Barren River Area Development District

Financial Statements

June 30, 2014



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Independent Auditor's Report

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

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, 2014, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2014, 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 and budgetary comparison information on pages 7 through 16 and 49 through 51 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 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 purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

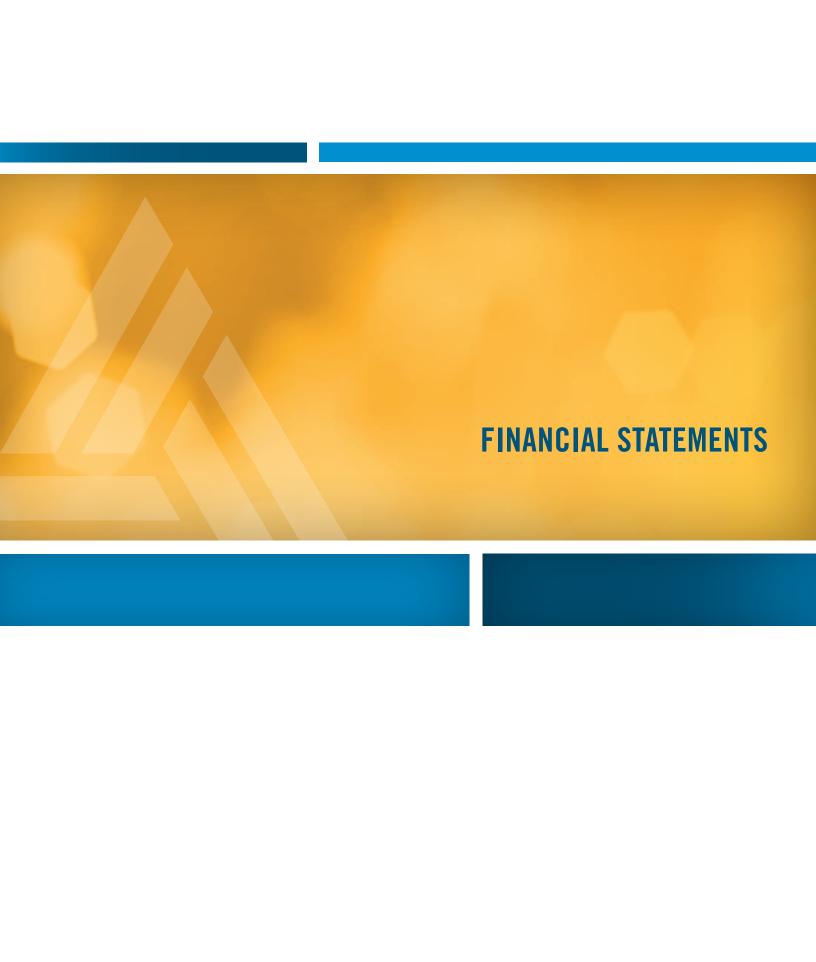
The grant activity reports, other information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected 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 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 November 24, 2014 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 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 and opinion on 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.

Caux Rigge & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC Bowling Green, Kentucky November 24, 2014







BARREN RIVER AREA DEVELOPMENT DISTRICT (BRADD) MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

BRADD MAJOR PROGRAMS AND SERVICES

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

- Aging and Independent Living Services administers the provision of aging related services in the ten county
 region, through the Area Agency on Aging and Independent Living, including the Consumer Directed Option
 (CDO) program.
- Community and Economic Development provides assistance to local governments and industrial development agencies developing physical resources to meet demands for community, business, and industrial growth and expansion; offers funding through RLF loan programs to qualified projects.
- Information Systems and Data Services maintains and provides a variety of information ranging from Census data, maps, and transportation counts to the creation of data sets using the Geographic Information System (GIS) and Global Positioning Satellite (GPS) tools.
- Employment and Training Services administers job-training and employment services in the region to prepare economically disadvantaged youth, adults and dislocated workers facing barriers to entry into the labor force through the Workforce Investment Board (WIB); coordinates with local employers and economic development representatives to meet their workforce demands.
- **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.
 - o Regional Transportation Planning Services are coordinated through the BRADD Board.
 - o Metropolitan Planning Organization (MPO) is coordinated through the BG-WC MPO Board.

FINANCIAL HIGHLIGHTS

- ❖ Net position for governmental activities is \$2,129,361 and \$2,282,794 as of June 30, 2013 and 2014, respectively. The FY14 amount includes \$49,730 invested in capital assets, \$525,303 restricted for grant programs, and \$1,707,761 is unrestricted. Amount invested in capital assets increased \$38,377 due primarily to the addition of two vehicles.
- ❖ For governmental activities, revenues are \$7,665,784 for the year ended June 30, 2014. For the year ended June 30, 2013, revenues were \$8,053,853. The decrease of \$388,069 from 2013 to 2014 is primarily attributable to a decrease in Workforce Investment Act (WIA) Trade funding which is a result of fewer overseas layoffs and an increase in Consumer Directed Options (CDO) program.
- ❖ The net increase in fund balances for all funds during the year ended June 30, 2014 is \$115,056. Fund balances increased for the JFA and Non-JFA (\$34,806), Aging (\$18,931), CDO (\$88,994) and Revolving Loan Funds (\$10,079), while the fund balance decreased for General Fund (36,943) and Workforce Investment Act (\$811).
- ❖ Barren River Development Council (BRDC) is a blended component unit of the District and shown as an enterprise fund on the District's financial statements. The Council's purpose is to support the operations of the District. The Council's net position is \$1,170,973 and \$1,137,602 as of June 30, 2013 and 2014, respectively.
- ❖ Barren River Local Officials Organization (BRLOO) is also 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, to acquire and lease transit vehicles for local service agencies and to appoint business sector and citizen members of the Workforce Investment Board. BRLOO's net position is \$101,439 and \$147,078 as of June 30, 2013 and 2014 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 BRDC and BRLOO and include the Statement of Net Position, Statement of Revenues, Expenses 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.

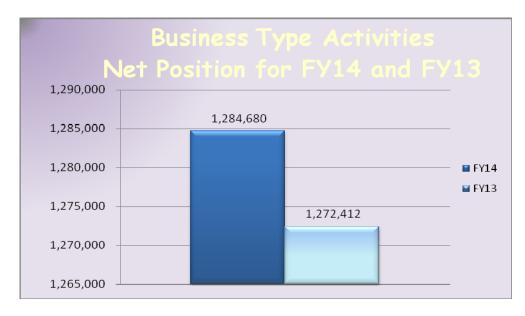
The government-wide financial statements outline functions of the BRADD that are principally supported by grants and contracts between BRADD and various units of government.

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, Workforce Investment Act, Consumer Directed Option and Revolving Loan Fund.

Business Type Activities
Net Position for June 30, 2014 and June 30, 2013

			Percentage
	FY14	FY13	Change
Cash and Investments	268,299	284,139	-5.57%
Capital Assets, net	1,018,381	990,273	2.84%
Total Assets	1,286,680	1,274,412	0.96%
Accounts Payable	2,000	2,000	0.00%
Total Liabilities	2,000	2,000	0.00%
Investment in Capital Assets	1,018,381	990,273	2.84%
Unrestricted Funds	266,299	282,139	-5.61%
Total Net Position	1,284,680	1,272,412	0.96%

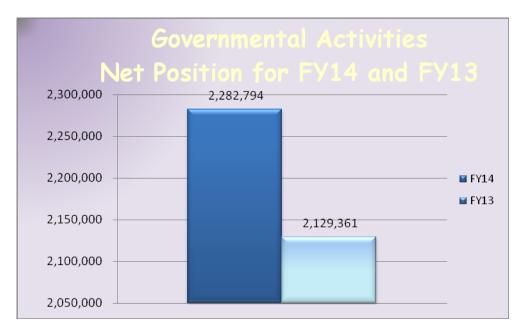


^{*} At year-end assets exceeded liabilities by \$1,284,680 with a net change of \$12,268 or 0.96%.

Governmental Activities

Net Position for June 30, 2014 and June 30,2013

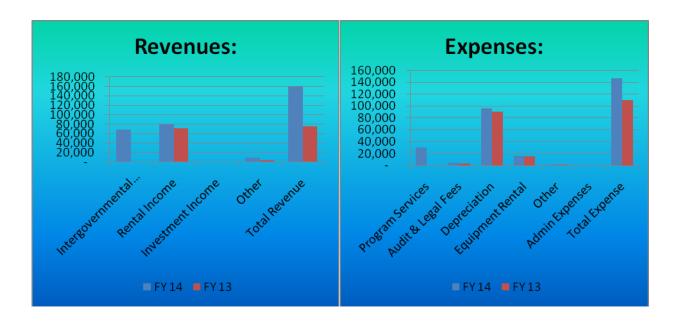
			Percentage
	FY14	FY13	Change
Cash and Investments	1,707,970	1,646,539	3.73%
Grants Receivable	801,078	704,775	13.66%
Accounts Receivable	82,708	62,977	31.33%
Loans, net	327,357	374,893	-12.68%
Other	7,132	27,473	-74.04%
Capital Assets, net	49,730	11,353	338.03%
Total Assets	2,975,975	2,828,010	5.23%
Accounts Payable	439,479	428,847	2.48%
Accrued Liabilities	60,837	73,166	-16.85%
Unearned Revenue	100,417	98,535	1.91%
Compensated Absences	92,448	98,101	-5.76%
Total Liabilities	693,181	698,649	-0.78%
Investment in Capital Assets	49,730	11,353	338.03%
Restricted for Grant Programs	525,303	497,598	5.57%
Unrestricted Funds	1,707,761	1,620,410	5.39%
Total Net Position	2,282,794	2,129,361	7.21%



^{*} At year-end assets exceeded liabilities by \$2,282,794 with a net change of \$153,433 or 7.21%.

