2017, net of allowances for loan losses of \$9,150. None of the District's loans were on a non-accrual status at June 30, 2017.

An analysis of allowance for loan losses as of June 30, 2017 follows:

June 30,	2017
Balance - beginning of year Provision for loan losses	\$ 15,812 (6,662)
Balance - end of year	\$ 9,150

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

	Capital Cost							
	В	eginning			Re	tirements/		Ending
June 30, 2017		Balance	Ac	lditions	Recl	assifications	I	Balance
Governmental Activities								
Non-depreciable capital assets:								
Land	\$	71,133	\$	-	\$	-	\$	71,133
Total nondepreciable historical cost		71,133		-		-		71,133
Capital assets that are depreciated:								
Office furntiture and equipment		431,027		39,553		(109,761)		360,819
Office building		1,559,578		-		-	1	L,559,578
Vehicles		46,434		-		-		46,434
Total depreciable historical cost		2,037,039		39,553		(109,761)	1	,966,831
Less accumulated depreciation for:								
Office furntiture and equipment		367,561		14,761		(109,761)		272,561
Office building		898,508		41,012		-		939,520
Vehicles		26,313		9,287		-		35,600
Total accumulated depreciation		1,292,382		65,060		(109,761)	1	,247,681
Governmental activities, capital assets,								
net	\$	815,790	\$ ((25,507)	\$	-	\$	790,283
				Ca _l	oital C			
h 20, 2047		eginning	Α	1 -11:41		tirements/		Ending
June 30, 2017		Balance	Ac	lditions	Keci	assifications		Balance
Business-Type Activities								
Vehicles	\$	765,300	\$	-	\$	(36,141)	\$	729,159
Total historical cost		765,300		-		(36,141)		729,159
Less accumulated depreciation		626,604		50,314		(36,141)		640,777
Business-type activities, capital assets, net	\$	138,696	\$ ((50,314)	\$	-	\$	88,382

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

NOTE 7: FUND BALANCES

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

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At June 30, 2017, the District's special revenue funds had \$6,777 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, 2017, the District's special revenue funds had \$524,753 restricted for grant programs and \$246,222 restricted for repairs and maintenance costs of the building in the general fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which for the District is the Board of Directors. The Board of Directors must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had no commitments at June 30, 2017.

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, 2017, the District had \$758,251 in the CDO fund assigned for future Aging/CDO expenses. Other special revenue funds had assigned fund balances of \$171,337 for future program expenditures.

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

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

NOTE 8: OPERATING LEASE COMMITMENTS

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

June 30,	
2018	\$ 5,876
2019	5,876
2020	5,876
2021	5,876
2022	1,469
	\$ 24,973

NOTE 9: RETIREMENT PLANS

The District participates in a Profit Sharing Plan (a defined contribution retirement plan) administered by the Kentucky Area Development District Pension Trust. Effective April 1, 1992, all new eligible employees were required to participate and existing employees can elect to participate in the County Employee's Retirement System (CERS), a cost-sharing multiple-employer plan (defined benefit public employee retirement plan) administered by the Kentucky Retirement Systems under the provisions of the Kentucky Revised Statutes Section 61.645. The Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124 or by calling (502) 564-4646.

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

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

The District's employees share of funding under the County Employees Retirement System is equal to 5% (6% for new hires effective July 1, 2008) of the employee's covered salary. The District is required to contribute at an actuarially determined rate. The rate for CERS is 18.68%, 17.06%, and 17.67% for the years ended June 30, 2017, 2016 and 2015, respectively, of annual covered payroll. CERS provides retirement and disability benefits, annual cost-of-living adjustments if funding and legislation allows, and death benefits to plan members and beneficiaries.

NOTE 9: RETIREMENT PLANS (CONTINUED)

The District's contributions to the Plans during the fiscal years ended June 30, 2017, 2016 and 2015 were:

June 30,	2017	2016	2015
CERS ¹	\$ 272,015	\$ 302,051	\$ 288,048
401(k) Profit Sharing Match ¹	12,096	14,027	13,901

¹ Equal to required contributions for each year.

Pensions

The District participates in the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CERS and additions to/deductions from CERS's 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. Investments are reported at fair value.

General Information About the CERS Pension Plan

Plan Description

All regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan are covered by the CERS – a cost-sharing multiple-employer defined benefit pension plan administered by the Board of Trustees of the Kentucky Retirement System, under the provisions of KRS Section 61.645. CERS issues a publicly available financial report that can be found on the CERS website.

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. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the

NOTE 9: RETIREMENT PLANS (CONTINUED)

Benefits Provided (continued)

effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Contributions

Plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. The participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The 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 Board. For the fiscal year ended June 30, 2017, participating employers contributed 18.68% of each employee's creditable compensation. The actuarially determined rate set by the Board for the fiscal year ended June 30, 2017, was 18.68%.

Plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6% of their annual creditable compensation. These members were classified in the Tier 2 structure of benefits. Five percent of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance 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. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. These members were classified in the Tier 3 structure of benefits. 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 which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board 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.

