Barren River Area Development District

Financial Statements

June 30, 2019



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TAB: THOUGHT LEADERSHIP

Join Our Conversation





Board of Directors

Independent Auditors' Report

Bowling Green, Kentucky

Barren River Area Development District

Carr, Riggs & Ingram, LLC

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Barren River Area Development District (the "District") as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and select pension and OPEB information on pages 4 through 13 and 57 through 62 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.

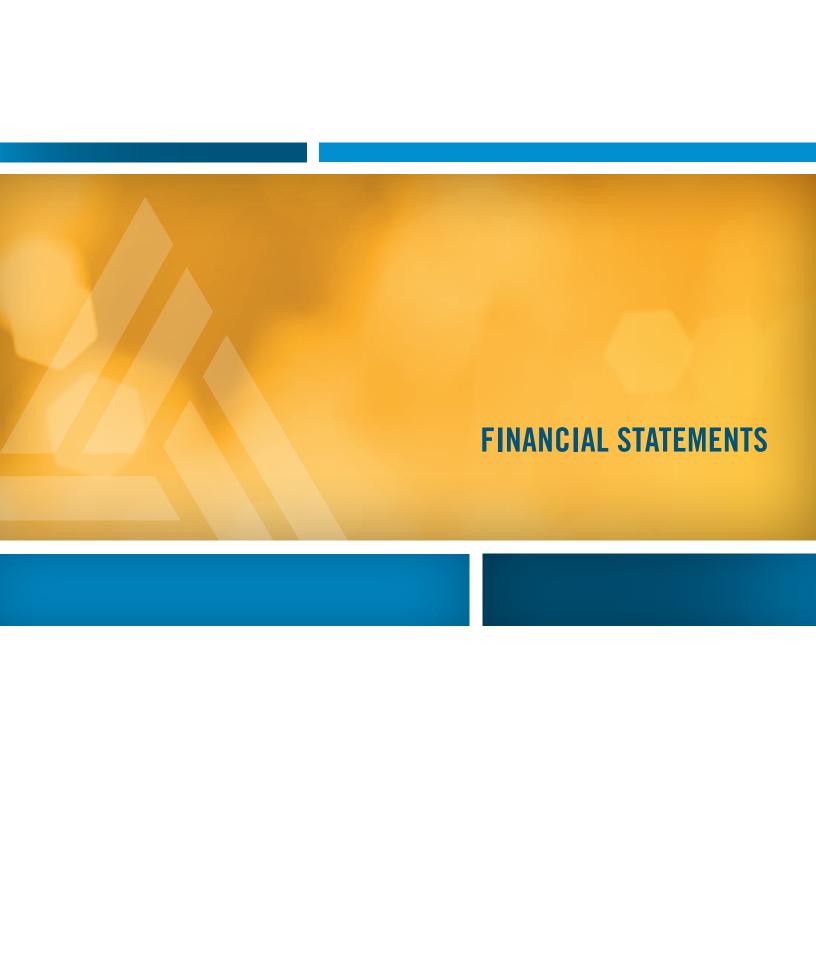
The combining statements, grant activity reports, other information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information 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, 2019 on our consideration of Barren River Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Barren River Area Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Can Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 11, 2019





BARREN RIVER AREA DEVELOPMENT DISTRICT (BRADD) MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

BRADD MAJOR PROGRAMS AND SERVICES

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

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

FINANCIAL HIGHLIGHTS

- Net position for governmental activities is (\$555,238) and (\$544,607) as of June 30, 2018 and 2019, respectively. The FY19 amount includes \$702,892 invested in capital assets, \$560,153 restricted for grant programs, \$218,868 restricted for building maintenance, and (\$2,026,520) is unrestricted. The change is primarily due to pension related activities.
- For governmental activities, revenues are \$9,235,535 for the year ended June 30, 2019. For the year ended June 30, 2018, revenues were \$8,108,491. The increase of \$1,127,044 from 2018 to 2019 is primarily attributable to the growth of the PDS program.
- The net increase in fund balances for all funds during the year ended June 30, 2019 is \$180,220, which is primarily attributable to the growth of the PDS program. Fund balances increased for the Special Revenue Funds by \$200,227 and decreased for the General Fund by \$20,007. Likelihood of collection from FY 2018 JFA funds from DLG is doubtful; therefore, an allowance for bad debt of \$57,496 was established.
- ❖ 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 \$85,361 and \$109,356 as of June 30, 2018 and 2019 respectively.

BASIC FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

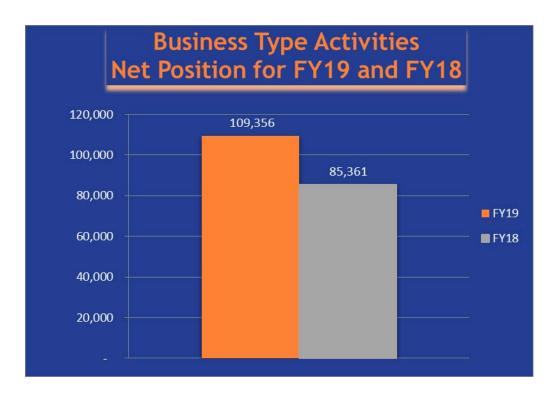
The government-wide financial statements outline functions of the BRADD that are principally supported by grants and agreements between BRADD and various units of government.

FUND FINANCIAL STATEMENTS

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

Business Type Activities
Net Position for June 30, 2019 and June 30, 2018

			Percentage
	FY19	FY18	Change
Cash and Investments	29,729	31,768	-6.42%
Capital Assets, net	79,627	54,807	45.29%
Total Assets	109,356	86,575	26.31%
Unearned Revenue	-	1,214	-100.00%
Total Liabilities	-	1,214	-100.00%
Investment in Capital Assets	79,627	54,807	45.29%
Unrestricted Funds	29,729	30,554	-2.70%
Total Net Position	109,356	85,361	28.11%

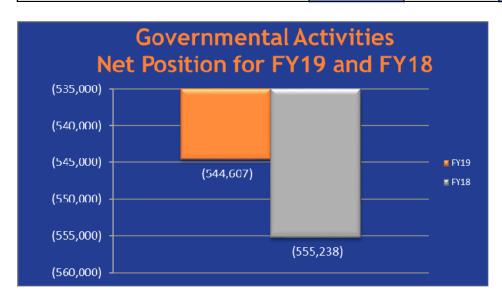


^{*} At year-end assets exceeded liabilities by 109,356 with a net change of \$23,995 or 28.11%.

Governmental Activities

Net Position for June 30, 2019 and June 30, 2018

			Percentage
	FY19	FY18	Change
Cash and Investments	2,339,857	2,272,815	2.95%
Grants Receivable	586,676	548,382	6.98%
Accounts Receivable	509,063	464,628	9.56%
Loans, net	133,739	67,237	98.91%
Other	29,512	29,199	1.07%
Capital Assets, net	702,892	726,699	-3.28%
Total Assets	4,301,739	4,108,960	4.69%
OPEB Related	253,781	312,864	-18.88%
Pension Related	792,393	1,144,043	-30.74%
Total Deferred Outflows of Resources	1,046,174	1,456,907	-28.19%
Accounts Payable	461,287	472,174	-2.31%
Accrued Liabilities	253,484	170,843	48.37%
Unearned Revenue	72,487	109,004	-33.50%
Compensated Absences	72,959	71,830	1.57%
Net OPEB Liability	933,370	1,150,599	-18.88%
Net Pension Liability	3,201,795	3,350,082	-4.43%
Total Liabilities	4,995,382	5,324,532	-6.18%
OPEB Related	246,639	60,243	309.41%
Pension Related	650,499	736,330	-11.66%
Total Deferred Inflows of Resources	897,138	796,573	12.62%
Investment in Capital Assets	702,892	726,699	-3.28%
Restricted for Grant Programs	560,153	555,597	0.82%
Restricted for Building Maintenance	218,868	225,793	-3.07%
Unrestricted Funds	(2,026,520)	(2,063,327)	-1.78%
Total Net Position	(544,607)	(555,238)	-1.91%



* At year-end liabilities exceeded assets by \$544,607 with a net change of \$10,631 or 1.91%.