REVENUES AND EXPENSES FOR BUSINESS TYPE ACTIVITIES:

Business type revenues increased \$83,526 from FY 13 to FY 14 due to purchase of vehicles for BRLOO and business type expenditures increased \$36,861 from FY 13 to FY 14 due to Leader in Me support to cities/counties from BRDC.



REVENUES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, revenues are \$7,665,784 for the year ended June 30, 2014, representing a decrease of \$388,069 or 4.82% from \$8,053,853 for the year ended June 30, 2013.

	2014 Revenue \$	2014 Revenue %	2013 Revenue \$	2013 Revenue %	Change in \$	Change in %
Program Revenues:						
Charges for Services	137,816	1.80%	138,202	1.72%	(386)	-0.28%
Operating Grants and						
Contributions	7,525,076	98.16%	7,912,477	98.24%	(387,401)	-4.90%
Total program revenues	7,662,892		8,050,679		(387,787)	
General Revenues:						
Investment Income	2,892	0.04%	3,174	0.04%	(282)	-8.88%
Total Revenues	7,665,784		8,053,853		(388,069)	-4.82%

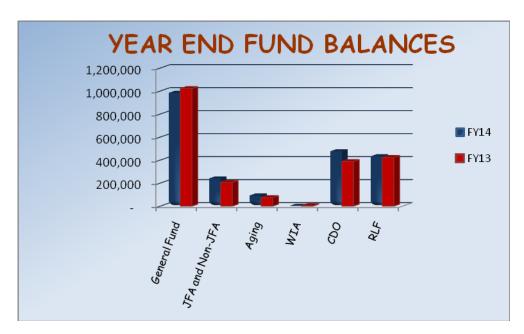
EXPENSES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, expenses are \$7,512,351 for the year ended June 30, 2014, representing a decrease of \$378,047 or 4.79% from \$7,890,398 for the year ended June 30, 2013. Object expenses as a percentage of total expenses for both years are as follows:

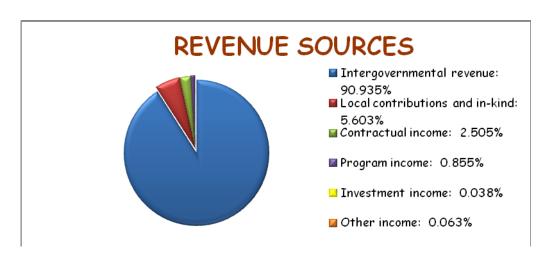
	2014 Expense \$	2014 Expense %	2013 Expense \$	2013 Expense %	Change in \$	Change in %
Governmental Activities						
Object Expenses:						
Program Services	4,346,402	57.86%	4,701,794	59.59%	(355,392)	-7.56%
Personnel	2,419,593	32.21%	2,296,255	29.10%	123,338	5.37%
Contractual Services	60,370	0.80%	251,787	3.19%	(191,417)	-76.02%
Travel	124,211	1.65%	111,302	1.41%	12,909	11.60%
Repairs and Maintenance	22,447	0.30%	19,086	0.24%	3,361	17.61%
Insurance	37,073	0.49%	33,670	0.43%	3,403	10.11%
Direct Other	7	0.00%	294	0.00%	(287)	-97.62%
Audit & Legal Fees	50,762	0.68%	41,365	0.52%	9,397	22.72%
Space & Rental	80,484	1.07%	71,823	0.91%	8,661	12.06%
Telephone	16,307	0.22%	17,257	0.22%	(950)	-5.51%
Office Supplies	21,242	0.28%	25,849	0.33%	(4,607)	-17.82%
Postage	9,863	0.13%	10,660	0.14%	(797)	-7.48%
Printing	21,240	0.28%	19,824	0.25%	1,416	7.14%
Miscellaneous	8,540	0.11%	4,856	0.06%	3,684	75.86%
Staff Training	111,697	1.49%	93,103	1.18%	18,594	19.97%
Meeting	21,419	0.29%	10,003	0.13%	11,416	114.13%
Utilities	32,679	0.44%	36,874	0.47%	(4,195)	-11.38%
Depreciation	15,739	0.21%	11,984	0.15%	3,755	31.33%
Bank Fees	549	0.01%	2,382	0.03%	(1,833)	-76.95%
Computer Support & Maintenance	56,857	0.76%	60,857	0.77%	(4,000)	-6.57%
Marketing & Advertising	16,819	0.22%	16,362	0.21%	457	2.79%
Janitorial	13,566	0.18%	28,144	0.36%	(14,578)	-51.80%
Dues & Subscriptions	24,485	0.33%	24,867	0.32%	(382)	-1.54%
Total Expenses	7,512,351	: :	7,890,398	: <u>=</u>	(378,047)	-4.79%

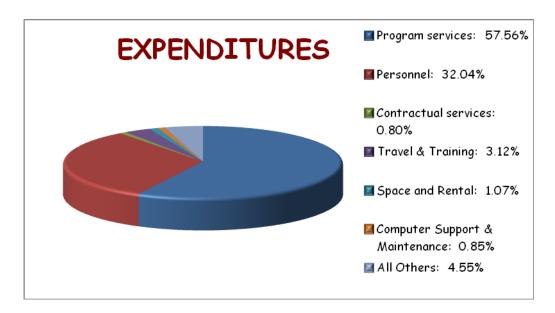
FUND BALANCES

Fund balances overall increased \$115,056 or 5.43% from \$2,118,008 to \$2,233,064 between FY 13 and FY 14.



REVENUES VS EXPENDITURES



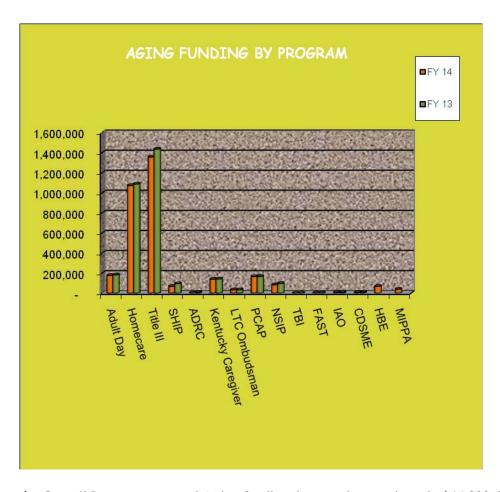


- * Examples of other expenditures are insurance, utilities, capital outlays, and audit and legal fees.
- ❖ Intergovernmental revenue accounts for 91% of total revenues while program services accounts for 58% of total expenditures.

MAJOR FUNDS



- Due to declining trade-related layoffs, the number of customers enrolled in occupational training has significantly decreased and in turn resulted in a \$548,906 reduction in revenues.
- Services provided include: assessments, career counseling, soft skills workshops, on-the-job training contracts, and post secondary training as determined necessary.



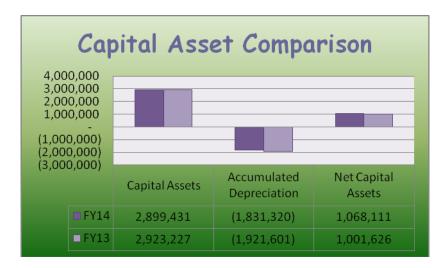
- Overall Intergovernmental Aging funding decreased approximately \$45,000 during FY 14.
- * Examples of aging services include case management, home delivered meals and legal assistance.

ADDITIONAL MAJOR FUNDS

- Revolving Loan Fund (RLF) fund balance increased due to more interest income being collected and loans being current resulting in no change in provision for loan losses.
- Consumer Directed Option (CDO) fund balance increased due to more clients and the program being a cost reimbursement program.
- General Fund balance decreased primarily due to more costs associated with regional support.
- JFA and Non-JFA fund balance increased due to performance based contracts.

CAPITAL ASSETS

At June 30, 2014, BRADD and its component units had invested \$2,899,431 in capital assets, consisting of land, building, furniture, equipment, and vehicles. The accumulated depreciation on those assets is \$1,831,320; therefore, net capital assets are \$1,068,111. This is an increase of \$66,485 or 6.64% of net capital assets from FY 13.