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2017, the District reported a liability of \$3,526,454 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2016 contributions to the pension plan relative to the 2016 contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.071623%. For the year ended June 30, 2016, the District recognized pension expense of \$524,853.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Def	erred Inflows of Resources
Difference between expected and actual experience	\$	15,396	\$	-
Net difference between projected and actual earnings on pension plan investments		331,523		-
Change of assumptions		186,813		-
Changes in proportion and differences between employer contributions and proportionate share of contribution		109,011		1,293
District contributions subsequent to the measurement date		203,194		
Total	\$	845,937	\$	1,293

\$203,194 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

Year ended June 30,	
2018	\$ 198,254
2019	132,637
2020	129,188
2021	73,652
Thereafter	_

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date June 30, 2015
Actuarial Cost Method Entry Age
Actuarial Assumptions:

Investment rate of return 7.50% net of pension plan investment expense, including inflation

Projected salary increases 4.00%, average, including inflation

Inflation rate 3.25% Discount rate 7.50%

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 in 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. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

NOTE 9: RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (continued)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log - normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

		Long-Term Expected
Asset Class	Target Allocation	Real Rate of Return
Combined Equity	44.0%	5.40%
Combined Fixed Income	19.0%	1.50%
Real Return (Diversified Inflation Strategies)	10.0%	3.50%
Real Estate	5.0%	4.50%
Absolute Return (Diversified Hedge Funds)	10.0%	4.25%
Private Equity	10.0%	8.50%
Cash Equivalent	2.0%	-0.25%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 27 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

NOTE 9: 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	Current					
	19	% Decrease (6.50%)	Di	scount Rate (7.50%)	1	% Increase (8.50%)
District's proportionate share						
of the net pension liability	\$	4,394,532	\$	3,526,454	\$	2,782,338

Pension Plan Fiduciary Net Position

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

Kentucky Retirement Systems Insurance Fund

Plan Description

The Kentucky Retirement Systems Insurance Fund (Insurance Fund) was established to provide hospital medical insurance for members receiving benefits from CERS and other retirement plans administered by the Kentucky Retirement Systems (KRS). The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Contributions

The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund					
20 or more	100%					
15-19	75%					
10-14	50%					
4-9	25%					
Less than 4	0%					

NOTE 9: RETIREMENT PLANS (CONTINUED)

Contributions (continued)

As a result of House Bill 290 (2004 Kentucky General Assembly) medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on, or after, July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. As of June 30, 2016, non-hazardous employees whose participation began on, or after, July 1, 2003 earn \$12.99 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$19.48 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of Commonwealth so demands.

On August 6, 2012, the KRS Board voted to cease self-funding of healthcare benefits for most KRS Medicare eligible retirees. The KRS Board elected to contract with Humana Insurance Company to provide healthcare benefits to KRS' retirees through a fully-insured Medicare Advantage Plan. The Humana Medicare Advantage Plan became effective January 1, 2013.

NOTE 10: CONTINGENCIES

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

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 11: 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, 2017, the District incurred a total expense of \$257,041 for health insurance premiums. The District also has a Health Reimbursement Arrangement (HRA) 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 12: 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	1	Amount
General Fund	\$	102,048
WIOA		1,265
CDO		5,990
Barren River Local Officials Organization		50,442

NOTE 13: FUND TRANSFERS

Fund transfers for the year ended June 30, 2017 consist of the following:

Туре	From Fund	To Fund	Purpose	P	Mount
Operating	General	JFA and Non-JFA	Matching/Regional Support	\$	11,004
Operating	General	WIOA	Matching	\$	1,128

NOTE 14: 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.

NOTE 14: COST ALLOCATION PLAN (CAP) (CONTINUED)

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

Cost Allocation Policy

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

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

NOTE 14: COST ALLOCATION PLAN (CAP) (CONTINUED)

- 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. Rent of extension offices for specific elements located outside of the main office building is charged directly to those elements.
- 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.

Year Ended June 30, 2017	Ind	irect Cost
Salaries and benefits	\$	390,152
Travel	Ą	8,237
		•
Audit and legal		33,733
Telephone		8,329
Supplies		6,800
Insurance		29,929
Postage		2,074
Printing		1,559
Due and subscription		949
Computer support and maintenance		15,143
Other		2,295
Rent		1,490
Utilities		31,247
Building maintenance and janitorial		33,548
	\$	565,485

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

real Ended Julie 30, 2017	Actual Budgeted Amounts (Budgetar					1	Variances Favorable	
		Budgeted Original	l An	nounts Final	(1	Budgetary Basis)		nfavorable) nal to Actual
Revenues						•		
Local income	\$	83,106	\$	83,106	\$	94,703	\$	11,597
Program income	т.	1,261	7	1,261	-	600	т.	(661)
Investment income		3,773		3,773		4,701		928
Other income		15,502		15,502		23,669		8,167
Total revenues		103,642		103,642		123,673		20,031
Expenditures								
Personnel		-		-		39,529		(39,529)
Contractual services		4,286		4,286		-		4,286
Travel		5,744		5,744		9,584		(3,840)
Repairs and Maintenance		25,866		25,866		403		25,463
Insurance		-		-		549		(549)
Direct other		82,976		82,976		91,443		(8,467)
Audit and legal fees		2,220		2,220		14,054		(11,834)
Equipment		8,000		8,000		-		8,000
Telephone		-		-		157		(157)
Office supplies		-		-		247		(247)
Postage		-		-		122		(122)
Miscellaneous		-		-		765		(765)
Staff training		-		-		600		(600)
Utilities		-		-		599		(599)
Computer support and								
maintenance		-		-		27,219		(27,219)
Marketing		-		-		18		(18)
Dues and subscriptions		16,966		16,966		16,397		569
Janitorial		-		-		273		(273)
Meeting		7		7		11,630		(11,623)
Total expenditures		146,065		146,065		213,589		(67,524)
Excess (deficiency) of revenues over								
expenditures		(42,423)		(42,423)		(89,916)		(47,493)
Other Financing Sources (Uses)								
Operating transfers in (out)		140,483		140,483		(12,132)		(152,615)
Total other financing sources (uses)		140,483		140,483		(12,132)		(152,615)
Net change in fund balance		98,060		98,060		(102,048)		(200,108)
Fund balances - beginning of year		967,356		967,356		1,065,416		98,060
Fund balances - end of year	\$	1,065,416	\$	1,065,416	\$	963,368	\$	(102,048)