EXPENSES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, expenses are \$9,224,904 for the year ended June 30, 2019, representing an increase of \$857,580 or 10.25% from \$8,367,324 for the year ended June 30, 2018. Object expenses as a percentage of total expenses for both years are as follows:

	2019	2019	2018	2018	Change	Change
	Expense \$	Expense %	Expense \$	Expense %	in \$	in %
Governmental Activities						
Object Expenses:						
Program Services	6,600,444	71.55%	5,643,365	67.45%	957,079	16.969
Personnel	2,028,005	21.98%	2,244,972	26.83%	(216,967)	-9.66%
Contractual Services	6,476	0.07%	5,519	0.07%	957	17.349
Travel	58,105	0.63%	62,204	0.74%	(4,099)	-6.59
Repairs and Maintenance	57,398	0.62%	52,851	0.63%	4,547	8.60%
Insurance	40,692	0.44%	36,981	0.44%	3,711	10.039
Direct Other			1,241	0.01%	(1,241)	-100.009
Audit & Legal Fees	38,874	0.42%	35,792	0.43%	3,082	8.619
Telephone	8,163	0.09%	8,654	0.10%	(491)	-5.679
Office Supplies	19,666	0.21%	16,602	0.20%	3,064	18.469
Postage	8,881	0.10%	8,926	0.11%	(45)	-0.50%
Printing	10,581	0.11%	13,219	0.16%	(2,638)	-19.969
Pension Management	1,223	0.01%	276	0.00%	947	343.129
Miscellaneous	21,194	0.23%	8,117	0.10%	13,077	161.119
Staff Training	34,888	0.38%	26,979	0.32%	7,909	29.329
Bad Debt Expense	57,496	0.62%			57,496	
Provision for Loan Losses	25,280	0.27%			25,280	
Meeting	19,135	0.21%	11,766	0.14%	7,369	62.639
Utilities	28,394	0.31%	30,694	0.37%	(2,300)	-7.49
Depreciation	57,429	0.62%	63,584	0.76%	(6,155)	-9.689
Computer Support & Maintenan	55,728	0.60%	44,576	0.53%	11,152	25.029
Marketing & Advertising	13,308	0.14%	17,694	0.21%	(4,386)	-24.79
Janitorial	14,156	0.15%	14,160	0.17%	(4)	-0.039
Dues & Subscriptions	19,388	0.21%	19,152	0.23%	236	1.239
Total Expenses	9,224,904		8,367,324		857,580	10.25%

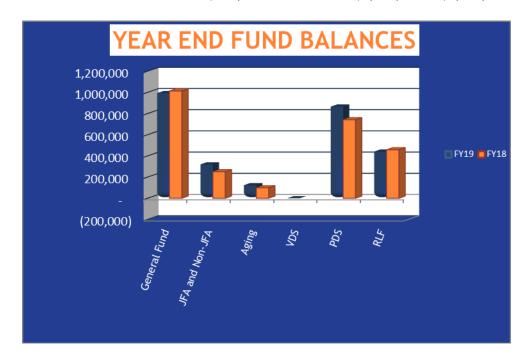
REVENUES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, revenues are \$9,235,535 for the year ended June 30, 2019, representing an increase of \$1,127,044 or 13.9% from \$8,108,491 for the year ended June 30, 2018.

	2019	2019	2018	2018	Change	Change
	Revenue \$	Revenue %	Revenue \$	Revenue %	in \$	in %
Program Revenues:						
Charges for Services	116,884	1.27%	116,191	1.43%	693	0.60%
Operating Grants and						
Contributions	9,091,738	98.44%	7,983,548	98.46%	1,108,190	13.88%
Total program revenues	9,208,622		8,099,739		1,108,883	
General Revenues:						
Investment Income	18,021	0.20%	8,752	0.11%	9,269	105.91%
Gain on Disposal of Fixed Asset	8,892	0.10%			8,892	
Total Revenues	9,235,535		8,108,491		1,127,044	13.90%

FUND BALANCES

Fund balances overall increased \$180,220 or 7.04% from \$2,558,410 to \$2,738,630 between FY 18 and FY 19.



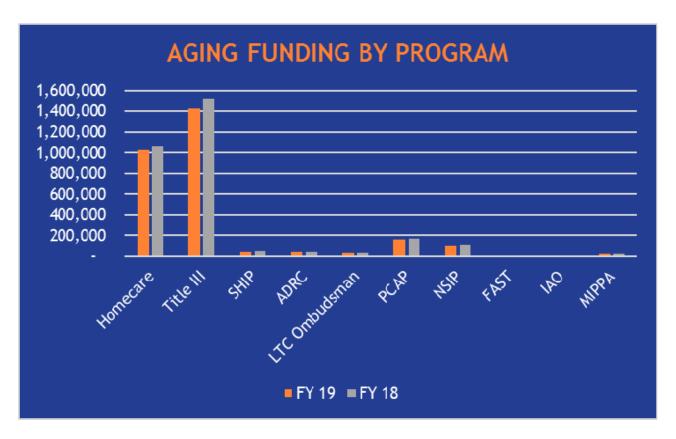
REVENUES VS EXPENDITURES





- ❖ Total revenues increased \$1,105,861 or 13.89% from FY 18 to FY 19.
- ❖ Total expenditures increased \$993,565 or 12.59% from FY 18 to FY 19.
- ❖ Intergovernmental revenue accounts for 93% of total revenues while program services accounts for 74% of total expenditures.
- Examples of other expenditures are insurance, utilities, and repairs and maintenance.

SPECIAL REVENUE FUNDS



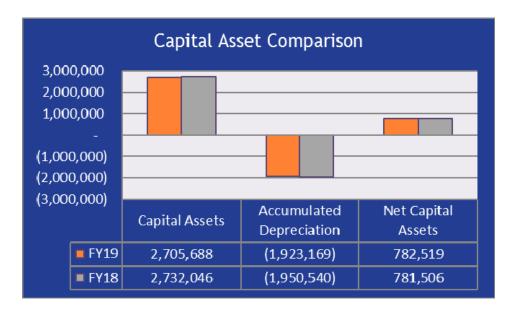
- Overall Intergovernmental Aging funding decreased approximately \$150,000 during FY 19 due to continued State budget reductions.
- Examples of aging services include case management, home delivered meals and legal assistance.

ADDITIONAL SPECIAL REVENUE FUNDS

- Revolving Loan Fund (RLF) fund balance decreased due to an increase in loan loss provision for an existing loan.
- Participant Directed Services (PDS) fund balance increased due to the growth of the program.
- Veteran's Directed Services (VDS) is a new program that just began in the spring; this fund incurred a small loss.
- General Fund balance decreased primarily due to the probability of not collecting FY 18 JFA funds from DLG (Department for Local Government) and establishing an allowance for doubtful accounts.
- JFA and Non-JFA fund balance increased due to performance based agreements.

CAPITAL ASSETS

At June 30, 2019, BRADD and its component units had invested \$2,705,688 in capital assets, consisting of land, building, furniture, equipment, and vehicles. The accumulated depreciation on those assets is \$1,923,169; therefore, net capital assets are \$782,519. This is an increase of \$1,013 or 0.13% of net capital assets from FY 18.



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, 2019

	Go	overnmental Activities	В	usiness-Type Activities	Total
Assets					
Cash and investments	\$	2,339,857	\$	29,729	\$ 2,369,586
Grants receivable, net		586,676		-	586,676
Accounts receivable, net		509,063		-	509,063
Loans, net		133,739		-	133,739
Other		29,512		-	29,512
Nondepreciable capital assets		71,133		-	71,133
Depreciable capital assets		1,930,489		704,066	2,634,555
Less: accumulated depreciation		(1,298,730)		(624,439)	(1,923,169)
Total assets		4,301,739		109,356	4,411,095
Deferred Outflows of Resources					
OPEB related		253,781		-	253,781
Pension related		792,393		-	792,393
Total deferred outflows of resources		1,046,174		-	1,046,174
Liabilities					
Accounts payable		461,287		-	461,287
Accrued liabilities		253,484		-	253,484
Unearned revenue		72,487		-	72,487
Compensated absences		72,959		-	72,959
Net OPEB liability		933,370		-	933,370
Net pension liability		3,201,795		-	3,201,795
Total liabilities		4,995,382		-	4,995,382
Deferred Inflows of Resources					
OPEB related		246,639		-	246,639
Pension related		650,499		-	650,499
Total deferred inflows of resources		897,138		-	897,138
Net Position					
Net investment in captial assets		702,892		79,627	782,519
Restricted		,		-,-	,-
Grant programs		560,153		-	560,153
Building maintenance		218,868		-	218,868
Unrestricted		(2,026,520)		29,729	(1,996,791)
Total net position	\$	(544,607)	\$	109,356	\$ (435,251)

