



Barren River Area Development District

FINANCIAL STATEMENTS

June 30, 2023



REPORT

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FINANCIAL STATEMENTS

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THOUGHT LEADERSHIP

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REPORT





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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and select pension/OPEB information on pages 5 through 13 and 57 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining statements, specific grant activity reports and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, specific grant activity reports 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 27, 2023 on our consideration of Barren River Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Barren River Area Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

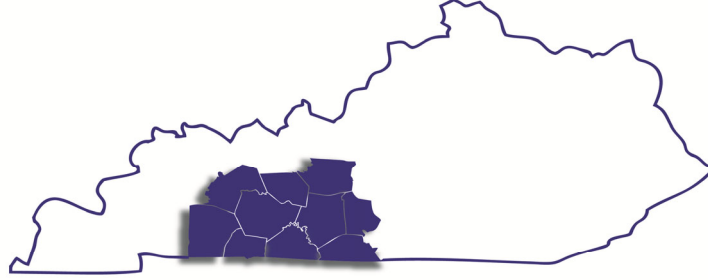
CARR, RIGGS & INGRAM, LLC
Bowling Green, Kentucky
November 27, 2023



FINANCIAL STATEMENTS



BARREN RIVER



AREA DEVELOPMENT DISTRICT

BARREN RIVER AREA DEVELOPMENT DISTRICT (BRADD) MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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, 2023. 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 services related to aging and disabled individuals in the ten-county region, through the Area Agency on Aging and Independent Living, including the Participant Directed Services (PDS) program and the Veteran's Directed Services (VDS) program.
- **Community and Economic Development (CED)** provides assistance to local governments and industrial development agencies developing physical resources to meet demands for community, business, and industrial growth and expansion. CED also offers funding through RLF loan programs to qualified projects.
- **Information Systems and Data Services** maintains and provides a variety of information ranging from Census data, maps, and transportation counts to the creation of data sets using the Geographic Information System (GIS) and Global Positioning Satellite (GPS) tools.
- **Government Services** provides a broad range of services to local governments including technical assistance, training, and publications.
- **Planning Services** provides staffing support for activities to protect the resources of the ten-county area. Programs include water and wastewater supply planning, waste management, and comprehensive planning.
- **Transportation and Transit Planning Services** provides coordination of transportation of planning efforts between the State and local governments and provides information and technical assistance to local governments for street and road funding and development of airports, bikeways, and public transportation systems.

FINANCIAL HIGHLIGHTS

- ❖ Net position for governmental activities is (\$322,290) and (\$594,215) as of June 30, 2022 and 2023, respectively. The FY23 amount includes \$780,265 invested in capital assets, \$829,532 restricted for grant programs, \$56,416 restricted for building maintenance, and (\$2,260,428) is unrestricted. The change is primarily due to pension-related activities.
- ❖ For governmental activities, revenues are \$18,720,835 for the year ended June 30, 2023. For the year ended June 30, 2022, revenues were \$12,818,495. The increase of \$5,902,340 from 2022 to 2023 is primarily attributable to the increase in the PDS reimbursement rate to participants.
- ❖ The net increase in fund balances for all funds during the year ended June 30, 2023 is \$53,685. Fund balances increased for the Special Revenue Funds by \$113,899 and decreased for the General Fund by \$60,214. Special revenue funds increased primarily because of the timing of local contract revenues and expenses and various growth in other programs. General funds decreased primarily because the donation for tornado victims was received in FY 2022, but expenses were incurred in FY 2023 and another vehicle was added to the current fleet.
- ❖ Barren River Local Officials Organization (BRLOO) is a blended component unit of the District and is shown as an enterprise fund on the District's financial statements. BRLOO's purpose is to promote the economic development of the District and to acquire and lease transit vehicles for local service agencies. BRLOO's net position is \$44,824 and \$33,826 as of June 30, 2022 and 2023, respectively.

BASIC FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements, fund financial statements, proprietary fund statements, fiduciary fund statements and related notes. The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which provide information about the activities of BRADD as a whole and present a longer-term view of BRADD's finances. The fund financial statements focus on governmental activities and how various services were financed in the short term as well as the balance remaining for future spending. Fund financial statements also report BRADD's operations in more detail than the government-wide statements by providing information about BRADD's most significant funds. The proprietary fund statements are used to document the activities of BRLOO and include the Statement of Net Position, Statement of Revenues, Expenditures and Changes in Fund Net Position, and Statement of Cash Flows. The fiduciary fund statements are used to document the activities of the South Central Kentucky Small Business Development Center (SBDC) and include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. 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 the current year's revenues and expenses regardless of when cash is paid or received.