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

	Budgeted Amounts			ounts	(Actual Budgetary	Variances Favorable (Unfavorable)		
		Original		Final		Basis)	Fir	nal to Actual	
Revenues									
Intergovernmental revenue	\$	8,449,196	\$	8,449,196	\$	7,121,524	\$	(1,327,672)	
Local revenue		305,622		305,622		316,175		10,553	
In-kind income		97,418		97,418		156,951		59,533	
Program income		73,006		73,006		83,919		10,913	
Investment income		268		268		654		386	
Other income		11,118		11,118		7,442		(3,676)	
Total revenues		8,936,628		8,936,628		7,686,665		(1,249,963)	
F									
Expenditures		F 020 F 47		5 020 5 4 7		F 202 447		625.400	
Program services		5,828,547		5,828,547		5,203,447		625,100	
Personnel		2,553,966		2,553,966		2,086,191		467,775	
Contractual services & direct		122.161		122.161		2.425		420.000	
other		122,164		122,164		2,125		120,039	
Repairs and maintenance		28,215		28,215		22,088		6,127	
Insurance		33,355		33,355		29,382		3,973	
Audit and legal fees		49,367		49,367		33,105		16,262	
Space & rental		20,630		20,630		5,158		15,472	
Telephone & utilities		45,010		45,010		41,104		3,906	
Office supplies & postage		39,298		39,298		24,984		14,314	
Printing and marketing		45,413		45,413		33,923		11,490	
Pension management		3,516		3,516		-		3,516	
Miscellaneous		11,042		11,042		10,886		156	
Staff training and travel		152,266		152,266		79,818		72,448	
Computer support and									
maintenance		38,896		38,896		50,611		(11,715)	
Dues and subscriptions		7,370		7,370		4,368		3,002	
Janitorial		14,257		14,257		13,885		372	
Meeting		21,823		21,823		2,465		19,358	
Total expenditures		9,015,135		9,015,135		7,643,540		1,371,595	
Excess (deficiency) of revenues									
over expenditures		(78,507)		(78,507)		43,125		121,632	

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

					Actual	Variances Favorable
	Budgeted	Am	ounts	(Budgetary	(Unfavorable)
	Original		Final		Basis)	Final to Actual
Other Financing Sources (Uses)						_
Operating transfers in - net	106,270		106,270		12,132	(94,138)
Total other financing sources						
(uses)	106,270		106,270		12,132	(94,138)
Net change in fund balance	27,763		27,763		55,257	27,494
Fund balances - beginning of year	1,405,861		1,405,861		1,405,861	
Fund balances - end of year	\$ 1,433,624	\$	1,433,624	\$	1,461,118	\$ 27,494

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

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

As of June 30,	2017	2016	2015
District's proportion of the net pension liability	0.071623%	0.067555%	0.067639%
District's proportionate share of the net pension liability	\$ 3,526,454 \$	2,905,556 \$	2,194,000
Periodic control control control	4 770 522	4 620 452 - 6	4 602 440
District's covered - employee payroll	\$ 1,770,522 \$	1,630,152 \$	1,603,118
District's proportionate share of the net pension liability			
as a percentage of its covered-employee payroll	199.18%	178.24%	136.86%
Plan fiduciary net position as a percentage of the total			
pension liability	55.50%	59.97%	68.80%

Schedule of District Contributions - CERS

For the Year Ended June 30,	2017	2016	2015
Contractually required contribution Contributions in relation to the contractually required	\$ 203,194	219,899	\$ 201,697
contribution	 203,194	219,899	 201,697
Contribution deficiency (excess)	\$ - 5	5 -	\$ -
District's covered-employee payroll	\$ 1,456,183	5 1,770,522	\$ 1,630,152
Contributions as a percentage of covered-employee payroll	13.95%	12.42%	12.37%

Changes of Benefit Terms

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

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

- 1. Tiered Structure for benefit accrual rates
- 2. New retirement eligibility requirements
- 3. Different rules for the computation of final average compensation

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

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

Changes of Assumptions

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

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- 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. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016

• No changes in benefit terms or assumptions.

Barren River Area Development District Combining Balance Sheet Special Revenue Funds

		JFA and						R	evolving	Spe	Total ecial Revenue
June 30, 2017	Non-JFA		Aging	WIOA		CDO		Loan	Funds		
Assets											
Cash and investments	\$	184,411	\$ 227,382	\$	-	\$	699,615	\$	328,396	\$	1,439,804
Due from other funds		243,979	-		-		-		-		243,979
Grants receivable		121,472	418,989		-		-		-		540,461
Accounts receivable		-	-		-		301,570		79		301,649
Loans, net		-	-		-		-		127,885		127,885
Other		5,597	850		-		330		-		6,777
Total assets	\$	555,459	\$ 647,221	\$	-	\$	1,001,515	\$	456,360	\$	2,660,555
Liabilities and Fund Balances											
Liabilities											
Due to other funds	\$	179,780	\$ 164,470	\$	-	\$	70,423	\$	425	\$	415,098
Accounts payable		50,773	407,732		-		1,626		316		460,447
Accrued payroll taxes		42,863	-		-		132,509		-		175,372
Unearned revenue		18,642	5,035		-		38,376		-		62,053
Compensated absences		86,467	_		-		_		-		86,467
Total liabilities		378,525	577,237		-		242,934		741		1,199,437