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 Rodney Kirtley, 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, 2014	Go	overnmental Activities	В	usiness-Type Activities	Total
Assets					
Cash and investments	\$	1,707,970	\$	268,299	\$ 1,976,269
Grants receivable		801,078		-	801,078
Accounts receivable		82,708		-	82,708
Loans, net		327,357		-	327,357
Other		7,132		-	7,132
Nondepreciable capital assets		-		71,133	71,133
Depreciable capital assets		215,435		2,612,863	2,828,298
Less: accumulated depreciation		(165,705)		(1,665,615)	(1,831,320)
Total assets		2,975,975		1,286,680	4,262,655
Liabilities					
Accounts payable		439,479		2,000	441,479
Accrued liabilities		60,837		-	60,837
Unearned revenue		100,417		-	100,417
Compensated absences		92,448		-	92,448
Total liabilities		693,181		2,000	695,181
Net Position					
Invested in capital assets		49,730		1,018,381	1,068,111
Restricted for grant programs		525,303		-	525,303
Unrestricted		1,707,761		266,299	1,974,060
Total Net Position	\$	2,282,794	\$	1,284,680	\$ 3,567,474

Barren River Area Development District Statement of Activities

Net (Expense) Revenue and **Program Revenues Changes in Net Position Capital Grants Operating Charges for Grants and** and **Governmental Business-Type** Year Ended June 30, 2014 Services **Contributions Contributions Activities Activities** Total **Expenses** Governmental Activities: \$4,346,402 \$ 137,816 \$ 4,320,750 \$ **Program services** Ś 112,164 \$ \$ 112,164 2,419,593 2,419,593 Personnel 60,370 60,370 Contractual services Travel 124,211 124,211 Repairs and maintenance 22,447 22,447 Insurance 37,073 37,073 7 7 Direct other Audit and legal fees 50,762 50.762 Space and rental 80,484 80,484 Telephone 16,307 16,307 Office supplies 21,242 21,242 9,863 9,863 Postage Printing 21,240 21,240 8,540 Miscellaneous 8,540 Staff training 111,697 111,697 Depreciation - unallocated 15,739 (15,739)(15,739)Utilities 32,679 32,679 Bank fees 549 549 Computer support and 56,857 7,682 7,682 maintenance 64,539 Marketing and advertising 16,819 16,819 Meeting 21,419 21,419 13,566 Janitorial 13,566

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

Barren River Area Development District Statement of Activities

			Program Reven	ues	•	Net (Expense) Revenue Changes in Net Posit			
Year Ended June 30, 2014	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Dues and subscriptions	24,485	-	24,485	-	-	-	-		
Capital outlay	-	-	46,434	-	46,434	-	46,434		
Total governmental									
activities	7,512,351	137,816	7,525,076	-	150,541	-	150,541		
Business-type activities:									
Program services	30,000	-	-	69,068	-	39,068	39,068		
Contractual services	-	79,367	-	-	-	79,367	79,367		
Audit and legal fees	4,053	-	-	-	-	(4,053)	(4,053)		
Equipment rental	15,932	-	-	-	-	(15,932)	(15,932)		
Depreciation expense	95,894	-	_	-	-	(95,894)	(95,894)		
Other	664	9,695	-	-	-	9,031	9,031		
Total business-type activites	146,543	89,062	-	69,068	-	11,587	11,587		
Total Government	\$7,658,894	\$ 226,878	\$ 7,525,076	\$ 69,068	150,541	11,587	162,128		
		General Rev	enues						
		Investme	nt income		2,892	681	3,573		
		T	otal general rev	enues	2,892	681	3,573		
		Change in N	et Position		153,433	12,268	165,701		
		Net Position	- Beginning of \	Year	2,129,361	1,272,412	3,401,773		
		N	et Position - En	d of Year	\$ 2,282,794	\$ 1,284,680	\$3,567,474		

Barren River Area Development District Balance Sheet Governmental Funds

											Total
	G	ieneral	JFA and		1	Workforce		Re	volving	Go	vernmental
June 30, 2014		Fund	Non-JFA	Aging	ln۱	vestment Act	CDO		Loan		Funds
Assets											
Cash and investments	\$	803,912	\$ 67,650	\$ 92,331	\$	4,293	\$584,716	\$1	.55,068	\$	1,707,970
Due from other funds		179,780	390,815	50		14	-		-		570,659
Grants receivable		-	151,331	337,819		311,928	-		-		801,078
Accounts receivable		-	-	-		-	82,706		2		82,708
Loans, net		47,850	-	-		-	-	2	79,507		327,357
Other		_	5,597	1,305		-	230		-		7,132
Total Assets	\$ 1	,031,542	\$ 615,393	\$ 431,505	\$	316,235	\$667,652	\$4	34,577	\$	3,496,904
Liabilities and Fund Balances											
Liabilities											
Due to other funds	\$	47,007	\$ 179,844	\$ 79,197	\$	214,777	\$ 48,796	\$	1,038	\$	570,659
Accounts payable		-	87,506	255,342		91,188	5,434		9		439,479
Accrued payroll taxes		-	5,341	-		5,241	50,255		-		60,837
Unearned revenue		-	8,909	3,888		1,576	86,044		-		100,417
Compensated absences		-	92,448	-		-	-		-		92,448
Total liabilities		47,007	374,048	338,427		312,782	190,529		1,047		1,263,840

Barren River Area Development District Balance Sheet Governmental Funds

June 30, 2014	General Fund	JFA and Non-JFA	Aging	Workforce Investment Act	CDO	Revolving Loan	Total Governmental Funds
Fund Balances							
Non-Spendable	-	5,597	1,305	-	230	-	7,132
Restricted	-	-	91,773	-	-	433,530	525,303
Assigned	-	235,748	-	3,453	476,893	-	716,094
Unassigned	984,535	-	-	-	-	-	984,535
Total fund balances	984,535	241,345	93,078	3,453	477,123	433,530	2,233,064
Total Liabilities and Fund							
Balances	\$ 1,031,542	\$ 615,393	\$ 431,505	\$ 316,235	\$667,652	\$434,577	\$ 3,496,904

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

June 30,	2014
Total Fund Balances - Governmental Funds	\$ 2,233,064
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 \$215,435 and the accumulated depreciation is \$165,705.	49,730
Total Net Position - Governmental Activities	\$ 2,282,794

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

	General	JFA and		orkforce estment		Revolving	Go	Total vernmental
Year Ended June 30, 2014	Fund	Non-JFA	Aging	Act	CDO	Loan		Funds
Revenues								
Intergovernmental revenue	\$ -	\$ 653,336	\$ 3,232,683	\$ 1,653,609	\$ 1,431,265	\$ -	\$	6,970,893
Local contributions and in-kind	137,816	6,738	284,994	-	-	-	·	429,548
Contractual income	28,125	163,920	-	_	-	-		192,045
Program income	-	-	28,806	-	24,496	12,257		65,559
Investment income	2,883	-	, -	-	-	9		2,892
Other income	2,507	-	-	-	2,340	-		4,847
Total revenues	171,331	823,994	3,546,483	1,653,609	1,458,101	12,266		7,665,784
Expenditures								
Program services	-	44,921	2,642,593	707,598	951,290	-		4,346,402
Personnel	-	662,211	722,700	695,725	337,095	1,862		2,419,593
Contractual services	5,302	-	-	59,729	641	-		65,672
Travel	13,546	30,343	23,980	31,859	19,092	89		118,909
Repairs and Maintenance	-	6,553	7,194	5,330	3,352	18		22,447
Insurance	-	9,509	12,197	11,044	4,300	23		37,073
Direct other	-	-	-	-	-	7		7
Audit and legal fees	-	19,615	13,588	11,822	5,706	31		50,762
Space & rental	-	18,511	20,331	32,114	9,476	52		80,484
Telephone	-	2,809	7,013	4,184	2,294	7		16,307
Office supplies	-	3,050	6,436	6,779	4,972	5		21,242
Postage	-	2,371	3,713	1,406	2,343	30		9,863
Printing	-	6,948	7,851	4,240	2,197	4		21,240
Miscellaneous	264	79	-	-	8,197	-		8,540

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

	General	JFA and		Workforce Investment		Revolving	Total Governmental
Year Ended June 30, 2014	Fund	Non-JFA	Aging	Act	CDO	Loan	Funds
Staff Training	2,805	40,208	16,945	46,468	5,263	8	111,697
Utilities	-	9,552	10,470	7,753	4,877	27	32,679
Bank fees	_	161	163	148	77	-	549
Computer support and							
maintenance	-	22,930	21,443	15,254	4,901	11	64,539
Marketing and advertising	-	6,585	4,787	4,799	647	1	16,819
Dues and subscriptions	17,367	3,766	1,221	1,768	362	1	24,485
Janitorial	-	3,964	4,348	3,218	2,025	11	13,566
Meeting	892	16,766	579	3,182	-	-	21,419
Capital outlay	46,434	-	-	-	-	-	46,434
Total expenditures	86,610	910,852	3,527,552	1,654,420	1,369,107	2,187	7,550,728
Excess (Deficiency) of Revenues over							
Expenditures	84,721	(86,858)	18,931	(811)	88,994	10,079	115,056
Other Financing Sources (Uses)							
Operating transfers in	6,266	127,930	-	-	-	-	134,196
Operating transfers out	(127,930)	(6,266)	-	-	-	-	(134,196)
Total other financing							
sources (uses)	(121,664)	121,664		-	-		-
Net Change in Fund Balance	(36,943)	34,806	18,931	(811)	88,994	10,079	115,056
Fund Balances - Beginning of Year	1,021,478	206,539	74,147	4,264	388,129	423,451	2,118,008
Fund Balances - End of							
Year	\$ 984,535	\$ 241,345	\$ 93,078	\$ 3,453	\$ 477,123	\$ 433,530	\$ 2,233,064