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

The Statement of Activities presents information showing how BRADD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change

occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

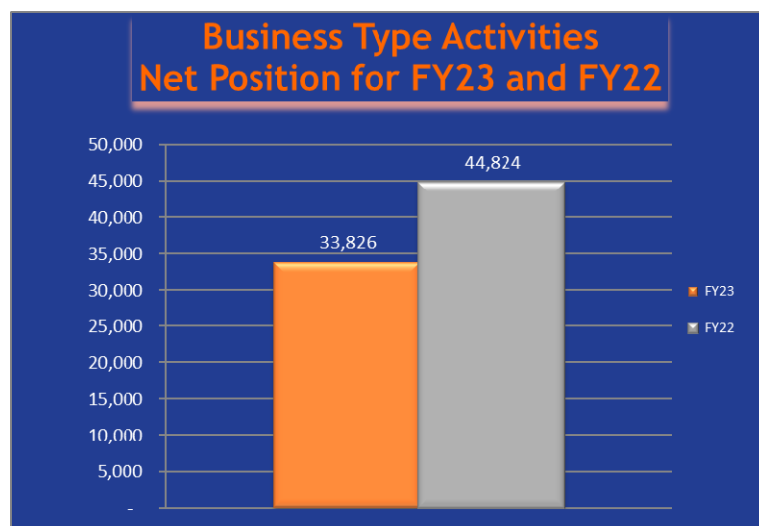
FUND FINANCIAL STATEMENTS

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

Business Type Activities

Net Position for June 30, 2023 and June 30, 2022

| | FY23 | FY22 | Percentage Change |
|------------------------------|---------------|---------------|-------------------|
| Cash and Investments | 26,289 | 27,239 | -3.49% |
| Capital Assets, net | 7,537 | 17,585 | -57.14% |
| Total Assets | 33,826 | 44,824 | -24.54% |
| Unearned Revenue | - | - | |
| Total Liabilities | - | - | |
| Investment in Capital Assets | 7,537 | 17,585 | -57.14% |
| Unrestricted Funds | 26,289 | 27,239 | -3.49% |
| Total Net Position | 33,826 | 44,824 | -24.54% |

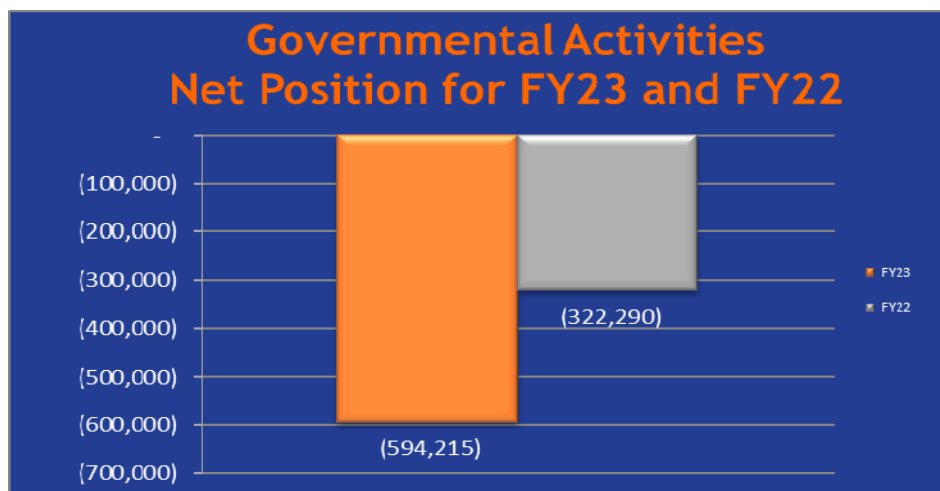


* At year-end assets exceeded liabilities by \$33,826 with a net change of \$10,998 or 24.54%.