Barren River Area Development District Combining Balance Sheet Special Revenue Funds

	JFA and				Revolving	Special Revenue
June 30, 2017	Non-JFA	Aging	WIOA	CDO	Loan	Funds
Fund Balances						
Non-Spendable	5,597	850	-	330	-	6,777
Restricted	-	69,134	-	-	455,619	524,753
Assigned	171,337	-	-	758,251	-	929,588
Total fund balances	176,934	69,984	_	758,581	455,619	1,461,118
Total liabilities and fund balances	\$ 555,459	\$ 647,221	\$ -	\$ 1,001,515	\$ 456,360 \$	2,660,555

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

Year Ended June 30, 2017	JFA and Non-JFA	Aging	WIOA	CDO	Revolving Loan	Total Special Revenue Funds
Revenues						
Intergovernmental revenue	\$ 488,946	\$ 3,159,681	\$ 465,110	\$ 3,007,787	\$ -	\$ 7,121,524
Local revenue	91,740	224,049	386	-	-	316,175
In-kind income	18,634	138,317	-	-	-	156,951
Program income	-	27,432	-	48,815	7,672	83,919
Investment income	-	-	-	-	654	654
Other income	-	-	-	7,442	-	7,442
Total revenues	599,320	3,549,479	465,496	3,064,044	8,326	7,686,665
Expenditures						
Program services	18,634	2,620,974	297,703	2,266,136	-	5,203,447
Personnel	465,230	784,372	146,077	689,113	1,399	2,086,191
Contractual services	-	-	-	1,635	-	1,635
Travel	10,344	17,612	1,967	23,515	2	53,440
Repairs and maintenance	6,283	7,913	921	6,955	16	22,088
Insurance	6,376	10,798	2,708	9,481	19	29,382
Direct other	-	-	-	-	490	490
Audit and legal fees	7,346	12,432	2,372	10,934	21	33,105
Space & rental	-	-	5,158	-	-	5,158
Telephone	1,838	3,851	1,027	3,735	5	10,456
Office supplies	2,537	4,190	34	10,350	5	17,116
Postage	1,472	2,455	298	3,602	41	7,868
Printing	3,881	3,820	986	4,994	3	13,684
Miscellaneous	-	-	1,823	9,063	-	10,886

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, 2017	Non-JFA	Aging	WIOA	CDO	Loan	Funds
Staff training	12,088	8,053	1,930	4,304	3	26,378
Utilities	6,954	11,771	1,545	10,357	21	30,648
Computer support and						
maintenance	16,293	22,677	1,769	9,863	9	50,611
Marketing and advertising	7,987	10,987	608	656	1	20,239
Dues and subscriptions	2,614	1,036	100	617	1	4,368
Janitorial	3,170	5,365	617	4,724	9	13,885
Meeting	1,337	842	246	-	40	2,465
Total expenditures	574,384	3,529,148	467,889	3,070,034	2,085	7,643,540
Excess (deficiency) of revenues						
over expenditures	24,936	20,331	(2,393)	(5,990)	6,241	43,125
Other Financing Sources (Uses)						
Operating transfers in	11,004	-	1,128	-	-	12,132
Total other financing sources (uses)	11,004	-	1,128	-	-	12,132
Net change in fund balance	35,940	20,331	(1,265)	(5,990)	6,241	55,257
Fund balances - beginning of year	140,994	49,653	1,265	764,571	449,378	1,405,861
Fund balances - end of year	\$ 176,934	\$ 69,984	\$ - \$	758,581	\$ 455,619	\$ 1,461,118

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Barren River Area Development DistrictStatement of Grant Activity

	ieneral	Regional	C	DO-Support	O Goods &	CDO-Fiscal	154
	Funds	Support		Broker	 Service	Management	JFA
Revenue							
Federal revenue	\$ -	\$ -	\$	-	\$ -	\$ -	\$ 104,424
State revenue	-	-		2,677,394	104,141	226,252	139,857
Local revenue	86,868	7,835		-	-	-	-
Program income	600	-		42,682	-	6,133	-
Investment income	4,701	-		-	-	-	-
In-Kind income	-	-		-	-	-	-
Other income	23,669	-		7,442	-	-	
Total revenue	115,838	7,835		2,727,518	104,141	232,385	244,281
Expenditures							
Direct costs:							
Salaries	-	24,847		274,305	-	95,221	112,246
Benefits	-	6,410		134,452	-	36,146	48,104
Annual leave	-	867		15,060	-	5,873	7,422
Travel & training	-	5,255		25,211	-	-	10,751
Other costs	132,939	27,812		22,651	-	8,769	10,965
Contractual services	-	4,778		1,635	-	-	-
Program services	-	-		2,161,996	104,141	-	-
Total direct costs	132,939	69,969		2,635,310	104,141	146,009	189,488
Indirect costs	-	10,681		139,683	-	44,891	54,796
Total expenditures	132,939	80,650		2,774,993	104,141	190,900	244,284
Other Financing Sources (Uses)	 						
Transfer in	-	-		-	-	-	3
Transfer out	(8,652)	(3,480)	-	-	-	-
Total other financing sources (uses)	 (8,652)	(3,480)	-	-	-	3
Net change in fund balances	\$ (25,753)	\$ (76,295) \$	(47,475)	\$ -	\$ 41,485	\$