Barren River Area Development District Statement of Activities

Year Ended June 30, 2019 Program Revenues Changes in Net Position

Operating Control

Year Ended June 30, 2019		Program Revenues					Changes in Net Position					
	Expenses		narges for Services	(Operating Grants and Intributions		apital Grants and Contributions		vernmental Activities	Business-Type Activities		Total
Governmental activities												
Program services	\$ 6,600,444	\$	116,884	\$	6,695,769	\$	_	\$	212,209	\$ -	\$	212,209
Personnel	2,028,005	τ.		*	1,882,223	7	-		(145,782)	•	τ.	(145,782)
Contractual services	6,476		-		6,476		-		-	-		-
Travel	58,105		-		58,105		-		-	-		-
Repairs and maintenance	57,398		_		57,398		-		-	-		_
Insurance	40,692		_		40,692		_		-	-		_
Audit and legal fees	38,874		_		38,874		_		-	-		_
Telephone	8,163		-		8,163		_		=	_		-
Office supplies	19,666		-		19,666		-		-	-		-
Postage	8,881		-		8,881		-		-	-		-
Printing	10,581		-		10,581		-		-	-		-
Pension management	1,223		-		1,223		-		-	-		-
Miscellaneous	21,194		-		21,194		-	•	-	-		-
Staff training	34,888		-		34,888		-		-	-		-
Bad debt expense	57,496		-		57,496		-		-	-		-
Provision for loan losses	25,280		-		-		-		(25,280)	-		(25,280)
Depreciation - unallocated	57,429		-		-		-		(57,429)	-		(57,429)
Utilities	28,394		-		28,394		-	•	-	-		-
Computer support and												
maintenance	55,728		-		55,728		-	•	-	-		=
Marketing and advertising	13,308		-		13,308		-	•	-	-		=
Meeting	19,135		-		19,135		-	•	-	-		=
Janitorial	14,156		-		14,156		_		-	-		-

Barren River Area Development District Statement of Activities

Year Ended June 30, 2019			Program Reven	ues	-	xpense) Revenue nges in Net Positi	
Tear Ended Julie 30, 2015	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Dues and subscriptions	19,388	-	19,388	-	-	-	-
Total governmental activities	9,224,904	116,884	9,091,738		(16,282)		(16,282)
Business-type activities							
Program services	-	-	-	48,000	-	48,000	48,000
Audit and legal fees	785	-	-	-	-	(785)	(785)
Depreciation expense	25,421	-	-	-	-	(25,421)	(25,421)
Other	40	2,241	-	-	-	2,201	2,201
Total business-type activites	26,246	2,241	-	48,000	-	23,995	23,995
Total government	\$ 9,251,150	\$ 119,125	\$ 9,091,738	\$ 48,000	(16,282)	23,995	7,713
		General Rever	nues		_		
		Investment	income		18,021	-	18,021
		Gain on disp	osal of fixed asset	5	8,892	-	8,892
		Total general r			26,913	-	26,913
		Change in net	position		10,631	23,995	34,626
		Net position -	beginning of year		(555,238)	85,361	(469,877)
		Net position -	end of year		\$ (544,607)	\$ 109,356	\$ (435,251)

Barren River Area Development District Balance Sheet Governmental Funds

June 30, 2019		General Fund		Special Revenue Funds	G	Total overnmental Funds
Assets						
Cash and investments	\$	913,556	\$	1,426,301	\$	2,339,857
Due from other funds	,	122,284	•	250,331	•	372,615
Grants receivable, net		-		586,676		586,676
Accounts receivable, net		8,200		500,863		509,063
Loans, net		-		133,739		133,739
Other		-		29,512		29,512
Total assets	\$	1,044,040	\$	2,927,422	\$	3,971,462
Liabilities and Fund Balances Liabilities Due to other funds	\$	12,525	¢	360,090	\$	372,615
Accounts payable	Y	162	7	461,125	7	461,287
Accrued payroll and taxes				253,484		253,484
Unearned revenue		39,417		33,070		72,487
Compensated absences		-		72,959		72,959
Total liabilities		52,104		1,180,728		1,232,832
Fund Balances						
Non-Spendable		_		29,512		29,512
Restricted		218,868		560,153		779,021
Assigned		-		1,157,029		1,157,029
Unassigned		773,068		-		773,068
Total fund balances		991,936		1,746,694		2,738,630
Total liabilities and fund balances	\$	1,044,040	\$	2,927,422	\$	3,971,462

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

June 30,	2019
Total fund balances - governmental funds	\$ 2,738,630
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 \$2,001,622 and the accumulated depreciation is \$1,298,730.	702,892
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.	141,894
Deferred outflows and inflows of resources related to OPEB expense are applicable to future periods, therefore, are not reported in the fund statements.	7,142
Long-term liabilities, including net pension and net OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of: Net OPEB liability	(933,370)
Net pension liability	 (3,201,795)
Total net position - governmental activities	\$ (544,607)

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

Year Ended June 30, 2019		General Fund	Special Revenue Funds		Total Governmental Funds
Revenues					
Intergovernmental revenue	\$	-	\$	8,419,018	\$ 8,419,018
Local revenue	τ	116,884	τ.	406,380	523,264
In-kind income		-		136,525	136,525
Program income		-		93,301	93,301
Investment income		10,822		7,199	18,021
Other income		29,590		6,924	36,514
Total revenues		157,296		9,069,347	9,226,643
Expenditures					
Program services		24,730		6,600,444	6,625,174
Personnel		17,760		1,864,463	1,882,223
Contractual services		4,980		1,496	6,476
Travel		3,513		54,592	58,105
Repairs and maintenance		18,575		38,823	57,398
Insurance		1,447		39,245	40,692
Audit and legal fees		368		38,506	38,874
Telephone		176		7,987	8,163
Office supplies		932		18,734	19,666
Postage		140		8,741	8,881
Provision for loan losses		-		25,280	25,280
Printing		302		10,279	10,581
Pension management		12		1,211	1,223
Miscellaneous		45		21,149	21,194
Staff training		1,094		33,794	34,888
Utilities		268		28,126	28,394
Computer support and					
maintenance		210		55,518	55,728
Marketing and advertising		32		13,276	13,308
Dues and subscriptions		13,424		5,964	19,388
Bad debt expense		57,496		-	57,496
Janitorial		134		14,022	14,156
Meeting		16,788		2,347	19,135
Total expenditures		162,426		8,883,997	9,046,423
(Deficiency) excess of revenues over					
expenditures		(5,130)		185,350	180,220

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

Year Ended June 30, 2019	General Fund	Special Revenue Funds	Total Governmental Funds
Other Financing Sources (Uses) Operating transfers in	<u>-</u>	14,877	14,877
Operating transfers out	(14,877)	-	(14,877)
Total other financing sources (uses)	(14,877)	14,877	<u>-</u>
Net change in fund balance	(20,007)	200,227	180,220
Fund balances - beginning of year	1,011,943	1,546,467	2,558,410
Fund balances - end of year	\$ 991,936 \$	1,746,694	\$ 2,738,630

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,	2019
Total net change in fund balances - governmental funds	\$ 180,220
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 (\$57,429) exceed capital outlays (\$33,622) in the period.	(23,807)
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	(117,532)
Government funds report District OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense	(28,250)
Change in net position - governmental activities	\$ 10,631

Barren River Area Development District Statement of Net Position Proprietary Fund

June 30, 2019	Loc	Barren River Local Officials Organization	
		<u> </u>	
Assets			
Current assets			
Cash	\$	29,729	
Total current assets		29,729	
Noncurrent assets			
Fixed assets - net		79,627	
Total noncurrent assets		79,627	
Total assets		109,356	
Liabilities and Net Position			
Net Position			
Net investment in capital assets		79,627	
Unrestricted		29,729	
Total net position	\$	109,356	

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

	Local C	Barren River Local Officials	
Year Ended June 30, 2019	Organi	ization	
Operating Expenses			
Audit and legal fees	\$	785	
Depreciation expense		25,421	
Miscellaneous		40	
Total operating expenses		26,246	
Operating loss		(26,246)	
Non-Operating Revenues			
Federal grants		48,000	
Other		2,241	
Total non-operating revenues		50,241	
Change in net position		23,995	
Net position - beginning of year		85,361	
Net position - end of year	\$	109,356	

Barren River Area Development District Statement of Cash Flows Proprietary Fund

	Loca	ren River Il Officials
Year Ended June 30, 2019	Org	anization
Cash Flows from Operating Activities		
Cash payments for other operating expenses	\$	(825)
Net cash used in operating activities		(825)
Cash Flows from Capital and Related Financing Activities		
Proceeds from federal and state grants		48,000
Acquisition of capital assets		(50,241)
Proceeds from local contributions		1,027
Net cash used in capital and related financing activities		(1,214)
Net decrease in cash		(2,039)
Cash - beginning of year		31,768
Cash - end of year	\$	29,729

Barren River Area Development District Statement of Cash Flows Proprietary Fund

Year Ended June 30, 2019		Barren River Local Officials Organization	
Reconciliation of Operating Loss to Net Cash Provided By (Used in) Operating Activities:			
Operating loss	\$	(26,246)	
Adjustments to reconcile operating loss to net cash provided			
by (used in) operating activities:			
Depreciation		25,421	
Net cash used in operating activities	\$	(825)	

NOTE 1: NATURE OF OPERATIONS AND REPORTING ENTITY

Reporting Entity

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

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

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

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

Blended Component Unit

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following funds:

Governmental Fund Types

General Fund

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

Special Revenue

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

Proprietary Fund Type

Enterprise Fund

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

Investments

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

Loans

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans (continued)

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

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

Accounts and Grants Receivable

Accounts and grants receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts and grants receivables. As of June 30, 2019, a valuation allowance of \$57,496 is reflected in the financial statements.