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,	2014		
Total Net Change in Fund Balances - Governmental Funds	\$	115,056	
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$54,116) exceed depreciation expense (\$15,739) in the period.		38,377	
		30,377	
Change in Net Position - Governmental Activities	\$	153,433	

Barren River Area Development District Statement of Net Position Proprietary Funds

June 30, 2014	arren River velopment Council	Loc	rren River al Officials ganization	Total		
Assets						
Current assets						
Cash	\$ 239,382	\$	28,917	\$	268,299	
Total current assets	239,382		28,917		268,299	
Noncurrent assets						
Fixed assets - net	900,220		118,161		1,018,381	
Total noncurrent assets	900,220		118,161		1,018,381	
Total assets	1,139,602		147,078		1,286,680	
Liabilities and Net Position						
Current liabilities						
Accounts payable	2,000		-		2,000	
Total liabilities	2,000		-		2,000	
Net Position						
Invested in capital assets	900,220		118,161		1,018,381	
Unrestricted	237,382		28,917		266,299	
Total Net Position	\$ 1,137,602	\$	147,078	\$	1,284,680	

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

Year Ended June 30, 2014		Barren River Development Council Barren River Local Officials Organization			Total
Teal Elided Julie 30, 2014		Council	UI	gailization	TOLAI
Operating Revenues					
Rental income	\$	79,367	\$	-	\$ 79,367
Total operating revenues		79,367		-	79,367
Operating Expenses					
Program Services		30,000		-	30,000
Audit and legal fees		3,403		650	4,053
Equipment rental		15,932		-	15,932
Depreciation expense		63,435		32,459	95,894
Miscellaneous		649		15	664
Total operating expenses	113,419			33,124	146,543
Operating loss		(34,052)		(33,124)	(67,176)
Non-Operating Revenues (Expenses)					
State grants		-		7,674	7,674
Federal grants		-		61,394	61,394
Investment income		681		-	681
Other		-	-		9,695
Total non-operating revenues					
(expenses)		681		78,763	79,444
Change in Net Position		(33,371)		45,639	12,268
Net Position - Beginning of Year		1,170,973		101,439	1,272,412
Net Position - End of Year	\$	1,137,602	\$	147,078	\$ 1,284,680

Barren River Area Development District Statement of Cash Flows Proprietary Funds

Year Ended June 30, 2014	Barren River Development Council		Barren River Local Officials Organization		Total
Cash Flows from Operating Activities					
Cash received from rental charges	\$	63,435	\$	-	\$ 63,435
Cash payments for other operating expenses		(34,052)		(665)	(34,717)
Net cash provided by (used in) operating					_
activities		29,383		(665)	28,718
Cash Flows from Capital and Related Financing Activities					
Proceeds from federal and state grants		-		69,068	69,068
Acquisition of capital assets		(47,260)		(76,742)	(124,002)
Proceeds from sale of capital asset		-		9,695	9,695
Net cash provided by (used in) capital and					_
related financing activities		(47,260)		2,021	(45,239)
Cash Flows from Investing Activities					
Investment income and other		681		-	681
Net cash provided by investing activities		681		-	681
Net Increase (Decrease) in Cash		(17,196)		1,356	(15,840)
Cash - Beginning of Year		256,578		27,561	284,139
Cash - End of Year	\$	239,382	\$	28,917	\$ 268,299

Noncash Activities

By sublease, the District paid lease obligations directly to the lessor for the Barren River Development Council in the amount of \$15,932.

Barren River Area Development District Statement of Cash Flows Proprietary Funds

	Barren River Development		Barren River Local Officials		
Year Ended June 30, 2014		Council Organization		Total	
Reconciliation of Operating Loss to Net Cash Provided By (Used in) Operating Activities: Operating loss	\$	(34,052)	\$	(33,124)	\$ (67,176)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: Depreciation		63,435		32,459	95,894
Net Cash Provided By Operating Activities	\$	29,383	\$	(665)	\$ 28,718

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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 Units

Barren River Development Council ("BRDC") — Although it is legally separated from the District, BRDC is reported as if it were part of the primary government because of its primary purpose and the significance of its support to the operations of the District and the entities share common management. The BRDC is included as an enterprise fund on the District's financial statements, where it is considered a major fund.

NOTE 1: NATURE OF OPERATIONS AND REPORTING ENTITY (CONTINUED)

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The District has the following funds:

Governmental Fund Types

General Fund

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

Special Revenue

JFA (Joint Funding Agreement) and Non-JFA, Aging, Workforce Investment Act (WIA), Revolving Loan Fund (RLF) and Consumer Directed Option (CDO) programs account for the activities of the specific programs 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 JFA and Non-JFA, Aging, WIA, CDO and RLF are major funds.

Proprietary Fund Type

Enterprise Fund

The Barren River Development Council ("BRDC") Fund is a blended component unit being reported as an enterprise fund on the District's financial statements. The sole purpose of the Council is to benefit the operations of the District, primarily through the acquisition of capital assets and assistance in decision-making functions on the loan programs. 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 the BRDC is rental income from the District. Operating expenses for enterprise funds include program and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The BRDC is a major fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Barren River Local Officials Organization ("BRLOO") is a blended component unit being reported as an enterprise fund on the District's financial statements. BRLOO was formed to promote the economic development by improving the qualities of the local government agencies and fostering social growth of the Barren River Area Development District. BRLOO was also appointed the chief elected official to oversee and appoint the citizen members of the Workforce Investment Board. The District and BRLOO established an interlocal agreement specifying the District as the grantee and administer of the Workforce Investment Act Funds. 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.

Basis of Accounting

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount that reasonably estimates fair value.

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.

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

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

Allowance for Loan Losses

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

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

Capital Assets

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

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

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

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

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

Unearned Revenue

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

Net Position

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

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

Revenues — Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in which the resources are designated for use (or the fiscal year when use is first permitted), matching requirements, in which the District must provide local resources to be used for a specified purpose, 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 units qualify for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Estimates

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 24, 2014, which was the date the financial statements were made available.

New Accounting Pronouncements

Recently Issued Accounting Pronouncements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions: an Amendment of GASB Statement No. 27 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2014, the carrying amounts of the District's deposits, which include investments, were \$1,976,219 and the bank balances were \$2,384,702. Of the bank balances, \$2,246,057 was covered by federal depository insurance or by collateral held by the bank's agent in the District's name, and \$138,645 was uninsured and undercollateralized.

The District's investments consist of 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.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2014, \$138,645 of the District's bank balance of \$2,384,702 was exposed to custodial credit risk.

▶ Interest Rate Risk

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

Credit Risk

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

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 consist of the following:

Receivable Fund	Payable Fund	Amount
JFA	WIA	\$ 214,777
WIA	JFA	14
JFA	Aging	79,197
Aging	JFA	50
JFA	RLF	1,038
JFA	CDO	48,796
General	JFA	179,780
JFA	General	47,007

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

NOTE 5: LOANS

At June 30, 2014, the District has outstanding loans made to local industries that are funded through federal and local loan programs. Amounts are recorded in the Revolving Loan Fund and General Fund, with outstanding loans of \$327,357 at June 30, 2014, net of allowances for loan losses of \$15,812. None of the District's loans were on a non-accrual status at June 30, 2014.

An analysis of allowance for loan losses as of June 30, 2014 follows:

June 30,	2014
Balance - beginning of year Provision for loan losses	\$ 15,812 -
Balance - End of Year	\$ 15,812

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

	Capital Cost					
	Beginning Retirements/				Ending	
June 30, 2014		Balance	Additions	Re	classifications	Balance
Governmental Activities:						
Capital assets that are depreciated:						
Office furntiture and equipment	\$	248,971	\$ 7,682	\$	87,652	\$ 169,001
Vehicles		15,959	46,434		15,959	46,434
Total depreciable historical						
cost		264,930	54,116		103,611	215,435
Less accumulated depreciation for:						
Office furntiture and equipment		237,618	8,000		87,652	157,966
Vehicles		15,959	7,739		15,959	7,739
Total accumulated						
depreciation		253,577	15,739		103,611	165,705
Governmental Activities,						
Capital Assets, Net	\$	11,353	\$ 38,377	\$	-	\$ 49,730

NOTE 6: CAPITAL ASSETS (CONTINUED)

	Capital Cost							
	Beginning Retirements/						Ending	
June 30, 2014	l	Balance	Ad	ditions	Rec	lassifications	В	Balance
Business-Type Activities:								
Non-depreciable capital assets:								
Land	\$	71,133	\$	-	\$	-	\$	71,133
Total nondepreciable								
historical cost		71,133		-		-		71,133
Capital assets that are depreciable:								
Office building		1,512,550	4	42,068		-	1	,554,618
Computer equipment		196,297		-		299		195,998
Office equipment		245,586		5,192		62,695		188,083
Vehicles		632,731		76,742		35,309		674,164
Total historical cost		2,587,164	1.	24,002		98,303	2	,612,863
Less accumulated depreciation		1,668,024	(95,894		98,303	1	,665,615
Business-Type Activities,								
Capital Assets, Net	\$	990,273	\$ 2	28,108	\$	_	\$1	,018,381

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

NOTE 7: FUND BALANCES

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

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At June 30, 2014, the District's special revenue funds had \$7,132 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, 2014, the District's special revenue funds had \$525,303 restricted for grant programs.