		Predisaster			Regional			
	Mitigation		Regio	nal Transit	Transportation	Wate	Water Planning	
Revenue								
Federal revenue	\$	37,622	\$	9,238	\$ -	\$	-	
State revenue		5,989		-	78,066		91,650	
Local revenue		-		-	-		-	
Program income		-		-	-		-	
Investment income		-		-	-		-	
In-Kind income		18,634		-	-		-	
Other income		-		-	-		-	
Total revenue		62,245		9,238	78,066		91,650	
Expenditures								
Direct costs:								
Salaries		19,273		5,933	42,241		33,433	
Benefits		8,376		2,101	14,383		12,550	
Annual leave		1,134		437	2,914		1,883	
Travel & training		1,400		251	3,619		3,023	
Other costs		3,979		81	1,600		7,348	
Contractual services		-		-	-		-	
Program services		18,634		-	-		-	
Total direct costs		52,796		8,803	64,757		58,237	
Indirect costs		9,449		2,745	19,350		15,714	
Total expenditures		62,245		11,548	84,107		73,951	
Other Financing Sources (Uses)								
Transfer in		-		2,310	8,674		-	
Transfer out		-		-	-		-	
Total other financing sources (uses)		-		2,310	8,674		-	
Net change in fund balances	\$	-	\$	-	\$ 2,633	\$	17,699	

	Mental Health											
				Aging		& Aging			Ш	B Supportive		Title IIIB
		HRSA	General Funds			Council	Title III Admin		Services		Ombudsman	
Revenue												
Federal revenue	\$	12,642	\$	-	\$	-	\$	72,977	\$	374,639	\$	22,658
State revenue		-		-		-		44,131		241,916		3,998
Local revenue		-		46,049		7,610		-		27,432		16,194
Program income		-		-		-		-		7,070		-
Investment income		-		-		-		-		-		-
In-Kind income		-		-		-		-		29,860		-
Other income		-		-		-		-		-		-
Total revenue		12,642		46,049		7,610		117,108		680,917		42,850
Expenditures												
Direct costs:												
Salaries		3,052		-		-		54,784		57,430		-
Benefits		1,342		-		-		23,981		27,819		-
Annual leave		306		-		-		4,563		2,517		-
Travel & training		179		-		-		6,044		4,601		-
Other costs		-		714		-		5,468		9,539		-
Contractual services		-		-		-		-		-		-
Program services		-		-		6,752		-		549,887		42,850
Total direct costs		4,879		714		6,752		94,840		651,793		42,850
Indirect costs		1,501		-		-		26,916		29,132		-
Total expenditures		6,380		714		6,752		121,756		680,925		42,850
Other Financing Sources (Uses)												
Transfer in		-		1		-		4,648		8		-
Transfer out		-		(32,122)		-		-		-		-
Total other financing sources (uses)		-		(32,121)		-		4,648		8		-
Net change in fund balances	\$	6,262	\$	13,214	\$	858	\$	_	\$	-	\$	_

	IIIC1	L Congregate Meals	IIIC2 Home Delivered Meals			IIID Health Promotion	IIIE Admin		
Revenue									
Federal revenue	\$	267,705	\$	318,161	\$	20,981	\$ 12,855		
State revenue		42,961		87,088		-	4,285		
Local revenue		-		-		-	-		
Program income		7,500		1,178		-	-		
Investment income		-		-		-	-		
In-Kind income		41,806		45,833		4,730	-		
Other income		-		-		-	-		
Total revenue		359,972		452,260		25,711	17,140		
Expenditures									
Direct costs:									
Salaries		4,594		5,413		-	8,262		
Benefits		1,919		2,219		-	3,925		
Annual leave		388		445		-	587		
Travel & training		221		215		-	26		
Other costs		181		134		-	192		
Contractual services		-		-		-	-		
Program services		351,373		445,476		25,711	-		
Total direct costs		358,676		453,902		25,711	12,992		
Indirect costs		2,225		2,609		-	4,165		
Total expenditures		360,901		456,511		25,711	17,157		
Other Financing Sources (Uses)									
Transfer in		929		4,251		-	17		
Transfer out		-		-		-	-		
Total other financing sources (uses)		929		4,251		-	17		
Net change in fund balances	\$	-	\$	-	\$	-	\$ -		

Year Ended June 30, 2017		VII Elder					
	IIIE Caregiver	Abuse	VII	NSIP July -	NSIP Oct -	ADRC- Medicaid	
	Support	Prevention	Ombudsman	Sept	June		
Revenue							
Federal revenue	\$ 127,764	\$ 4,898	\$ 8,162	\$ 12,018	\$ 70,695	\$ 19,998	
State revenue	4,000	-	-	-	-	70,998	
Local revenue	24,836	1,037	6,949	-	-		
Program income	-	-	-	-	-		
Investment income	-	-	-	-	-		
In-Kind income	2,265	-	-	-	-	-	
Other income	-	-	_	-	-	-	
Total revenue	158,865	5,935	15,111	12,018	70,695	90,996	
Expenditures							
Direct costs:							
Salaries	25,609	-	-	-	-	42,284	
Benefits	13,228	-	-	-	-	19,789	
Annual leave	1,680	-	-	-	-	2,302	
Travel & training	1,567	-	-	-	-	529	
Other costs	1,252	-	-	-	-	4,880	
Contractual services	-	-	-	-	-		
Program services	119,402	5,935	15,111	12,018	70,695		
Total direct costs	162,738	5,935	15,111	12,018	70,695	69,784	
Indirect costs	13,271	-	_	-	-	21,212	
Total expenditures	176,009	5,935	15,111	12,018	70,695	90,996	
Other Financing Sources (Uses)							
Transfer in	17,144	-	-	-	-		
Transfer out	-	-	-	-	-		
Total other financing sources (uses)	17,144	-	-	-	-		
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$	