Allowance for Loan Losses

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

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

Interfund Balances

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Description	Estimated Lives
Computer equipment	5 years
Vehicles	6 - 8 years
Audio-visual equipment	7 years
Furniture and fixtures	10 years
Building and improvements	7 - 40 years

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

Deferred Outflows of Resources – Pension Related

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources – Pension Related

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

Deferred Inflows and Outflows of Resources - OPEB Related

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

Net Pension Liability

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value. Note 11 provides further detail on the net OPEB liability.

Post-Employment Health Care Benefits

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

Unearned Revenue

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

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

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

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

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

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

Interfund Transactions

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

Revenues — Exchange and Non-Exchange Transactions

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues — Exchange and Non-Exchange Transactions (continued)

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

Income Taxes

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

Estimates

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

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through December 11, 2019, which was the date the financial statements were made available.

Recent Accounting Pronouncements

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

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

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

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

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2019, the carrying amounts of the District's deposits, which include investments, were \$2,369,586 and the bank balances were \$2,498,174, of which \$2,498,174 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, 2019, the District's deposits were not exposed to custodial credit risk.

▶ Interest Rate Risk

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

Credit Risk

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

NOTE 4: ACCOUNTS AND GRANTS RECEIVABLES

Accounts and grants receivable and the related allowance for doubtful accounts at June 30, 2019, are as follows:

	Out	Outstanding		Allowance for		
Fund Type	Ва	alance	Doul	otful Accounts	N	et Balance
General Fund	\$	8,200	\$	-	\$	8,200
Special Revenue Funds	1,	,145,035		(57,496)		1,087,539
Total	\$ 1	,153,235	\$	(57,496)	\$	1,095,739

An analysis of the allowance for doubtful accounts as of June 30, 2019 follows:

June 30,	2019
Balance - beginning of year Provision for doubtful accounts	\$ - 57,496
Balance - end of year	\$ 57,496

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consist of the following:

Receivable Fund	Payable Fund	Amount		
JFA	Aging	155,704		
JFA	RLF	469		
JFA	VDS	2,695		
JFA	PDS	78,938		
General	JFA	122,284		
JFA	General	12,525		

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

NOTE 6: LOANS

At June 30, 2019, the District has outstanding loans made to local industries that are funded through federal and local loan programs. Amounts are recorded in the Revolving Loan Fund, with outstanding loans of \$168,169 at June 30, 2019, net of allowances for loan losses of \$34,430. The District had one loan with an outstanding balance of \$68,861 that was on nonaccrual status at June 30, 2019.

NOTE 6: LOANS (CONTINUED)

An analysis of allowance for loan losses as of June 30, 2019 follows:

June 30,	2019
Balance - beginning of year Provision for loan losses	\$ 9,150 25,280
Balance - end of year	\$ 34,430

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Capital Cost								
	В	eginning			R	etirements/		Ending Balance	
June 30, 2019		Balance	A	dditions	Re	classifications			
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 furniture and equipment		325,742		_		(11,922)		313,820	
Office building		1,559,578		_		-	1	,559,578	
Vehicles		46,434		33,622		(22,965)		57,091	
Total depreciable historical cost		1,931,754		33,622		(34,887)	1	,930,489	
Less accumulated depreciation for:									
Office furniture and equipment		253,521		14,885		(11,922)		256,484	
Office building		977,781		37,494		-	1	L,015,275	
Vehicles		44,886		5,050		(22,965)		26,971	
Total accumulated depreciation		1,276,188		57,429		(34,887)	1	1,298,730	
Governmental activities, capital assets,									
net	\$	726,699	\$	(23,807)	\$	-	\$	702,892	
Business-Type Activities									
Vehicles	\$	729,159	\$	50,241	\$	(75,334)	\$	704,066	
Total historical cost		729,159		50,241		(75,334)		704,066	
Less accumulated depreciation		674,352		25,421		(75,334)		624,439	
Business-type activities, capital assets, net	\$	54,807	\$	24,820	\$	-	\$	79,627	

NOTE 7: CAPITAL ASSETS (CONTINUED)

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

NOTE 8: FUND BALANCES

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

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At June 30, 2019, the District's special revenue funds had \$29,512 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, 2019, the District's special revenue funds had \$560,153 restricted for grant programs and \$218,868 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, 2019.

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, 2019, the District had \$864,461 in the PDS fund assigned for future Aging/PDS expenses. Other special revenue funds had assigned fund balances of \$292,568 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 9: OPERATING LEASE COMMITMENTS

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

June 30,	
2020	5,876
2021	5,876
2022	1,470
	\$ 13,222

NOTE 10: RETIREMENT PLANS

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

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

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

The District's employees share of funding under the County Employees Retirement System is equal to 5% (6% for new hires effective July 1, 2008) of the employee's covered salary. The District is required to contribute at an actuarially determined rate. The rate for CERS is 21.48%, 19.18%, and 18.68% for the years ended June 30, 2019, 2018 and 2017, 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 10: RETIREMENT PLANS (CONTINUED)

The District's contributions to the Plans during the fiscal years ended June 30, 2019, 2018 and 2017 were:

June 30,	2019	2018	2017	
orns ¹	ć 274 002	ć 255 400	ć 272 045	
CERS ¹	\$ 274,992	\$ 255,108	\$ 2/2,015	
401(k) Profit Sharing Match ¹	9,543	10,588	12,096	

¹ Equal to required contributions for each year.

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

General Information About the CERS Pension Plan

Plan Description

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

Benefits Provided

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

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

NOTE 10: RETIREMENT PLANS (CONTINUED)

Benefits Provided (continued)

- Tier 2 Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420 Employees Administrative Duties). These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.
- Tier 3 Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contributions

Employers participating in the CERS were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the KRS Board of Trustees on the basis of an annual valuation last preceding the July 1 of a new biennium. The KRS Board of Trustees may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board of Trustees. For the fiscal year ended June 30, 2019, participating employers contributed 16.22% of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2019 was 16.22%.

NOTE 10: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2019, the District reported a liability of \$3,201,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2018 contributions to the pension plan relative to the 2018 contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.052572%.

For the year ended June 30, 2019, the District recognized pension expense of \$321,218. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	red Outflows Resources	Deferred Inflows of Resources		
Difference between expected and actual experience	\$ 104,434	\$	46,868	
Net difference between projected and actual earnings on pension plan investments	148,886		187,277	
Change of assumptions	312,909		-	
Changes in proportion and differences between employer contributions and proportionate share of contribution	18,545		416,354	
District contributions subsequent to the measurement date	207,619			
Total	\$ 792,393	\$	650,499	

\$207,619 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 10: RETIREMENT PLANS (CONTINUED)

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

Year ended June 30,	
2019	\$ 40,588
2020	(22,008)
2021	(67,120)
2022	(17,185)
Thereafter	-

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total pension liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2017. The actuarial assumptions are:

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

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

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

NOTE 10: RETIREMENT PLANS (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	17.50%	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
Non US Equity	17.50%	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash	2.00%	1.50%
		_
Total	100.00%	6.09%

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the KRS plan's CAFR.

NOTE 10: RETIREMENT PLANS (CONTINUED)

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

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

				Current		
	19	% Decrease (5.25%)	Di	scount Rate (6.25%)	1	% Increase (7.25%)
District's proportionate share						
of the net pension liability	\$	4,030,728	\$	3,201,795	\$	2,507,294

Pension Plan Fiduciary Net Position

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

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Plan Description

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

Benefits Provided

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

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

Contributions

Employers participating in the CERS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2019, the required contribution was 5.26% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2019, were \$67,373. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

Implicit Subsidy

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

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

At June 30, 2019, the District reported a liability of \$933,370 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of 2018 contributions to the OPEB plan relative to the 2018 contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.52570%.

For the year ended June 30, 2019, the District recognized OPEB expense of \$105,503.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

	 Outflows of sources	 red Inflows of Resources	
Difference between expected and actual experience	\$ -	\$ 108,772	
Net difference between projected and actual investment earnings on OPEB plan investments	-	64,291	
Change of assumptions	186,408	2,156	
Changes in proportion and differences between employer contriutions and proportionate share of contribution	-	71,420	
District contributions subsequent to the measurement date	67,373	 	
Total	\$ 253,781	\$ 246,639	

For the year ended June 30, 2019, \$67,373 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 3	0,	
2019	\$	(10,251)
2020		(10,251)
2021		(10,251)
2022		2,385
2023		(21,651)
Thereafter		(10,064)

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

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions. There have been no changes in actuarial assumptions since June 30, 2017. The actuarial assumptions are:

Inflation2.30%Payroll Growth Rate2.00%Salary Increase3.05%, averageInvestment Rate of Return6.25%

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

and gradually decreasing to an ultimate trend rate

of 4.05% over a period of 12 years.