NOTE 7: FUND BALANCES (CONTINUED)

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, 2014.

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, 2014, the District had \$476,893 in the CDO fund assigned for future Aging/CDO expenses. Other special revenue funds had assigned fund balances of \$239,201 for future program expenditures.

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

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

NOTE 8: OPERATING LEASE COMMITMENTS

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

June 30,	
2015	\$ 14,850
2016	14,850
2017	12,375
	\$ 42,075

Equipment rental expenditures were \$15,932 for the year ended June 30, 2014.

The BRDC subleases this equipment to BRADD. Sublease rental income was \$15,932 for the year ended June 30, 2014.

NOTE 9: RETIREMENT PLANS

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

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

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

The District's employees share of funding under the County Employees Retirement System is equal to 5% (6% for new hires effective July 1, 2008) of the employee's covered salary. The District is required to contribute at an actuarially determined rate. The rate for CERS is 18.89%, 19.55%, and 18.96% for the years ended June 30, 2014, 2013 and 2012, respectively, of annual covered payroll. CERS provides retirement and disability benefits, annual cost-of-living adjustments if funding and legislation allows, and death benefits to plan members and beneficiaries.

The District's contributions to the Plans during the fiscal years ended June 30, 2014, 2013 and 2012 were:

June 30,	2014	2013	2012
_			
Profit Sharing/ CERS ¹	\$302,829	\$305,823	\$286,151
401(k) Match ¹	13,963	13,990	13,094

¹ Equal to required contributions for each year.

NOTE 10: CONTINGENCIES

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

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

NOTE 11: RISK MANAGEMENT

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

The District provides, through a commercial insurance provider, a fully- insured health insurance plan for eligible employees. The District pays a percentage of its employees' insurance premiums. During the fiscal year ended June 30, 2014, the District incurred a total expense of \$233,062 for health insurance premiums. The District also has a Health Reimbursement Arrangement (HRA) which funds part of the qualified medical expenses.

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

NOTE 12: EXCESS EXPENDITURES OVER APPROPRIATIONS

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

Fund	Α	Mount
General Fund	\$	36,943
Workforce Investment Act		811
Barren River Development Council		33,371

NOTE 13: FUND TRANSFERS

Fund transfers for the year ended June 30, 2014 consist of the following:

Туре	From Fund	To Fund Purpose		-	Amount
			Matching/Regional		
Operating	Local	JFA and Non-JFA	Support	\$	127,930
Operating	JFA and Non-JFA	Local	Matching		6,266

NOTE 14: COST ALLOCATION PLAN (CAP)

The District is required by the Department of Local Government, to operate under a cost allocation plan that conforms with 2 CFR Part 225. The District is in conformity with 2 CFR Part 225.

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 a shared (indirect) cost in conformity with 2 CFR Part 225, formerly OMB Circular A-87. Direct costs are defined as those that can be identified specifically with a particular cost objective. Shared (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 shared costs as they are charged by the District.

Cost Allocation Policy

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

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

- Salary Work time of regular full-time, part-time, temporary, or seasonal staff is charged as a Direct Cost to the program element(s) in which they have assigned responsibilities or to which their work is deemed beneficial. Work time of employees that benefits more than one work element and the allocation of time to direct charge would require an inordinate amount of effort are charged to Indirect Costs.
- Personnel Burden All employee's 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. Mileage and per diem follow current IRS/GSA regulations, and may be adjusted during the year.
- 4. <u>Board Training</u> Training recommended for Board to increase the knowledge of officials to further the goals of the District. The training expense will be charged to the General fund. Mileage and per diem will be reimbursed at the current IRS/GSA approved rates.
- 5. Other Travel Costs or required reimbursements for other travel such as program participants will be charged as a direct cost to the work element to which the activity is assigned.
- 6. Other Other costs, including but not limited to: communications, printing, postage, equipment and supplies, will be charged as direct costs when possible. Other costs that cannot be readily identified to an individual program will be charged as indirect.
- 7. <u>Building costs/Rent</u> Office space, equipment and furniture depreciation, building insurance, utilities and routine operational costs such as janitorial and general maintenance of the main office building will be charged as indirect. Rent of extension offices for specific elements located outside of the main office building is charged directly to those elements.
- 8. <u>Insurance</u> General and public officials' liabilities, workers compensation, bonding, and other exposures are considered indirect costs.

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

- 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, bank charges and staff development programs, are costs that are shared as an economical and rational management methodology.
- 10. Other In-Kind In-kind contributions of services from outside agencies or personnel may be utilized as a match for certain programs provided that the value of the services is substantiated in an appropriate manner.

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

Year Ended June 30, 2014	Shared ((Indirect) Cost
		_
Salaries and benefits	\$	350,740
Travel		15,472
Audit and legal		40,230
Telephone		9,244
Supplies		6,876
Insurance		30,409
Postage		2,229
Printing		854
Due and subscription		969
Computer support and maintenance		13,759
Other		3,613
Rent		63,435
Utilities		32,678
Building maintenance and janitorial		36,017
	\$	606,525

NOTE 15: SUBSEQUENT EVENTS

On July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) was signed into law by President Obama, replacing the Workforce Investment Act of 1998. With the passage of the WIOA, the Governor of each State is required to designate local workforce areas in the State. A local workforce development board shall then be established in each local area and certified by the Governor. The chief elected officials in the local area act as the grant recipient but may designate an entity to serve as a local grant subrecipient for such funds or as a local fiscal agent in order to obtain assistance in the administration of the funds.

The WIOA could affect the funding and the members that comprise the Barren River Workforce Investment Board (BRWIB), which provides oversight of the local workforce area. Certain members of the BRWIB have proposed to leave the BRWIB. Therefore, the District, which acts currently as the legally designated grant recipient/fiscal agent and administrative entity for the BRWIB could be negatively impacted if funding was reduced and/or the composition of the BRWIB was modified. The ultimate outcome of this event is unknown until action is taken by the Governor to approve the local workforce area(s).

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

					Vai	riances	
				Actual	Favorable		
-				(Budgetary	(Unfavorable)		
Year Ended June 30, 2014		Original	Final	Basis)	Final	to Actual	
Revenues							
Local contributions and							
contractual		\$ 142,145	\$ 142,145	\$ 165,941	\$	23,796	
Investment income		-	-	2,883	,	2,883	
Other income		-	_	2,507		2,507	
Total revenues		142,145	142,145	171,331		29,186	
Expenditures							
Contractual services		-	-	5,302		(5,302)	
Travel		17,988	17,988	13,546		4,442	
Audit and legal fees		83	83	-		83	
Miscellaneous		-	-	264		(264)	
Staff Training		-	-	2,805		(2,805)	
Bank fees		812	812	-		812	
Marketing		1,054	1,054	-		1,054	
Dues and subscriptions		18,034	18,034	17,367		667	
Meeting		-	-	892		(892)	
Capital outlay		-	-	46,434		(46,434)	
Total expenditures		37,971	37,971	86,610		(48,639)	
Excess (Deficiency) of Revenues							
over Expenditures		104,174	104,174	84,721		(19,453)	
Other Financing Sources (Uses)							
Operating transfers out - net		(64,525)	(64,525)	(121,664)		(57,139)	
Total other financing							
sources (uses)		(64,525)	(64,525)	(121,664)		(57,139)	
Not Change in Fund Delance		20.640	20.640	(20.042)		(76 502)	
Net Change in Fund Balance		39,649	39,649	(36,943)		(76,592)	
Fund Balances - Beginning of Year		1,021,478	1,021,478	1,021,478			
Fund Balances - End of							
Year	\$	1,061,127 \$	1,061,127	\$ 984,535	Ś	(76,592)	
	Ψ	-,00-,12 <i>i</i> 9	1,001,127	7 707,333	7	(10,332)	