Governmental Activities

Net Position for June 30, 2023 and June 30, 2022

| | | | Percentage |
|---|------------------|------------------|----------------|
| | FY23 | FY22 | Change |
| Cash and Investments | 3,374,006 | 1,926,427 | 75.14% |
| Grants Receivable | 638,738 | 509,330 | 25.41% |
| Accounts Receivable | 975,465 | 2,108,108 | -53.73% |
| Loans, net | 447,730 | 401,996 | 11.38% |
| Other | 63,094 | 59,543 | 5.96% |
| Capital Assets, net | 780,265 | 729,300 | 6.99% |
| Total Assets | 6,279,298 | 5,734,704 | 9.50% |
| OPEB Related | 805,456 | 838,648 | -3.96% |
| Pension Related | 1,514,403 | 1,171,258 | 29.30% |
| Total Deferred Outflows of Resources | 2,319,859 | 2,009,906 | 15.42% |
| Accounts Payable | 473,869 | 541,767 | -12.53% |
| Accrued Liabilities | 791,080 | 582,286 | 35.86% |
| Unearned Revenue | 548,244 | 262,184 | 109.11% |
| Compensated Absences | 116,042 | 103,054 | 12.60% |
| Net OPEB Liability | 1,290,263 | 1,197,086 | 7.78% |
| Net Pension Liability | 4,727,052 | 3,987,671 | 18.54% |
| Total Liabilities | 7,946,550 | 6,674,048 | 19.07% |
| OPEB Related | 682,700 | 656,459 | 4.00% |
| Pension Related | 564,122 | 736,393 | -23.39% |
| Total Deferred Inflows of Resources | 1,246,822 | 1,392,852 | -10.48% |
| Investment in Capital Assets | 780,265 | 729,300 | 6.99% |
| Restricted for Grant Programs | 829,532 | 793,429 | 4.55% |
| Restricted for Building Maintenance | 56,416 | 116,321 | -51.50% |
| Unrestricted Funds | (2,260,428) | (1,961,340) | 15.25% |
| Total Net Position | (594,215) | (322,290) | 84.37% |



* At year-end liabilities exceeded assets by \$594,215 with a net change of \$271,925 or 84.37%.

REVENUES FOR GOVERNMENTAL FUNDS

For governmental funds, revenues are \$18,720,835 for the year ended June 30, 2023, representing an increase of \$5,902,340 or 46.05% from \$12,818,495 for the year ended June 30, 2022.

| | 2023 | 2023 | 2022 | 2022 | Change | Change |
|----------------------------------|------------|-----------|------------|-----------|-----------|---------|
| | Revenue \$ | Revenue % | Revenue \$ | Revenue % | in \$ | in % |
| Program Revenues: | | | | | | |
| Regional Support | 170,840 | 0.91% | 209,176 | 1.63% | (38,336) | -18.33% |
| Community & Economic Development | 916,928 | 4.90% | 989,120 | 7.72% | (72,192) | -7.30% |
| Aging and Independent Living | 4,425,530 | 23.64% | 4,095,342 | 31.95% | 330,188 | 8.06% |
| Revolving Loan Fund | 23,630 | 0.13% | 32,851 | 0.26% | (9,221) | -28.07% |
| Participant Directed Services | 13,082,069 | 69.88% | 7,414,261 | 57.84% | 5,667,808 | 76.44% |
| Veterans Directed Services | 101,838 | 0.54% | 77,745 | 0.61% | 24,093 | 30.99% |
| Total Revenues | 18,720,835 | | 12,818,495 | | 5,902,340 | 46.05% |

- Participant Directed Services received a substantial rate increase to providers that began in March 2022 that had its first full year of revenues in FY 2023.
- Aging and Independent Living received additional meal monies through ESMP (Expanded Senior Meals Program) in FY 2023.