Healthcare Trend Rates (Post-65)

Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale RP to 2013 (multiplied by 50% for males and 20% for females). For healthy retired members

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

Long-Term Expected Rate of Return

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

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

Long-Term Expected Rate of Return (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class	Allocation	Real Nate of Retain
US Equity	17.50%	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
Non US Equity	17.50%	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash	2.00%	1.50%
Total	100.00%	6.09%

Discount Rate

The projection of cash flows used to determine the discount rate of 5.85% for CERS non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the OPEB Plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return of each major asset class are summarized in the KRS plan's CAFR.

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

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

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2019, calculated using the discount rate of 5.85%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

			(Current			
		% Decrease (4.85%)	_	count Rate (5.85%)	1% Increase (6.85%)		
District's proportionate share of the							
collective net OPEB liability	\$	1,212,298	\$	933,370	\$	695,774	

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

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

			Current ealthcare				
	1%	Decrease	Rate	e 1% Increase			
District's proportionate share of the							
collective net OPEB liability	\$	694,903	\$ 933,370	\$	1,214,454		

OPEB Plan Fiduciary Net Position

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

NOTE 12: CONTINGENCIES

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

NOTE 12: CONTINGENCIES (CONTINUED)

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

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

NOTE 13: RISK MANAGEMENT

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

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

During the fiscal year ended June 30, 2019, the District incurred a total expense of \$195,427 for health insurance premiums. The District also has a Health Reimbursement Arrangement (HRA) and/or Health Savings Account (HSA) which funds part of the qualified medical expenses.

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

NOTE 14: EXCESS EXPENDITURES OVER APPROPRIATIONS

The District has one fund (VDS) with a deficit fund balance (\$858). Also, the following funds have excess current year expenditures over current year revenues:

Fund	Α	mount
	1	
General Fund	\$	20,007
VDS		858
Revolving Loan		17,153

NOTE 15: FUND TRANSFERS

Fund transfers for the year ended June 30, 2019 consist of the following:

Туре	Type From Fund To Fund		Purpose	Amount		
Operating	General	JFA and Non-JFA	Matching/Regional Support	\$	14,877	

NOTE 16: COST ALLOCATION PLAN (CAP)

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

All funds expended by the District are charged either to a specific grant and/or program element as a Direct cost or spread to all grants and/or program elements as an indirect cost in conformity with 2 CFR Part 200, Uniform Guidance. Direct costs are defined as those that can be identified specifically with a particular cost objective. Indirect costs are those incurred for a common or joint 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 benefiting more than one cost objective. The indirect Costs are distributed proportionately based upon an established methodology.

- 1. <u>Salary</u> 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.

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

- 4. <u>Board Training</u> Training recommended for Board to increase the knowledge of officials to further the goals of the District will be charged to the general fund. Board's reimbursements for travel follow 200 KAR 2:006.
- 5. Other Travel Costs or required reimbursements for other travel such as council members/other board members will be charged as a direct cost to the work element to which the activity is assigned.
- 6. Other Other costs, including but not limited to: communications, printing, postage, equipment and supplies, will be charged as direct costs when possible. Other costs that cannot be readily identified to an individual program will be charged as indirect.
- 7. <u>Building costs/Rent</u> Office space, equipment and furniture depreciation, building insurance, utilities and routine operational costs such as janitorial and general maintenance of the main office building will be charged as indirect.
- 8. <u>Insurance</u> General and public officials' liabilities, workers compensation, bonding, and other exposures are considered indirect costs.
- 9. <u>Services and fees</u> General services of benefit to all District programs, such as indirect audit costs, general legal advice, office supplies, pension management fee, and staff development programs, are costs that are shared as an economical and rational management methodology.
- 10. Other In-Kind In-kind contributions of services from outside agencies or personnel may be utilized as a match for certain programs provided that the value of the services is substantiated in an appropriate manner.

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

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

Year Ended June 30, 2019	Ind	irect Cost
Salaries and benefits	\$	316,386
Travel		15,554
Audit and legal		38,866
Pension management		1,225
Telephone		6,808
Supplies		8,142
Insurance		39,615
Postage		2,263
Printing		1,340
Dues and subscriptions		984
Computer support and maintenance		22,251
Other		427
Depreciation		5,138
Utilities		28,391
Building maintenance and janitorial		46,603
	\$	533,993

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

rear Enacasane 30, 2013						F	ariances avorable	
	 Budgeted	l An				(Unfavorable)		
	Original		Final		Actual	Final to Actual		
Revenues								
Local income	\$ 116,191	\$	116,191	\$	116,884	\$	693	
Program income	48	•	48		-	•	(48)	
Investment income	6,329		6,329		10,822		4,493	
Other income	22,437		22,437		29,590		7,153	
Total revenues	145,005		145,005		157,296		12,291	
Expenditures								
Program services	-		-		24,730		(24,730)	
Personnel	18,724		18,724		17,760		964	
Contractual services	4,344		4,344		4,980		(636)	
Travel	5,202		5,202		3,513		1,689	
Repairs and Maintenance	24,313		24,313		18,575		5,738	
Insurance	1,426		1,426		1,447		(21)	
Audit and legal fees	4,966		4,966		368		4,598	
Telephone	65		65		176		(111)	
Office supplies	766		766		932		(166)	
Postage	50		50		140		(90)	
Printing	77		77		302		(225)	
Pension management	3		3		12		(9)	
Miscellaneous	824		824		45		779	
Staff training	423		423		1,094		(671)	
Utilities	301		301		268		33	
Computer support and								
maintenance	189		189		210		(21)	
Marketing	2		2		32		(30)	
Dues and subscriptions	13,507		13,507		13,424		83	
Bad debt expense	-		-		57,496		(57,496)	
Janitorial	139		139		134		5	
Meeting	8,814		8,814		16,788		(7,974)	
Total expenditures	84,135		84,135		162,426		(78,291)	
Excess (deficiency) of revenues over								
expenditures	60,870		60,870		(5,130)		(66,000)	
Other Financing Sources (Uses)					•			
Operating transfers in (out)	(12,295)		(12,295)		(14,877)		(2,582)	
Total other financing sources (uses)	(12,295)		(12,295)		(14,877)		(2,582)	
Net change in fund balance	48,575		48,575		(20,007)		(68,582)	
Fund balances - beginning of year	 963,368		963,368	_	1,011,943		48,575	
Fund balances - end of year	\$ 1,011,943	\$	1,011,943	\$	991,936	\$	(20,007)	

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

	Budgeted Amounts						ı	Variances Favorable nfavorable)
		Original		Final	-	Actual		al to Actual
Revenues								
Intergovernmental revenue	\$	7,352,217	\$	7,352,217	\$	8,419,018	\$	1,066,801
Local revenue	,	376,450	,	376,450	7	406,380	т.	29,930
In-kind income		138,126		138,126		136,525		(1,601)
Program income		87,468		87,468		93,301		5,833
Investment income		2,423		2,423		7,199		4,776
Other income		6,802		6,802		6,924		122
Total revenues		7,963,486		7,963,486		9,069,347		1,105,861
Expenditures								
Program services		5,643,365		5,643,365		6,600,444		(957,079)
Personnel		1,897,075		1,897,075		1,864,463		32,612
Contractual services & direct		1,037,073		1,037,073		2,00 1,100		32,312
other		2,416		2,416		1,496		920
Repairs and maintenance		28,538		28,538		38,823		(10,285)
Insurance		35,555		35,555		39,245		(3,690)
Audit and legal fees		30,826		30,826		38,506		(7,680)
Telephone & utilities		38,982		38,982		36,113		2,869
Office supplies & postage		24,712		24,712		27,475		(2,763)
Bad debt expense						25,280		(25,280)
Printing and marketing		30,834		30,834		23,555		7,279
Pension management		273		273		1,211		(938)
Miscellaneous		7,293		7,293		21,149		(13,856)
Staff training and travel		83,558		83,558		88,386		(4,828)
Computer support and		,		ŕ		ŕ		, , ,
maintenance		44,387		44,387		55,518		(11,131)
Dues and subscriptions		5,645		5,645		5,964		(319)
Janitorial		14,021		14,021		14,022		(1)
Meeting		2,952		2,952		2,347		605
Total expenditures		7,890,432		7,890,432		8,883,997		(993,565)
Excess (deficiency) of revenues								
over expenditures		73,054		73,054		185,350		112,296

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

						Variances
						Favorable
	Budgeted A	Am	ounts	_		(Unfavorable)
	Original		Final		Actual	Final to Actual
Other Financing Sources (Uses)						_
Operating transfers in - net	12,295		12,295		14,877	2,582
Total other financing sources						
(uses)	12,295		12,295		14,877	2,582
Net change in fund balance	85,349		85,349		200,227	114,878
Fund balances - beginning of year	1,461,118		1,461,118		1,546,467	85,349
i unu balances - beginning of year	1,401,110		1,401,110		1,340,407	63,343
Fund balances - end of year	\$ 1,546,467	\$	1,546,467	\$	1,746,694	\$ 200,227