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

						V	ariances	
						Actual	F	avorable
		Budgeted Amounts			(B	udgetary	(Unfavorable)	
Year Ended June 30, 2014		Original		Final		Basis)	Fina	l to Actual
Revenues								
Intergovernmental revenue	\$	7,639,479	\$	7,639,479	\$	6,970,893	\$	(668,586)
Local contributions and in-kind		161,381		161,381		291,732		130,351
Contractual income		259,389		259,389		163,920		(95,469)
Program income		14,000		14,000		65,559		51,559
Investment income		-		-		9		9
Other income		-		-		2,340		2,340
Total revenues		8,074,249		8,074,249	•	7,494,453		(579,796)
E 19								
Expenditures		F 024 000		5 024 000		4 2 4 6 4 0 2		677.607
Program services		5,024,099		5,024,099		4,346,402		677,697
Personnel		2,405,070		2,405,070	•	2,419,593		(14,523)
Contractual services & direct		101.016		101.046		60.277		121 160
other		191,846		191,846		60,377		131,469
Repairs and maintenance		13,951		13,951		22,447		(8,496)
Insurance		33,841		33,841		37,073		(3,232)
Audit and legal fees		41,734		41,734		50,762		(9,028)
Space & rental		69,124		69,124		80,484		(11,360)
Telephone & utilities		69,205		69,205		48,986		20,219
Office supplies & postage		31,446		31,446		31,105		341
Printing and marketing		30,932		30,932		38,059		(7,127)
Miscellaneous		-		-		8,276		(8,276)
Staff training and travel		197,997		197,997		214,255		(16,258)
Bank fees		2,751		2,751		549		2,202
Computer support and								
maintenance		60,906		60,906		64,539		(3,633)
Dues and subscriptions		5,521		5,521		7,118		(1,597)
Janitorial		-		-		13,566		(13,566)
Meeting		-		-		20,527		(20,527)
Total expenditures		8,178,423		8,178,423	•	7,464,118		714,305
Excess (Deficiency) of Revenues								
over Expenditures		(104,174)		(104,174)		30,335		134,509
· · · · · · · · · · · · · · · · · · ·		•				•		•

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

	Budgeted Am	ounts	Actual (Budgetary	Variances Favorable (Unfavorable)
Year Ended June 30, 2014	Original	Final	Basis)	Final to Actual
Other Financing Sources (Uses)				
Operating transfers in - net	-	-	121,664	121,664
Total other financing sources (uses)	-	-	121,664	121,664
Net Change in Fund Balance	(104,174)	(104,174)	151,999	256,173
Fund Balances - Beginning of Year	1,096,530	1,096,530	1,096,530	
Fund Balances - End of Year	\$ 992,356 \$	992,356	\$ 1,248,529	\$ 256,173

Year Ended June 30, 2014	General Funds	JFA	CDO-Support Broker	CDO Goods & Service	CDO-Fiscal Management	Regional Support
Revenue						
Federal revenue	\$ -	\$ 126,669	•	\$ -	\$ -	\$ -
State revenue	-	131,812	1,240,646	61,419	129,200	-
Local revenue	165,941	-	2,252	88	-	2,941
Program income	-	-	24,496	-	-	-
Investment income	5,390	-	-	-	-	-
In-Kind income	-	_	-	-	-	
Total revenue	171,331	258,481	1,267,394	61,507	129,200	2,941
Expenditures						
Direct costs:						
Salaries	-	125,931	137,756	-	51,744	34,104
Benefits	-	40,829	63,925	-	23,260	12,373
Annual leave	-	7,803	7,135	-	3,469	2,743
Travel & training	21,654	24,656	21,640	-	525	9,820
Other costs	18,521	7,121	14,114	-	9,448	21,154
Contractual services	-	-	-	-	-	-
Program services	46,435	-	887,663	61,507	-	
Total direct costs	86,610	206,340	1,132,233	61,507	88,446	80,194
Shared costs	-	52,390	63,358	-	23,563	14,601
Total expenditures	86,610	258,730	1,195,591	61,507	112,009	94,795
Other Financing Sources (Uses)						
Transfer in	6,266	249	-	-	-	91,854
Transfer out	(127,930)		-	-		<u>-</u>
Total other financing sources						
(uses)	(121,664)	249	-	-	-	91,854
Net Change in Fund Balances	\$ (36,943)	\$ -	\$ 71,803	\$ -	\$ 17,191	\$ -

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		Regional	•	MPO-BG							
Year Ended June 30, 2014	Regional Transit	Transit Planning	Regional Transportation	Metropolitan Planning	Circulation Study	Metropolitan Planning Transit					
Revenue											
Federal revenue	\$ 17,352	\$ 4,143	•	\$ 72,523	\$ 35,937	\$ 7,681					
State revenue	-	-	78,067	4,533	-	-					
Local revenue	-	-	-	-	6,738	-					
Program income	-	-	-	-	-	-					
Investment income	-	-	-	-	-	-					
In-Kind income	-	-	-	-	-	-					
Total revenue	17,352	4,143	78,067	77,056	42,675	7,681					
Expenditures											
Direct costs:											
Salaries	11,219	1,637	33,861	47,362	-	3,297					
Benefits	2,899	472	10,111	16,204	-	1,156					
Annual leave	626	87	1,935	3,086	-	222					
Travel & training	304	1,970	6,870	2,307	-	2,449					
Other costs	2,206	350	3,714	1,726	-	1,078					
Contractual services	-	-	-	-	-	-					
Program services	-	-	-	-	44,921	-					
Total direct costs	17,254	4,516	56,491	70,685	44,921	8,202					
Shared costs	4,435	663	13,814	19,969	-	1,399					
Total expenditures	21,689	5,179	70,305	90,654	44,921	9,601					
Other Financing Sources (Uses)											
Transfer in	4,337	1,036	8,673	13,598	2,246	1,920					
Transfer out	<u>-</u>			-	-	<u> </u>					
Total other financing sources											
(uses)	4,337	1,036	8,673	13,598	2,246	1,920					
Net Change in Fund Balances	\$ -	\$ -	\$ 16,435	\$ -	\$ -	\$ -					

	Wa	ter		Sign		Aging	ental Health & Aging	Elder Abuse Prevention	!	Title III
Year Ended June 30, 2014	Planr		lnν	entory	Ger	eral Funds	Council	Council		Admin
Revenue										
Federal revenue	\$	-	\$	24,420	\$	-	\$ -	\$	- \$	94,140
State revenue	10	2,750		6,105		-	-		-	43,071
Local revenue		-		-		42,003	6,096	10	0	-
Program income		-		-		-	-		-	-
Investment income		-		-		-	-		-	-
In-Kind income		-		-		-	-		-	-
Total revenue	10	2,750		30,525		42,003	6,096	10	0	137,211
Expenditures										
Direct costs:										
Salaries	4	7,953		14,791		-	-		-	65,633
Benefits	1	6,939		2,170		-	-		-	26,823
Annual leave		2,374		208		-	-		-	4,855
Travel & training		7,818		3,454		-	-		-	8,074
Other costs	1	5,579		2		385	-		-	4,500
Contractual services		-		-		-	-		-	2,640
Program services		-		-		-	5,587	43	8	-
Total direct costs	9	0,663		20,625		385	5,587	43	8	112,525
Shared costs	2	0,386		5,416		-	-		-	29,046
Total expenditures	11	1,049		26,041		385	5,587	43	8	141,571
Other Financing Sources (Uses)										
Transfer in		-		1,782		-	-		-	4,360
Transfer out		_		(6,266)		(24,008)	-		-	-
Total other financing sources		_				_				_
(uses)		-		(4,484)		(24,008)	-		-	4,360
Net Change in Fund Balances	\$ (8,299)	\$	-	\$	17,610	\$ 509	\$ (33	8) \$	-

Year Ended June 30, 2014	IIIB Ipportive Services	Co	IIIC1 ongregate Meals	IIC2 Home Delivered Meals	D Health omotion	IIIE	Caregiver Support	II Elder Abuse vention
Revenue								
Federal revenue	\$ 369,762	\$	154,463	\$ •	\$ 20,049	\$	122,150	\$ 4,867
State revenue	149,102		10,758	85,284	-		6,303	-
Local revenue	36,733		-	-	-		19,041	988
Program income	11,589		3,852	2,258	-		-	-
Investment income	-		-	-	-		-	-
In-Kind income	21,328		24,440	39,105	5,564		145	-
Total revenue	588,514		193,513	415,223	25,613		147,639	5,855
Expenditures								
Direct costs:								
Salaries	49,075		-	-	-		28,211	-
Benefits	23,338		-	-	-		13,988	-
Annual leave	2,297		-	-	-		1,642	-
Travel & training	3,575		-	-	-		1,757	-
Other costs	6,941		-	-	-		2,201	-
Contractual services	-		-	-	-		-	-
Program services	480,540		193,513	415,223	25,613		101,847	5,855
Total direct costs	565,766		193,513	415,223	25,613		149,646	5,855
Shared costs	22,748		-	-	-		13,257	-
Total expenditures	588,514		193,513	415,223	25,613		162,903	5,855
Other Financing Sources (Uses)								
Transfer in	-		-	_	-		15,264	-
Transfer out	-		-	-	-		-	-
Total other financing sources						_		
(uses)	-		-	-	-		15,264	-
Net Change in Fund Balances	\$ -	\$	-	\$ -	\$ -	\$	-	\$ -