	SHIP	SHIP Training	3	SHIP CM	FAST	IAO
Revenue						
Federal revenue	\$ 17,966	\$ 9,3	59 \$	4,797	\$ 2,000	\$ 3,000
State revenue	-		-	-	-	-
Local revenue	49,254		-	-	-	-
Program income	-		-	-	-	-
Investment income	-		-	-	-	-
In-Kind income	-		-	-	-	-
Other income	-		-	-	-	-
Total revenue	67,220	9,3	59	4,797	2,000	3,000
Expenditures						
Direct costs:						
Salaries	842	2	43	2,520	967	-
Benefits	325		88	865	479	-
Annual leave	75		19	84	55	-
Travel & training	-		-	77	7	-
Other costs	11		-	136	15	-
Contractual services	-		-	-	-	-
Program services	65,730	8,8	96	-	-	3,000
Total direct costs	66,983	9,2	46	3,682	1,523	3,000
Indirect costs	399	1	13	1,156	494	-
Total expenditures	67,382	9,3	59	4,838	2,017	3,000
Other Financing Sources (Uses)						
Transfer in	162		-	41	17	-
Transfer out	-		-	-	-	-
Total other financing sources (uses)	162		-	41	17	-
Net change in fund balances	\$ -	\$	- \$	-	\$ -	\$ -

Barren River Area Development District Statement of Grant Activity

Year Ended June 30, 2017

	MIPPA Oct -	AAA	MIPPA - AAA		MIPPA - SHIP Oct - June	MIPPA - SHIP	MIPPA - ADRC Oct - June	MIPPA - ADRC
Parameter	<u> </u>	June	Jui - Sept		Oct - June	July - Sept	Oct - June	July - Sept
Revenue	.	7.764	ć 4.4EI	- 4	46 720	ć 2.0c0	ć 4.250	ć 074
Federal revenue	\$	7,764	\$ 4,45) >	16,720	\$ 2,060	\$ 4,259	\$ 971
State revenue		-		-	-	-	-	-
Local revenue		-		-	-	-	-	-
Program income		-		-	-	-	-	-
Investment income		-		-	-	-	-	-
In-Kind income		-		-	-	-	-	-
Other income		-		-		-	-	
Total revenue		7,764	4,45	5	16,720	2,060	4,259	971
Expenditures								
Direct costs:								
Salaries		3,804	2,28	5	-	-	2,074	361
Benefits		1,708	493	3	-	-	951	171
Annual leave		235	94	4	-	-	113	18
Travel & training		110	190	5	-	-	30	136
Other costs		24	49	7	-	-	58	110
Contractual services		-		-	-	-	-	-
Program services		-		-	16,720	2,060	-	-
Total direct costs		5,881	3,56	5	16,720	2,060	3,226	796
Indirect costs		1,884	900	<u> </u>	-	-	1,034	174
Total expenditures		7,765	4,47	1	16,720	2,060	4,260	970
Other Financing Sources (Uses)								
Transfer in		1	10	5	-	-	1	-
Transfer out		-		-	-	-	-	(1)
Total other financing sources (uses)		1	10	5	-	-	1	(1)
Net change in fund balances	\$	-	\$	- \$	-	\$ -	\$ -	\$ -

Barren River Area Development District Statement of Grant Activity

Year Ended June 30, 2017

rear Endea June 30, 2017			Personal Care			Long Term
	Homecare	Homecare	Attendant	PCAP -	PCAP -	Care
	Services	Admin	Program	Coordination	Evaluation	Ombudsman
Revenue						
Federal revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State revenue	920,165	114,490	156,680	12,083	3,030	34,352
Local revenue	44,524	-	-	-	-	164
Program income	11,684	-	-	-	-	-
Investment income	-	-	-	-	-	-
In-Kind income	13,823	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenue	990,196	114,490	156,680	12,083	3,030	34,516
Expenditures						
Direct costs:						
Salaries	130,071	57,282	10,714	6,074	1,519	-
Benefits	63,095	25,581	3,462	1,562	537	-
Annual leave	5,050	4,759	700	308	93	-
Travel & training	5,250	1,211	29	72	195	-
Other costs	11,291	1,611	2,117	1,458	-	-
Contractual services	-	-	-	-	-	-
Program services	709,927	-	134,915	-	-	34,516
Total direct costs	924,684	90,444	151,937	9,474	2,344	34,516
Indirect costs	66,009	28,317	4,844	2,609	703	-
Total expenditures	990,693	118,761	156,781	12,083	3,047	34,516
Other Financing Sources (Uses)						
Transfer in	497	4,271	101	-	17	-
Transfer out	-	-	-	-	-	-
Total other financing sources (uses)	497	4,271	101	-	17	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Barren River Area Development District Statement of Grant Activity