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,		2019		2018		2017	2016	2015
District's proportion of the net pension liability		0.052572%		0.057234%		0.071623%	0.067555%	0.067639%
District's proportionate share of the net pension liability	\$	3,201,795	\$	3,350,082	\$	3,526,454	\$ 2,905,556	\$ 2,194,000
District's covered payroll	\$	1,330,073	\$	1,456,183	\$	1,770,522	\$ 1,630,152	\$ 1,603,118
District's proportionate share of the net pension liability as a percentage of its covered payroll		240.72%		230.06%		199.18%	178.24%	136.86%
Plan fiduciary net position as a percentage of the total pension liability		53.54%		53.30%		55.50%	59.97%	68.80%
Sc	hedu	le of District C	Con	tributions - C	ERS			
For the Year Ended June 30,		2019		2018		2017	2016	2015
Contractually required contribution Contributions in relation to the contractually	\$	207,619	\$	192,607	\$	203,194	\$ 219,899	\$ 201,697
required contribution		207,619		192,607		203,194	219,899	201,697
Contribution deficiency (excess)	\$	<u>-</u>	\$		\$		\$ -	\$
District's covered payroll	\$	1,280,223	\$	1,330,073	\$	1,456,183	\$ 1,770,522	\$ 1,630,152
Contributions as a percentage of covered payroll		16.22%		14.48%		13.95%	12.42%	12.37%

Changes of Benefit Terms

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

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

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

Changes of Assumptions

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

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

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

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

2016: No changes in assumptions.

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

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

As of June 30,		2019	2018
District's proportion of the net OPEB liability		0.052570%	0.057234%
District's proportionate share of the net OPEB liability	\$	933,370 \$	1,150,599
District's covered payroll	\$	1,330,073 \$	1,456,183
District's proportionate share of the net OPEB liability as a percentage of its covered payroll		70.17%	79.01%
Plan fiduciary net position as a percentage of the total OPEB liabilit	У	57.62%	52.40%
Schedule of District Contribution	ns - CE	RS	
- 4			
For the years ended June 30,		2019	2018
Contractually required contribution	\$	2019 67,373 \$	2018 62,501
	·		
Contractually required contribution	·	67,373 \$	62,501
Contractually required contribution Contributions in relation to the contractually required contribution	·	67,373 \$	62,501

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

Changes of Benefit Terms

No changes of benefit terms.

Changes of Assumptions

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

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

Barren River Area Development District Combining Balance Sheet Special Revenue Funds

		JFA and						F	Revolving	Spe	Total ecial Revenue
June 30, 2019	Non-JFA			Aging		VDS	PDS	Loan		Funds	
Assets											
Cash and investments	\$	245,456	\$	150,664	\$	3,350	\$ 719,737	\$	307,094	\$	1,426,301
Due from other funds		250,331		-		-	-		-		250,331
Grants receivable, net		100,654		486,022		-	-		-		586,676
Accounts receivable, net		-		-		8,846	492,017		-		500,863
Loans, net		-		-		-	-		133,739		133,739
Other		26,919		2,113		-	480		-		29,512
Total assets	\$	623,360	\$	638,799	\$	12,196	\$ 1,212,234	\$	440,833	\$	2,927,422
Liabilities and Fund Balances											
Liabilities											
Due to other funds	\$	122,284	\$	155,704	\$	2,695	\$ 78,938	\$	469	\$	360,090
Accounts payable		69,811		356,190		8,778	26,346		-		461,125
Accrued payroll and taxes		37,674		-		1,581	214,229		-		253,484
Unearned revenue		1,145		4,145		-	27,780		-		33,070
Compensated absences		72,959		-		-	-		-		72,959
Total liabilities		303,873		516,039		13,054	347,293		469		1,180,728

Barren River Area Development District Combining Balance Sheet Special Revenue Funds

June 30, 2019	JFA and Non-JFA	Aging	VDS	PDS	Revolving Loan	Special Revenue Funds
Fund Balances						
Non-Spendable	26,919	2,113	-	480	-	29,512
Restricted	, -	120,647	(858)	-	440,364	560,153
Assigned	292,568	<u> </u>		864,461	-	1,157,029
Total fund balances	319,487	122,760	(858)	864,941	440,364	1,746,694
Total liabilities and fund balances	\$ 623,360 \$	638,799 \$	12,196 \$	1,212,234	\$ 440,833 \$	2,927,422

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

Year Ended June 30, 2019	JFA and Non-JFA Aging			VDS PDS			Revolving Loan	Total Special Revenue Funds	
Revenues									
Intergovernmental revenue	\$ 446,178 \$	2,874,567	\$	-	\$ 5,098,273	\$	-	\$	8,419,018
Local revenue	136,474	260,960		8,946		-	-		406,380
In-kind income	-	136,525		-		-	-		136,525
Program income	-	34,781		-	53,243	}	5,277		93,301
Investment income	-	-		-		-	7,199		7,199
Other income	-	-		-	6,924	ļ.	-		6,924
Total revenues	582,652	3,306,833		8,946	5,158,440)	12,476		9,069,347
Expenditures									
Program services	8,145	2,418,623		7,084	4,166,592	<u>)</u>	-		6,600,444
Personnel	424,525	724,626		1,675	709,981	_	3,656		1,864,463
Contractual services	52	94		-	1,350)	-		1,496
Travel	11,093	18,317		110	24,903	3	169		54,592
Repairs and maintenance	10,045	14,433		32	14,240)	73		38,823
Insurance	8,947	15,254		34	14,933	3	77		39,245
Audit and legal fees	8,749	14,930		36	14,715	•	76		38,506
Telephone	1,531	3,037		6	3,400)	13		7,987
Office supplies	2,859	4,511		7	11,343	3	14		18,734
Postage	1,396	2,393		2	4,946	j	4		8,741
Provision for loan losses	-	-		-		-	25,280		25,280
Printing	2,714	3,181		1	4,372	<u>)</u>	11		10,279
Pension management	281	466		1	461	•	2		1,211
Miscellaneous	-	-		-	21,149)	-		21,149

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

Year Ended June 30, 2019	A and	Aging	VDS		PDS	R	evolving Loan	Specia	Total al Revenue Funds
real Ellaca Jaile 30, 2013	 3 / .	7.68	- 123		. 55		Louii		unus
Staff training	16,115	10,577	9		7,073		20		33,794
Utilities	6,406	10,917	25		10,723		55		28,126
Computer support and									
maintenance	12,366	25,135	769		17,205		43		55,518
Marketing and advertising	4,236	8,263	-		777		-		13,276
Dues and subscriptions	3,559	1,871	1		531		2		5,964
Janitorial	3,194	5,433	12		5,356		27		14,022
Meeting	1,878	362	_		-		107		2,347
Total expenditures	528,091	3,282,423	9,804	5	,034,050		29,629		8,883,997
Excess (deficiency) of revenues									
over expenditures	54,561	24,410	(858)		124,390		(17,153)		185,350
Other Financing Sources (Uses)									
Operating transfers in	14,877	-	-		-		-		14,877
Total other financing sources (uses)	14,877	-	-		-		-		14,877
Net change in fund balance	69,438	24,410	(858)		124,390		(17,153)		200,227
Fund balances - beginning of year	250,049	98,350	-		740,551		457,517		1,546,467
Fund balances - end of year	\$ 319,487	\$ 122,760	\$ (858)	\$	864,941	\$	440,364	\$	1,746,694

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Barren River Area Development District Statement of Grant Activity

				PDS-Goods &	PDS-Fiscal	
	General Fund	Building	PDS-Support Broker	Services	Management	JFA
Revenue						
Federal revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,003
State revenue	-	-	4,587,253	148,719	362,301	126,013
Local revenue	116,884	-	-	-	-	-
Investment Income	6,129	4,693	-	-	-	-
Program Income	-	-	23,401	568	29,274	-
In-Kind income	-	-	-	-	-	-
Other income	29,590	-	6,924	-	-	-
Total revenue	152,603	4,693	4,617,578	149,287	391,575	273,016
Expenditures						
Direct costs:						
Salaries	10,204	-	285,093	-	110,036	132,021
Benefits	4,022	-	130,541	-	43,115	49,228
Annual leave	542	-	15,026	-	6,551	6,915
Travel & training	4,459	-	25,361	-	62	15,123
Other costs	94,002	18,218	21,418	-	27,114	8,127
Contractual services	1,200	-	1,253	-	-	-
Program services	24,730	-	4,017,305	149,287	-	-
Total direct costs	139,159	18,218	4,495,997	149,287	186,878	211,414
Indirect costs	5,049	-	147,528	-	54,360	64,333
Total expenditures	144,208	18,218	4,643,525	149,287	241,238	275,747
Other Financing Sources (Uses)						
Transfer in	_	-	-	-	-	2,731
Transfer out	(14,877)	-	-	-	-	-
Total other financing sources (uses)	(14,877)	-	-	-	-	2,731
Net change in fund balances	\$ (6,482)	\$ (13,525)	\$ (25,947)	\$ -	\$ 150,337	\$ -