56

		mbudsman/							
Year Ended June 30, 2014		Facility evention	Kentucky Caregiver		ADRC	SHI	P Jul-Mar	SHIP - Carryover	SHIP - Unexpended
Revenue	•	CVCIICIOII	caregive.		ADITO	<u> </u>	. 741 11141	carryover	Опехреписи
Federal revenue	\$	8,543	\$ -	\$	2,298	\$	35,534	\$ 16,460	\$ 1,680
State revenue	Ų	6,545	140,220	۲	2,230	۲	33,334	7 10,400	٦ 1,080 -
Local revenue		3,191	134		_		4,926	5,437	7,043
Program income		3,131	-		_		-,520	3,43 <i>1</i>	7,043
Investment income		_	_		_		_	_	_
In-Kind income		-	-		-		-	-	-
Total revenue		11,734	140,354		2,298		40,460	21,897	8,723
Expenditures									
Direct costs:									
Salaries		-	15,572		218		935	554	45
Benefits		-	7,631		118		469	218	17
Annual leave		-	914		12		100	43	3
Travel & training		-	1,250		10		24	6	-
Other costs		-	2,082		1,836		30	32	1
Contractual services		-	-		-		-	-	-
Program services		11,734	105,683		-		38,567	20,804	8,642
Total direct costs		11,734	133,132		2,194		40,125	21,657	8,708
Shared costs		-	7,289		104		437	243	19
Total expenditures		11,734	140,421		2,298		40,562	21,900	8,727
Other Financing Sources (Uses)									
Transfer in		-	67		-		102	3	4
Transfer out		-	-		-		-	-	
Total other financing sources									
(uses)		-	67		-		102	3	4
Net Change in Fund Balances	\$	-	\$ -	\$	-	\$	-	\$ -	\$ -

			SHIP CI	VI Jul-							
Year Ended June 30, 2014	SHIF	Apr-June	Ма	r	MIP	PA - SHIP	MIP	PA - ADRC	MIPPA - AAA	ı	FAST
Revenue											
Federal revenue	\$	12,768	\$	2,267	\$	19,379	\$	6,943	\$ 14,170	\$	2,880
State revenue		-		-		-		-	-		-
Local revenue		12,588		-		2,400		-	-		-
Program income		-		-		-		-	-		-
Investment income		-		-		-		-	-		-
In-Kind income		-		-		-		-	-	•	-
Total revenue		25,356		2,267		21,779		6,943	14,170	١	2,880
Expenditures											
Direct costs:											
Salaries		408		1,092		2,835		3,231	7,443		1,210
Benefits		170		104		763		1,738	956		551
Annual leave		37		-		143		157	21		43
Travel & training		-		280		58		73	1,353		474
Other costs		22		415		1		183	1,472		48
Contractual services		-		-		-		-	-		-
Program services		24,540		-		15,960		-	-	•	-
Total direct costs		25,177		1,891		19,760		5,382	11,245		2,326
Shared costs		181		376		1,131		1,561	2,638		554
Total expenditures		25,358		2,267		20,891		6,943	13,883		2,880
Other Financing Sources (Uses)											
Transfer in		2		-		-		_	-		-
Transfer out		-		-		-		-	-	•	-
Total other financing sources											
(uses)		2		-		-		-	-		-
Net Change in Fund Balances	\$	-	\$	-	\$	888	\$	-	\$ 287	\$	_

				Health Benefits		Personal Care Attendant	PCAP -
Year Ended June 30, 2014	(CDSME	IAO	xchange	Homecare	Program	Coordination
Revenue							
Federal revenue	\$	6,079 \$	7,750	\$ 69,434	\$ -	\$ -	\$ -
State revenue		-	-	-	1,074,508	141,733	21,878
Local revenue		-	-	-	44,258	-	-
Program income		-	-	-	11,107	-	-
Investment income		-	-	-	-	-	-
In-Kind income		-	-	-	7,321	-	-
Total revenue		6,079	7,750	69,434	1,137,194	141,733	21,878
Expenditures							
Direct costs:							
Salaries		-	-	41,228	169,986	6,220	9,393
Benefits		-	-	4,417	77,682	2,659	5,571
Annual leave		-	-	265	9,380	489	454
Travel & training		-	-	1,445	12,532	155	702
Other costs		-	-	7,740	12,783	1,420	1,057
Contractual services		-	-	-	-	-	-
Program services		6,079	7,750	-	781,226	128,006	-
Total direct costs		6,079	7,750	55,095	1,063,589	138,949	17,177
Shared costs		-	-	14,339	77,805	2,790	4,701
Total expenditures		6,079	7,750	69,434	1,141,394	141,739	21,878
Other Financing Sources (Uses)							
Transfer in		-	-	-	4,200	6	-
Transfer out		-	-	-			
Total other financing sources							
(uses)		-	-	-	4,200	6	-
Net Change in Fund Balances	\$	- \$	-	\$ -	\$ -	\$ -	\$ -

		Adult Day	Long Term			•
Year Ended June 30, 2014	PCAP - Evaluation	Health Care Program	Care Ombudsman	NSIP	Traumatic Brain Injury	WIA Local
Revenue						
Federal revenue	\$	- \$ -	\$ -	\$ 84,144	\$ -	\$ -
State revenue	2,742		34,636	у о ч, 144	530	· -
Local revenue	2,7 12	- 86	2,055	_	-	_
Program income				_	_	_
Investment income			_	_	_	_
In-Kind income			-	-	-	-
Total revenue	2,742	177,668	36,691	84,144	530	-
Expenditures						
Direct costs:						
Salaries	1,244	14,851	-	-	177	-
Benefits	557	6,475	-	-	66	-
Annual leave	42	2 1,018	-	-	17	-
Travel & training	332	1,228	-	-	66	55
Other costs	1	l 3,395	-	-	4	408
Contractual services			-	-	-	-
Program services		144,002	36,691	84,293	-	347
Total direct costs	2,176	170,969	36,691	84,293	330	810
Shared costs	566	6,699	-	-	76	-
Total expenditures	2,742	177,668	36,691	84,293	406	810
Other Financing Sources (Uses)						
Transfer in			-	-	-	-
Transfer out			-		-	
Total other financing sources						
(uses)			-	-	-	-
Net Change in Fund Balances	\$	- \$ -	\$ -	\$ (149)	\$ 124	\$ (810)

	W	ork Force					
Year Ended June 30, 2014	Inve	estment Act Trade		Vork Force estment Act	Revolving Loan Fund	Agricultural Mapping	Other Local Contract
Revenue						11 0	
Federal revenue	\$	332,212	\$	1,321,397	\$ -	\$ 15,318	\$ -
State revenue	Ψ	-	Ψ	-	-	2,026	-
Local revenue		_		_	-	-	160,991
Program income		-		_	12,257	-	-
Investment income		-		-	9	-	-
In-Kind income		-		-	-	-	-
Total revenue		332,212		1,321,397	12,266	17,344	160,991
Expenditures							
Direct costs:							
Salaries		-		390,872	1,056	9,665	63,239
Benefits		-		148,356	450	3,477	23,876
Annual leave		-		27,718	85	472	3,412
Travel & training		-		74,004	84	880	4,970
Other costs		-		52,435	39	525	11,245
Contractual services		-		-	-	-	-
Program services		332,212		465,697	-	-	-
Total direct costs		332,212		1,159,082	1,714	15,019	106,742
Shared costs		-		162,315	473	4,129	27,580
Total expenditures		332,212		1,321,397	2,187	19,148	134,322
Other Financing Sources (Uses)							
Transfer in		-		-	-	1,804	-
Transfer out		-		-		-	
Total other financing sources							
(uses)		-		-	-	1,804	-
Net Change in Fund Balances	\$	-	\$	-	\$ 10,079	\$ -	\$ 26,669

Year Ended June 30, 2014	cal Road Ipdates	Total
Revenue		
Federal revenue	\$ 19,200 \$	3,321,188
State revenue	4,800	3,649,705
Local revenue	-	526,030
Program income	-	65,559
Investment income	-	5,399
In-Kind income	-	97,903
Total revenue	24,000	7,665,784
Expenditures		
Direct costs:		
Salaries	12,386	1,406,434
Benefits	5,079	545,887
Annual leave	703	84,010
Travel & training	754	217,608
Other costs	35	206,249
Contractual services	-	2,640
Program services	-	4,481,375
Total direct costs	18,957	6,944,203
Shared costs	5,474	606,525
Total expenditures	24,431	7,550,728
Other Financing Sources (Uses)		
Transfer in	431	158,204
Transfer out	 	(158,204)
Total other financing sources		
(uses)	431	_
Net Change in Fund Balances	\$ - \$	115,056

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

Year Ended June 30, 2014	Direct Salary Plus Burden		Percent of Total	Shared Cost Distribution	Percent of Total
JFA:					
Community and economic					
development (120)	\$	39,866	2.1%	\$ 12,526	2.0%
Community development block		·		,	
grant (125)		24,282	1.2%	7,628	1.3%
ARC planning and assistance					
(130)		52,649	2.7%	16,540	2.7%
Management assistance (140)		17,785	0.9%	5,587	0.9%
Program administration (150)		32,178	1.6%	10,109	1.7%
Total JFA		166,760	8.5%	52,390	8.6%
Non-JFA		1,785,561	91.5%	554,135	91.4%
Total JFA and Non-					
JFA	\$	1,952,321	100.0%	\$ 606,525	100.0%