Year Ended June 30, 2017

Year Ended June 30, 2017										Other				
	V	/IA/WIOA					Re	volving		Local	Lo	cal Road		
		Trade	W	/IA/WIOA	W	IOA Local	Loa	n Fund	C	ontract	ι	Jpdates		Total
Revenue														
Federal revenue	\$	100,214	\$	364,896	\$	-	\$	-	\$	-	\$	17,680	\$ 2	,053,578
State revenue		-		-		-		-		-		4,420	5	,067,946
Local revenue		-		386		-		-		91,740		-		410,878
Program income		-		-		-		7,672		-		-		84,519
Investment income		-		-		-		654		-		-		5,355
In-Kind income		-		-		-		-		-		-		156,951
Other income		-		-		-		-		-		-		31,111
Total revenue		100,214		365,282		_		8,326		91,740		22,100	7	,810,338
Expenditures														
Direct costs:														
Salaries		-		79,576		-		808		34,865		11,137	1	,154,069
Benefits		-		35,399		-		274		14,057		3,981		509,772
Annual leave		-		6,516		-		61		2,018		662		69,238
Travel & training		-		3,142		-		-		1,336		305		74,988
Other costs		-		7,516		1,953		572		7,141		703		273,717
Contractual services		-		-		-		-		-		-		6,413
Program services		100,214		197,048		440		-		-		-	5	,203,447
Total direct costs		100,214		329,197		2,393		1,715		59,417		16,788	7	,291,644
Indirect costs		-		36,085		-		370		16,718		5,330		565,485
Total expenditures		100,214		365,282		2,393		2,085		76,135		22,118	7	,857,129
Other Financing Sources (Uses)														
Transfer in		-		-		1,128		-		-		18		44,255
Transfer out		-		-		-		-		-		-		(44,255)
Total other financing sources (uses)		-		_		1,128		-		-		18		-
Net change in fund balances	\$	-	\$	-	\$	(1,265)	\$	6,241	\$	15,605	\$	-	\$	(46,791)

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

Year Ended June 30, 2017	Direct Salary Plus Burden		Percent of Total	Indirect Co Distributi	
JFA:					
Community and economic					
development (120)	\$	29,500	1.8%	\$ 10,0	81 1.8%
Community development block					
grant (125)		23,223	1.4%	7,9	36 1.4%
ARC planning and assistance					
(130)		42,029	2.5%	14,3	62 2.5%
Management assistance (140)		28,716	1.7%	9,8	13 1.7%
Program administration (150)		36,882	2.2%	12,6	03 2.3%
Total JFA		160,350	9.6%	54,7	95 9.7%
Non-JFA		1,503,491	90.4%	510,6	90 90.3%
Total JFA and Non-JFA	\$	1,663,841	100.0%	\$ 565,4	85 100.0%

Barren River Area Development District JFA Statement of Completed Grant

Year Ended June 30, 2017	Budget	Actual
Revenues Federal State Local	\$ 122,869 134,866 -	\$ 104,424 139,857 3
Total revenues	\$ 257,735	\$ 244,284

			Actual	
Year Ended June 30, 2017	Budget	Direct	Indirect	Total
Expenditures				
Community and economic development (120)	\$ 51,058	\$ 37,356	\$ 10,081	\$ 47,437
Community development block grant (125)	38,475	30,542	7,936	38,478
ARC planning and assistance - (130)	81,264	48,457	14,362	62,819
Management assistance - (140)	45,539	32,258	9,813	42,071
Program administration - (150)	41,399	40,876	12,603	53,479
Total expenditures	\$ 257,735	\$ 189,489	\$ 54,795	\$ 244,284

Barren River Area Development District Schedule of Expenditures of Federal Awards

Year	Endea	l June	30.	2017

Federal Grantor Pass-Through Grantor	Federal CFDA	Contract Number/	Passed Through to	To	tal
Program Title	Number	Pass-Through Entity Identifying Number	Subrecipients	Federal Ex	
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 1600001203	\$ 152,197	\$ 470,274	
Special Programs for the Aging Title III,			, , , ,	,	
part C Nutrition Services	93.045	PON 2 725 1600001203	147,565	585,866	
Nutrition Services Incentive Program	93.053	PON 2 725 1600000226	-	12,018	
Nutrition Services Incentive Program	93.053	PON 2 725 1700000099	-	70,695	
Subtotal					\$ 1,138,853
Special Programs for the Aging Title VII,					
Chapter 3 Programs for Prevention of					
Elder Abuse, Neglect and Exploitation	93.041	PON 2 725 1600001202	4,898		4,898
Special Programs for the Aging Title VII,					
Chapter 2 Long Term Care Ombudsman					
Services for Older Individuals	93.042	PON 2 725 1600001202	8,162		8,162
Special Programs for the Aging Title III,					
Part D, Disease Prevention and Health					
Promotion Services	93.043	PON 2 725 1600001203	20,981		20,981
National Family Caregiver Support, Title III,					
Part E	93.052	PON 2 725 1600001203	-		140,619
Centers for Medicare & Medicaid Services					
(CMS) Research, Demonstrations and					
Evaluations	93.779	PON 2 725 1600001180	16,476		22,763
Medical Assistance Program	93.778	PON 2 725 1600001210	-		19,998
Public Health Emergency Preparedness	93.069	PON 2 725 1600001212	-		2,000
Medicare Enrollment Assistance Program	93.071	PON 2 725 1700000228	18,780	24,010	
Medicare Enrollment Assistance Program	93.071	PON 2 725 1700000082	-	12,219	
Subtotal					36,229
Assistance Programs for Chronic Disease					
Prevention and Control	93.945	PON 2 725 1600001213	3,000		3,000
Centers for Medicare and Medicaid					
Services (CMS) Research, Demonstrations					
and Evaluations	93.779	PON 2 725 1700002623	-		9,359
Passed through University of Louisville					
Research Foundation, Inc.:	00.000			40.505	
PPHF Geriatric Education Centers	93.969	ULRF 15-1152-01	-	10,500	
PPHF Geriatric Education Centers	93.969	ULRF 15-1152A-01	-	2,142	12.642
Subtotal Total U.S. Department of Health	0. Human	Convices			12,642 1,419,504