	Regio	nal Transit	Regional Transportation	Water Planning	Other Local Contracts	Local Road Updates	SOAR
Revenue							
Federal revenue	\$	10,404	\$ -	\$ -	- \$	\$ -	\$ 8,947
State revenue		-	78,067	75,744	-	-	-
Local revenue		-	-	-	111,844	23,000	1,629
Investment Income		-	-	-	-	-	-
Program Income		-	-	-	-	-	-
In-Kind income		-	-	-	-	-	-
Other income		-	-	-	-	-	-
Total revenue		10,404	78,067	75,744	111,844	23,000	10,576
Expenditures							
Direct costs:							
Salaries		6,246	27,208	33,216	31,947	10,500	1,711
Benefits		2,440	11,518	15,471	12,255	4,706	433
Annual leave		412	2,035	1,884	2,171	782	64
Travel & training		69	3,444	2,725	1,787	495	70
Other costs		755	1,365	5,430	5,977	1,009	-
Contractual services		-	-	-	-	-	-
Program services		-	-	-	-	-	8,145
Total direct costs		9,922	45,570	58,726	54,137	17,492	10,423
Indirect costs		3,083	13,746	17,281	15,692	5,510	761
Total expenditures		13,005	59,316	76,007	69,829	23,002	11,184
Other Financing Sources (Uses)							
Transfer in		2,601	8,672	263	_	2	608
Transfer out		, -	-	-	_	-	-
Total other financing sources (uses)		2,601	8,672	263	-	2	608
Net change in fund balances	\$	-	\$ 27,423	\$ -	\$ 42,015	\$ -	\$ -

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Barren River Area Development District Statement of Grant Activity

Year Ended June 30, 2019					N	lental Health				Title IIIB		
	Revolving			Aging		& Aging			S	upportive	T	itle IIIB
	Loan Fund		HRSA	General Fund	S	Council	Title	e III Admin		Services	Om	budsman
Revenue												
Federal revenue	\$ -	\$	12,642	\$ -	\$	-	\$	355,969	\$	138,685	\$	23,584
State revenue	-		=	-		-		119,551		23,100		-
Local revenue	-		-	47,787		9,925		37,193		-		4,006
Investment Income	7,199		-	-		-		-		-		-
Program Income	5,277		-	-		-		8,584		-		-
In-Kind income	-		-	-		-		33,027		-		-
Other income	-		-	-		-		-		-		-
Total revenue	12,476		12,642	47,787		9,925		554,324		161,785		27,590
Expenditures												
Direct costs:												
Salaries	2,135		3,481	-		-		47,479		74,415		-
Benefits	779		1,552	-		-		23,371		31,506		-
Annual leave	129		369	=		=		4,059		4,159		-
Travel & training	157		431	=		=		5,526		4,788		-
Other costs	25,394		450	338		365		4,034		9,322		-
Contractual services	-		=	-		-		-		-		-
Program services	-		-	-		7,582		449,084		-		27,590
Total direct costs	28,594		6,283	338		7,947		533,553		124,190		27,590
Indirect costs	1,035		1,788	-		=		25,149		37,596		-
Total expenditures	29,629		8,071	338		7,947		558,702		161,786		27,590
Other Financing Sources (Uses)					_						_	
Transfer in	-		-	_		_		4,378		1		-
Transfer out	-		-	(29,588)	-		-		-		-
Total other financing sources (uses)	-		-	(29,588		-		4,378		1		-
Net change in fund balances	\$ (17,153) \$	4,571	\$ 17,861	\$	1,978	\$	-	\$	-	\$	-

			IIIC1 Congregate		IIIC2 Home	IIID Health	
	IIIC1 Ad	lmin	Meals	IIIC2 Admin	Delivered Meals	Promotion	IIIE Admin
Revenue							
Federal revenue	\$	6,600 \$	197,367	\$ 6,600	\$ 300,454	\$ 23,290	\$ 15,240
State revenue		3,400	29,962	3,400	14,000	-	5,074
Local revenue		-	-	-	-	-	-
Investment Income		-	-	-	-	-	-
Program Income		-	11,520	-	2,500	-	-
In-Kind income		-	44,149	-	42,550	4,154	-
Other income		-	-	-	-	-	-
Total revenue	1	10,000	282,998	10,000	359,504	27,444	20,314
Expenditures							
Direct costs:							
Salaries		4,753	-	4,693	-	-	10,648
Benefits		2,126	-	2,036	-	-	3,543
Annual leave		424	-	423	-	-	917
Travel & training		129	-	92	-	-	-
Other costs		130	-	381	-	-	178
Contractual services		-	-	-	-	-	-
Program services		-	291,238	-	359,510	27,444	-
Total direct costs		7,562	291,238	7,625	359,510	27,444	15,286
Indirect costs		2,441	-	2,389	-	-	5,037
Total expenditures	1	10,003	291,238	10,014	359,510	27,444	20,323
Other Financing Sources (Uses)							
Transfer in		3	8,240	14	6	-	9
Transfer out		-	-	-	-	-	-
Total other financing sources (uses)		3	8,240	14	6	-	9
Net change in fund balances	\$	- \$	-	\$ -	\$ -	\$ -	\$ -

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Barren River Area Development District Statement of Grant Activity

	I	IIE Caregiver Support	VII Elder Abuse Prevention	I Facilities evention	NSIP July - Sept	NSIP Oct - June	ADRC- Medicaid
Revenue							
Federal revenue	\$	139,432	\$ 4,888	\$ 8,968	\$ 25,558	\$ 72,761	\$ 21,600
State revenue		6,000	-	-	-	-	71,605
Local revenue		28,264	6,545	6,956	-	-	-
Investment Income		-	-	-	-	-	-
Program Income		-	-	-	-	-	-
In-Kind income		430	-	-	-	-	-
Other income		-	-	-	-	-	-
Total revenue		174,126	11,433	15,924	25,558	72,761	93,205
Expenditures							
Direct costs:							
Salaries		24,968	-	-	-	-	41,450
Benefits		7,106	-	-	-	-	20,096
Annual leave		1,773	-	-	-	-	2,174
Travel & training		1,748	-	-	-	-	1,046
Other costs		841	-	-	-	-	6,578
Contractual services		-	-	-	-	-	15
Program services		138,305	11,433	15,924	25,558	72,761	-
Total direct costs		174,741	11,433	15,924	25,558	72,761	71,359
Indirect costs		11,384	-	-	-	-	21,846
Total expenditures		186,125	11,433	15,924	25,558	72,761	93,205
Other Financing Sources (Uses)							
Transfer in		11,999	-	-	-	-	-
Transfer out							
Total other financing sources (uses)		11,999	-	-	-	-	-
Net change in fund balances	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -

	SHIP	SHIP Training	SHIP CM	FAST	SHIP SE4A
Revenue					
Federal revenue	\$ 28,488	\$ 8,806	\$ 3,682	\$ 1,000	\$ 1,650
State revenue	-	-	-	-	-
Local revenue	21,210	-	-	-	-
Investment Income	-	-	-	-	-
Program Income	-	-	-	-	-
In-Kind income	-	-	-	-	-
Other income	-	-	-	-	
Total revenue	49,698	8,806	3,682	1,000	1,650
Expenditures					
Direct costs:					
Salaries	783	261	1,571	505	-
Benefits	326	98	775	222	-
Annual leave	82	24	88	34	-
Travel & training	-	-	336	-	550
Other costs	39	-	97	-	-
Contractual services	-	-	-	-	-
Program services	48,090	8,306	-	-	1,100
Total direct costs	49,320	8,689	2,867	761	1,650
Indirect costs	393	128	832	265	-
Total expenditures	49,713	8,817	3,699	1,026	1,650
Other Financing Sources (Uses)					
Transfer in	15	11	17	26	-
Transfer out	-	-	-		-
Total other financing sources (uses)	15	11	17	26	-
Net change in fund balances	\$ -	\$ -	\$ -	- \$	\$ -

	MIPPA	- AAA	MIPPA - AAA	MIPPA - SHII	P	MIPPA - SHIP	MIPPA - ADRC	MIPPA - ADRC	
	Jul - Sept		Oct - June	July - Sept		Oct - June	July - Sept	Oct - June	
Revenue									
Federal revenue	\$	3,593	\$ 5,907	\$ 2,86	0	\$ 9,500	\$ 1,397	\$ 3,222	
State revenue		-	-		-	-	-	-	
Local revenue		-	-		-	-	-	-	
Investment Income		-	-		-	-	-	-	
Program Income		-	-		-	-	-	-	
In-Kind income		-	-		-	-	-	-	
Other income		-	-		-	-	-	-	
Total revenue		3,593	5,907	2,86	0	9,500	1,397	3,222	
Expenditures									
Direct costs:									
Salaries		1,726	2,566		-	-	691	1,494	
Benefits		700	1,189		-	-	284	811	
Annual leave		122	187		-	-	39	86	
Travel & training		25	231		-	-	-	13	
Other costs		68	403		-	-	3	1	
Contractual services		-	-		-	-	-	-	
Program services		-	-	2,86	0	9,500	-	-	
Total direct costs		2,641	4,576	2,86	0	9,500	1,017	2,405	
Indirect costs		957	1,332		-	-	385	818	
Total expenditures		3,598	5,908	2,86	0	9,500	1,402	3,223	
Other Financing Sources (Uses)									
Transfer in		5	1		-	-	5	1	
Transfer out		-	-		-	-	-		
Total other financing sources (uses)		5	1		-	-	5	1	
Net change in fund balances	\$	-	\$ -	\$	-	\$ -	\$ -	\$ -	