Barren River Area Development District JFA Statement of Completed Grant

Year Ended June 30, 2014	Budget	Actual
Revenues		
Federal	\$ 126,825	\$ 126,669
State	131,090	131,812
Local	-	249
Total Revenues	\$ 257,915	\$ 258,730

				Actual	
Year Ended June 30, 2014	Budget	D	irect	Indirect	Total
Expenditures Community and economic development (120)	\$ 73,738	\$!	51,371	\$ 12,526	\$ 63,897
Community development block grant (125)	38,000	3	30,398	7,628	38,026
ARC planning and assistance - (130)	81,405	(65,431	16,540	81,971
Management assistance - (140)	40,758	2	21,942	5,587	27,529
Program administration - (150)	24,014	3	37,198	10,109	47,307
Total Expenditures	\$ 257,915	\$ 20	06,340	\$ 52,390	\$ 258,730

Barren River Area Development District Schedule of Expenditures of Federal Awards

Year	Ended	June	30,	2014
------	-------	------	-----	------

Federal Grantor	Federal	Contract Number/		
Pass-Through Grantor	CFDA	Pass-Through Entity		
Program Title	Number	Identifying Number	Federal Ex	penditures
J.S. Department of Health & Human Service:	s:			
Passed through Kentucky Cabinet for				
Health and Family Services:				
Aging Cluster				
Title III, parts A and B	93.044	PON 2 725 1300002007	463,902	
Title III, part C	93.045	PON 2 725 1300002007	443,039	
Nutrition Services Incentive Program	93.053	PON 2 725 1300002007	84,144	
Subtotal		•		\$ 991,085
Title III, Elder Abuse	93.041	PON 2 725 1300002007		4,867
Title VII, Omsbudsman	93.042	PON 2 725 1300002007		8,543
Title III, part D Preventive Health	93.043	PON 2 725 1300002007		20,049
National Family Caregiver Support	93.052	PON 2 725 1300002007		122,150
Centers for Medicare & Medicaid				
Services	93.779	PON 2 725 1300002028		68,709
Aging and Disability Resource Center	93.048	PON 2 725 1300002028		2,298
Functional Assessment Service Teams	93.069	PON 2 725 1300002028		2,880
Chronic Disease Self Management	93.725	PON 2 725 1300002028		6,079
Health Benefits Exchange	93.525	PON 2 725 1300002028		69,434
MIPPA - SHIP	93.071	PON 2 725 1300002028	19,379	
MIPPA - AAA	93.071	PON 2 725 1300002028	14,170	
MIPPA - ADRC	93.071	PON 2 725 1300002028	6,943	
Subtotal				40,492
Improving Arthritis Outcomes	93.945	PON 2 725 1200002028		7,750
Total U.S. Department of Hea	alth & Huma	n Services		1,344,336

Passed through Kentucky Cabinet for

Workforce Development:

WIA Cluster			
Adult Funds	17.258	PONZ 531 10000022011	29,365
Adult Funds	17.258	PONZ 531 10000022011	310,218
Adult Funds	17.258	PONZ 531 10000022011	48,048
DWP Funds	17.278	PONZ 531 10000022011	460,360
DWP Funds	17.278	PONZ 531 10000022011	134,238
DWP Funds	17.278	PONZ 531 10000022011	1,005
Youth Funds	17.259	PONZ 531 10000022011	288,646

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

Year Ended June 30, 2014

Federal Grantor	Federal	Contract Number/		
Pass-Through Grantor	CFDA	Pass-Through Entity		
Program Title	Number	Identifying Number	Federal Ex	cpenditures
Youth Funds	17.259	PONZ 531 10000022011	47,932	
Youth Funds	17.259	PONZ 531 10000022011	1,585	
Subtotal		•		1,321,397
Trade Funds	17.245	PONZ 531 10000030193		332,212
Total U.S. Department of Labo	or			1,653,609
U.S. David de la Company				
U.S. Department of Commerce:	11 207	04.20.02042.04		224 422
Revolving loan fund ¹	11.307	04-39-03813.01		334,433
Passed through Department for Local				
Government:				
JFA - Community & Economic Development	11 202	PON2 1400000397	26.960	
JFA - Management Assistance	11.302 11.302	PON2 1400000397 PON2 1400000397	36,869 14,024	
JFA - Program Administration	11.302	PON2 1400000397 PON2 1400000397	14,024	
Subtotal	11.302	FONZ 1400000397	12,007	62,900
Kentucky Agriculture Development				02,500
Information System (KADIS)	11.307	127-001		15,318
Total U.S. Department of Com				412,651
Appalachian Regional Commission:				
JFA - Planning & Assistance	23.009	KY-0702J-C37		44,769
Total Appalachian Regional Co				44,769
U.S. Department of HUD:				
Passed through Department for Local				
Government:				
JFA - CDBG	14.219	PON2 1400000397		19,000
Total U.S. Department of HUI)			19,000
U.S. Department of Transportation:				
Passed through KY Transportation Cabinet	•			
Section 5304 Planning Grant	20.505	G045404Z		21,495
MPO Transit Planning	20.505	G04M403Z		7,681
· · · · · · · · · · · · · · · ·				.,

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

Year Ended June 30, 2014

Federal Grantor	Federal	Contract Number/		
Pass-Through Grantor	CFDA	Pass-Through Entity		
Program Title	Number	Identifying Number	Federal Expe	nditures
Metropolitan Planning Organization	20.205	1300004308		72,523
Inventory of Existing Highway Signs Bowling Green Downtown Traffic	20.205	P02 605 120005602		24,420
Circulation Study	20.205	1400002159		35,937
Local Road Updates	20.205	1400002187		19,200
Total U.S. Department of Tra	nsportation			181,256
Total Expenditures of Feder	al Awards		\$	3,655,621
Schedule of Expenditures of Federal Award Fund (RLF) Grant	ls Calculation	for Revolving Loan		
Balance of RLF loans outstanding at June	30, 2014		\$	288,657
Cash and investment balance in RLF at Ju	ne 30, 2014			155,068
Administrative expenses paid out of RLF i	n year ended	June 30, 2014		2,186
				445,911
Federal share of RLF			X	75%
			\$	334,433

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, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. 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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3: SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Barren River Area Development District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Title III – B	93.044	\$ 112,849
Title III – C	93.045	102,606
Title III – D	93.043	20,049
Centers for Medicare and Medicaid Services	93.779	52,447
Title III – Elder Abuse	93.041	4,867
Title VII – Ombudsman	93.042	8,543
Medicare Improvements for Patients and Providers Act	93.071	13,560
Chronic Disease Self-Management Education	93.725	6,079
Improving Arthritis Outcomes	93.945	7,750

Barren River Area Development District Summary Schedule of Prior Year Audit Findings

No reportable items.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed

in Accordance with Government Auditing Standards

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 as of and for the year ended June 30, 2014, 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 November 24, 2014.

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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item number 2014-001.

Barren River Area Development District's Response to Findings

Barren River Area Development District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Barren River Area Development District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 November 24, 2014



Carr, Riggs & Ingram, LLC

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Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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 Circular A-133 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, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform

the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Can Rigge & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC Bowling Green, Kentucky November 24, 2014

Barren River Area Development District Schedule of Findings and Questioned Costs

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

Financial Statements

Type of auditor's report issued: Unmodified		
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 auditor's report issued on compliance for major programs: unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	□ Yes	☑ No

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
17.258, 17.259, 17.260, 17.278	WIA Cluster
17.245	Trade Adjustment Assistance
11.307	Revolving Loan Fund

Dollar threshold used to distinguish

between type A and type B programs: \$300,000

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

Section II — Financial Statement Findings

■ 2014-001 Custodial Credit Risk

Criteria and Condition: 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 authority or special road authority 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, 2014, \$138,645 of the District's bank balance of \$2,384,702 was exposed to custodial credit risk as the bank balances exceeded the amount secured by the Federal Deposit Insurance Corporation and collateral pledged by the financial institution.

Cause: There was a misunderstanding of FDIC insurance coverage.

Effect: In the event of a bank failure, the District's deposits may not be returned.

Recommendation: We recommend the District become familiar with the rules and regulations of FDIC coverage to ensure proper coverage of all District deposits in financial institutions.

Views of Responsible Officials and Planned Corrective Actions: FDIC regulations have been reviewed and discussed with the banking institution. All accounts will be properly classified and collateralized by the end of November.

Section III — Federal Award Findings and Questioned Costs

No items required to be reported.



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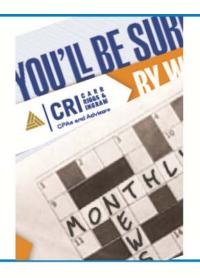
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