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

Year Ended June 30, 2017					
Federal Grantor	Federal	Contract Number/	Passed		
Pass-Through Grantor	CFDA	Pass-Through Entity	Through to	Total	
Program Title	Number	Identifying Number	Subrecipients	Federal Expen	ditures
U.S. Department of Labor:					
Passed through Kentucky Cabinet for					
Workforce Development:					
WIOA Cluster					
WIOA Adult Program	17.258	PON 2 531 1600001963	-	112,469	
WIOA Dislocated Worker Formula Grants	17.278	PON 2 531 1600001963	-	72,399	
WIOA Youth Activities	17.259	PON 2 531 1600001963		165,554	
Subtotal					350,422
WIOA National Dislocated Worker Grants/					
WIA National Emergency Grants	17.277	PON 2 531 1600001963	-		14,474
Trade Adjustment Assistance	17.245	PON 2 531 1600001460	-		100,214
Total U.S. Department of Labor					465,110
U.S. Department of Commerce:					
Direct program					
Revolving loan fund ¹	11.307	04-39-03813.01	-		350,639
Passed through Department for Local					
Government:					
Economic Development Support for					
Planning Organizations	11.302	1700001218			63,000
Total U.S. Department of Comm	erce				413,639
Annalashian Ragional Commissions					
Appalachian Regional Commission: Direct program					
Appalachian Local Development District					
Assistance	23.009	KY-0702-J-C40			22,187
Total Appalachian Regional Com		K1-0702-J-C40			22,187
Total Appalacilian Regional Com	1111331011				22,107
U.S. Department of HUD:					
Passed through Department for Local					
Government:					
JFA - CDBG	14.219	PON2 1700001218	-		19,237
Total U.S. Department of HUD					19,237
U.S. Department of Transportation:					
Passed through KY Transportation Cabinet:					
Section 5304 Planning Grant	20.505	G04S704Z	-		9,238
Local Road Updates	20.205	1700001472	-		17,680
Total U.S. Department of Transp	ortation				26,918

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

Federal Grantor Pass-Through Grantor	Federal CFDA	Contract Number/ Pass-Through Entity	Th	Passed rough to	Tota	•
Program Title	Number	Identifying Number	Sub	recipients	Federal Expe	enditures
U.S. Department of Homeland Security:						
Passed through KY Division of Emergency						
Management and Metcalfe County Fiscal						
Court:						
Hazard Mitigation Grant	97.039	FEMA-DR-4196		-		37,622
Total U.S. Department of Home	eland Security	1				37,622
Total Expenditures of Federal A	wards		\$	372,059	\$	2,404,217
¹ Schedule of Expenditures of Federal Awards (Calculation fo	r Revolving Loan				
Fund (RLF) Grant	saicaiation 10	The volving Louis				
Balance of RLF loans outstanding at June 30	, 2017				\$	137,036
Cash and investment balance in RLF at June	30, 2017					328,396
Administrative expenses paid out of RLF in y	ear ended Ju	ne 30, 2017				2,086
						467,518
Federal share of RLF					X	75%
					\$	350,639

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, 2017. 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. Pass-through 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, 2017.

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, 2017 was \$137,036, 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, 2017 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, 2017, 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 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 11, 2017



Carr, Riggs & Ingram, LLC

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

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

Report on Compliance for Each Major Federal Program

We have audited Barren River Area Development District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. 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, 2017.

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.

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

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 11, 2017

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

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
11.307	Revolving Loan Fund

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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WEBSITE (CRIcpa.com)

CRI's website features financial calculators, current tax and estate tax guides, a record retention schedule, glossary of common financial terms, and hundreds of articles with topics ranging from current legislation to industry-specific news.



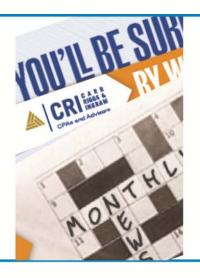
BLOG SITE (blog.CRIcpa.com)

Featuring articles and videos, CRI's interactive blog site provides helpful tips for readers both personally and professionally. Written by our partners from their perspective and experiences, these plain English explanations of current regulations and trends exemplify our commitment to open dialogue.



CRInsights (CRIcpa.com)

We understand that just because a topic makes perfect sense to a CPA doesn't mean that it will to our clients. That's why we developed CRInsights, our in-depth yet down-to-earth explanations of complex topics.



NEWSLETTER (Sign up at CRIcpa.com)

Our team is dedicated to keeping our clients informed, and we prove it by creating a custom monthly e-newsletter with widely-applicable topics. The articles are designed to help you improve your business and personal finances. Popular recent topics include:

- Reportable Health Care Coverage on W-2s
- Navigating Alternative Minimum Tax (AMT)
- · Key Considerations of Health Care Law
- · Six Commandments of Estate Planning