Tear Linded Julie 30, 2019	Personal Care							
	Home	care	Homecare	Attendant	PCAP -			
	Adn	nin	Services	Program	Coordination	PCAP - Evaluation		
Revenue								
Federal revenue	\$	- \$	-	\$	- \$ -	\$ -		
State revenue	7	46,163	234,645	145,615	12,605	1,374		
Local revenue		49,060	-			-		
Investment Income		-	-			-		
Program Income		12,177	-			-		
In-Kind income		12,215	-			-		
Other income		-	-			-		
Total revenue	8	19,615	234,645	145,615	12,605	1,374		
Expenditures								
Direct costs:								
Salaries		55,443	113,194	5,125	6,619	780		
Benefits		29,845	46,036	1,569	1,522	220		
Annual leave		4,278	5,645	312	299	40		
Travel & training		517	5,280	46	139	88		
Other costs		1,778	7,979	382	2 1,172	-		
Contractual services		-	-			-		
Program services	7	01,713	-	136,280) -	-		
Total direct costs	7	93,574	178,134	143,714	9,751	1,128		
Indirect costs		30,273	56,517	2,376	2,889	355		
Total expenditures	8	23,847	234,651	146,090	12,640	1,483		
Other Financing Sources (Uses)								
Transfer in		4,232	6	475	35	109		
Transfer out		-	-			-		
Total other financing sources (uses)		4,232	6	475	35	109		
Net change in fund balances	\$	- \$		\$	- \$ -	\$ -		

	State Lo	ng Term Care		
	Omk	oudsman	VDS	Total
Revenue				
Federal revenue	\$	- \$	-	\$ 1,590,097
State revenue		34,330	-	6,828,921
Local revenue		50,015	8,946	523,264
Investment Income		-	-	18,021
Program Income		-	-	93,301
In-Kind income		-	-	136,525
Other income		-	-	36,514
Total revenue		84,345	8,946	9,226,643
Expenditures				
Direct costs:				
Salaries		-	905	1,053,867
Benefits		-	405	449,846
Annual leave		-	90	62,135
Travel & training		-	105	74,842
Other costs		-	750	244,098
Contractual services		-	-	2,468
Program services		84,345	7,084	6,625,174
Total direct costs		84,345	9,339	8,512,430
Indirect costs		-	465	533,993
Total expenditures		84,345	9,804	9,046,423
Other Financing Sources (Uses)				
Transfer in		-	-	44,465
Transfer out		-	-	(44,465)
Total other financing sources (uses)		-		-
Net change in fund balances	\$	- \$	(858)	\$ 180,220

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

Year Ended June 30, 2019	Direct Salary Plus Burden		Percent of Total	Indirect Cost Distribution	Percent of Total
JFA:					
Community and economic					
development (120)	\$	55,780	3.7%	\$ 19,799	3.7%
Community development block					
grant (125)		27,426	1.8%	9,735	1.8%
ARC planning and assistance					
(130)		64,932	4.3%	23,047	4.3%
Management assistance (140)		26,596	1.8%	9,440	1.8%
Program administration (150)		6,514	0.4%	2,312	0.4%
Total JFA		181,249	12.0%	64,333	12.0%
Non-JFA		1,322,464	88.0%	469,659	88.0%
Total JFA and Non-JFA	\$	1,503,713	100.0%	\$ 533,993	100.0%

Barren River Area Development District Schedule of Expenditures of Federal Awards

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures	
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 1900001251	\$ 161,438	\$ 518,238	
Special Programs for the Aging Title III, part C					
Nutrition Services	93.045	PON 2 725 1900001251	136,988	511,021	
Nutrition Services Incentive Program	93.053	PON 2 725 1900000884	-	72,761	
Nutrition Services Incentive Program	93.053	PON 2 725 1800000566	-	25,558	
Subtotal					\$ 1,127,578
Special Programs for the Aging Title VII,					
Chapter 3 Programs for Prevention of Elder					
Abuse, Neglect and Exploitation	93.041	PON 2 725 1900001218	4,888		4,888
Special Programs for the Aging Title VII,					
Chapter 2 Long Term Care Ombudsman					
Services for Older Individuals	93.042	PON 2 725 1900001218	8,968		8,968
Special Programs for the Aging Title III, Part D,					
Disease Prevention and Health Promotion					
Services	93.043	PON 2 725 1900001251	23,290		23,290
National Family Caregiver Support, Title III,					
Part E	93.052	PON 2 725 1900001251	-		154,672
State Health Insurance Assistance Program	93.324	PON 2 725 1900001119	27,980		42,626
Medicaid Cluster - Medical Assistance Program	93.778	PON 2 725 1900000816	-		21,600
Public Health Emergency Preparedness	93.069	PON 2 725 1900000533	-		1,000
Medicare Enrollment Assistance Program	93.071	PON 2 725 1800000579	2,860	7,850	
Medicare Enrollment Assistance Program	93.071	PON 2 725 1900001159	9,500	18,629	
Subtotal					26,479
Passed through University of Louisville Research					
Foundation, Inc.:					
PPHF Geriatric Education Centers	93.969	ULRF 15-1152B3-01	-	10,500	
PPHF Geriatric Education Centers	93.969	ULRF 15-1152A3-01	-	2,142	
Subtotal					12,642
Total U.S. Department of Health & H	uman Serv	rices			1,423,743

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

Year Ended June 30, 2019				
Federal Grantor/	Federal	Contract Number/	Passed	
Pass-Through Grantor/	CFDA	Pass-Through Entity	Through to	Total
Program or Cluster Title	Number	Identifying Number	Subrecipients	Federal Expenditures
U.S. Department of Commerce:				
Direct program				
Economic Adjustment Assistance ¹	11.307	04-39-03813.01	-	359,709
Passed through Department for Local				
Government:				
Economic Development Support for Planning				
Organizations	11.302	PON2 112 1900003293	-	66,667
Economic Adjustment Assistance	11.307	04-79-06942	-	8,947
Total U.S. Department of Commerc	e			435,323
Appalachian Regional Commission:				
Direct program				
Appalachian Local Development District				
Assistance	23.009	KY-702-J-C42	-	58,499
Total Appalachian Regional Commi	ssion			58,499
U.S. Department of HUD:				
Passed through Department for Local				
Government:				
JFA - CDBG	14.228	PON2 112 1900003293	-	21,837
Total U.S. Department of HUD				21,837
U.S. Department of Transportation:				
Passed through KY Transportation Cabinet:				
Metropolitan Transportation Planning and				
State and Non-Metropolitan Planning and	20.505	G04S704Z		10.404
Research Total U.S. Department of Transport		G045704Z	-	10,404 10,404
Total 0.3. Department of Transport	lation			10,404
Total Expenditures of Federal Awar	ds		\$ 375,912	\$ 1,949,806
1 Cabadula of Europaditures of Fodoral Accords Color	ulation for T	a a a a a a a a a a a a a a a a a a a		
Schedule of Expenditures of Federal Awards Calcu Assistance Fund (RLF) Grant	aiatioi1 IOI E	conomic Aujustment		
Balance of RLF loans outstanding at June 30, 203	19			\$ 168,169
Cash and investment balance in RLF at June 30,	2019			307,094
Administrative expenses paid out of RLF in year	ended June	30, 2019		4,349
· · ·				479,612
Federal share of RLF				X 75%
				\$ 359,709

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, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passthrough entity identifying numbers are presented where available. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Nonmonetary assistance is reported in the schedule at fair value of goods received. The District did not receive any nonmonetary assistance for the year ended June 30, 2019.

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, 2019 was \$168,169, 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, 2019 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, 2019, 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, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 11, 2019



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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, 2019. 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, 2019.

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.

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CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky December 11, 2019

Barren River Area Development District Schedule of Findings and Questioned Costs

Section I — Summary of Auditors' Results

Financial Statements

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

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

Identification of major federal programs:

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

Dollar threshold used to distinguish

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

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

Section II — Financial Statement Findings

No items required to be reported.

Section III — Federal Award Findings and Questioned Costs

No items required to be reported.



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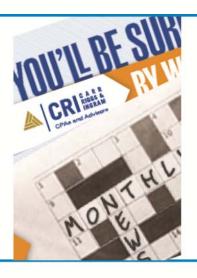
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