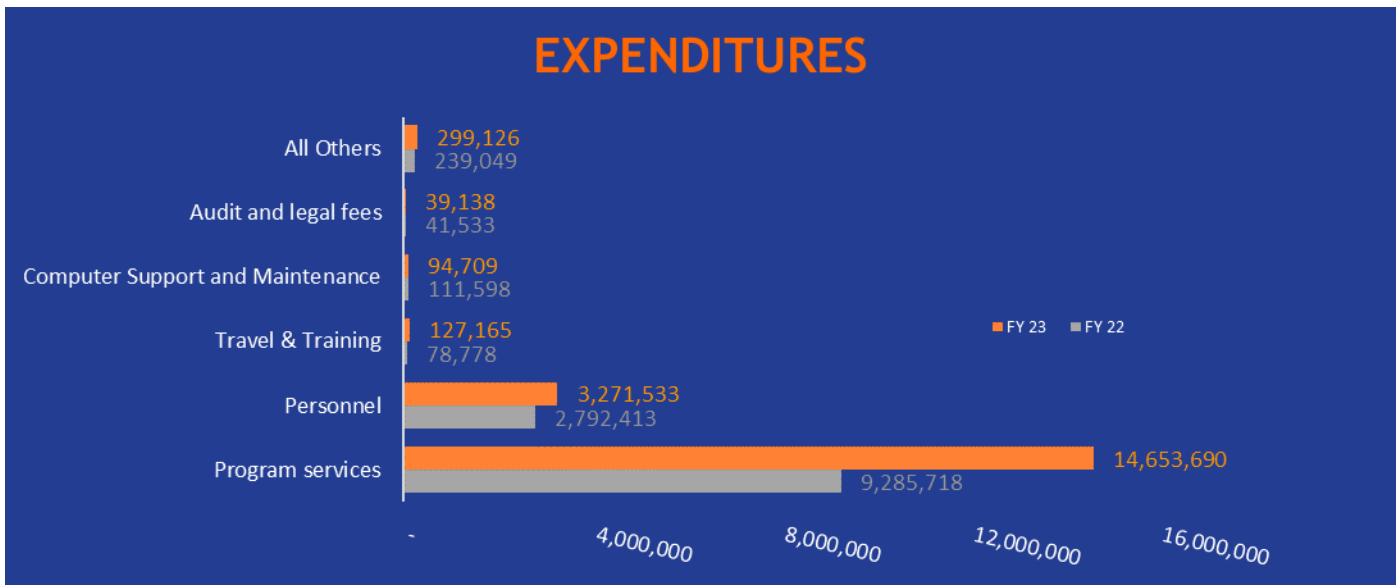
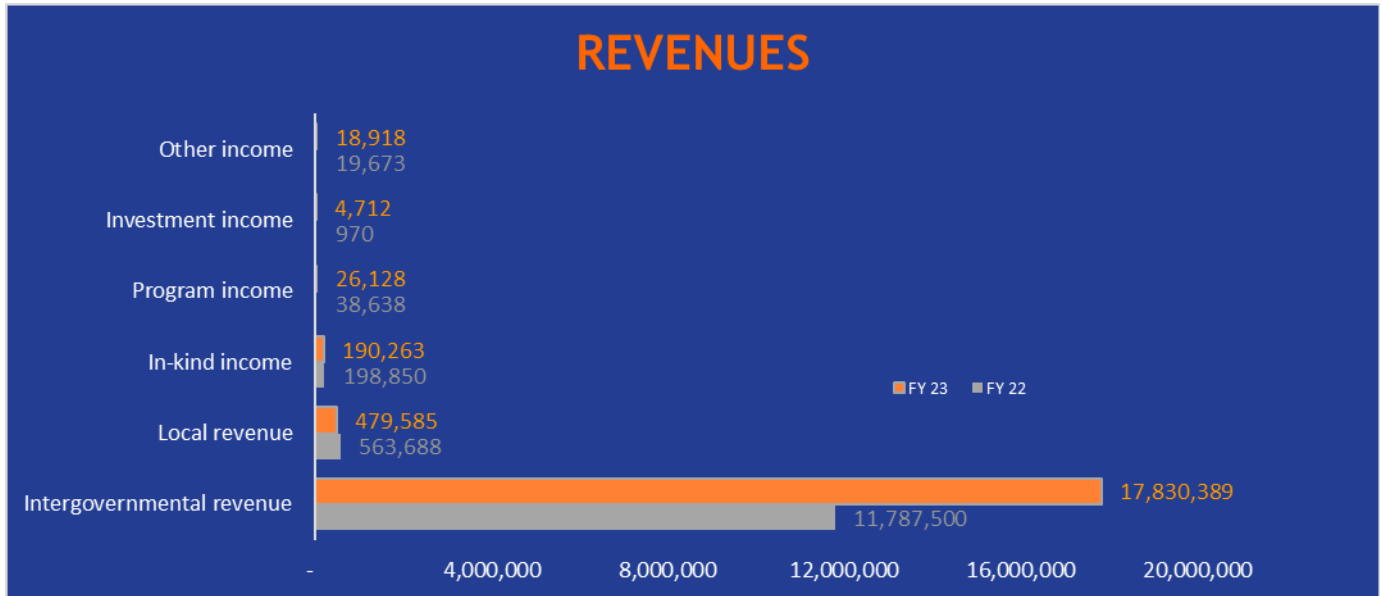
EXPENSES FOR GOVERNMENTAL FUNDS

For governmental funds, expenses are \$18,667,150 for the year ended June 30, 2023, representing an increase of \$6,008,285 or 47.46% from \$12,658,865 for the year ended June 30, 2022.

| | 2023 | 2023 | 2022 | 2022 | Change | Change |
|----------------------------------|------------|-----------|------------|-----------|-----------|---------|
| | Expense \$ | Expense % | Expense \$ | Expense % | in \$ | in % |
| Program Expenses: | | | | | | |
| Regional Support | 181,789 | 0.97% | 109,776 | 0.87% | 72,013 | 65.60% |
| Community & Economic Development | 902,074 | 4.83% | 961,872 | 7.60% | (59,798) | -6.22% |
| Aging and Independent Living | 4,405,623 | 23.60% | 4,087,541 | 32.29% | 318,082 | 7.78% |
| Revolving Loan Fund | 7,434 | 0.04% | 21,050 | 0.17% | (13,616) | -64.68% |
| Participant Directed Services | 13,076,298 | 70.05% | 7,403,459 | 58.48% | 5,672,839 | 76.62% |
| Veterans Directed Services | 93,932 | 0.50% | 75,167 | 0.59% | 18,765 | 24.96% |
| Total Expenses | 18,667,150 | | 12,658,865 | | 6,008,285 | 47.46% |

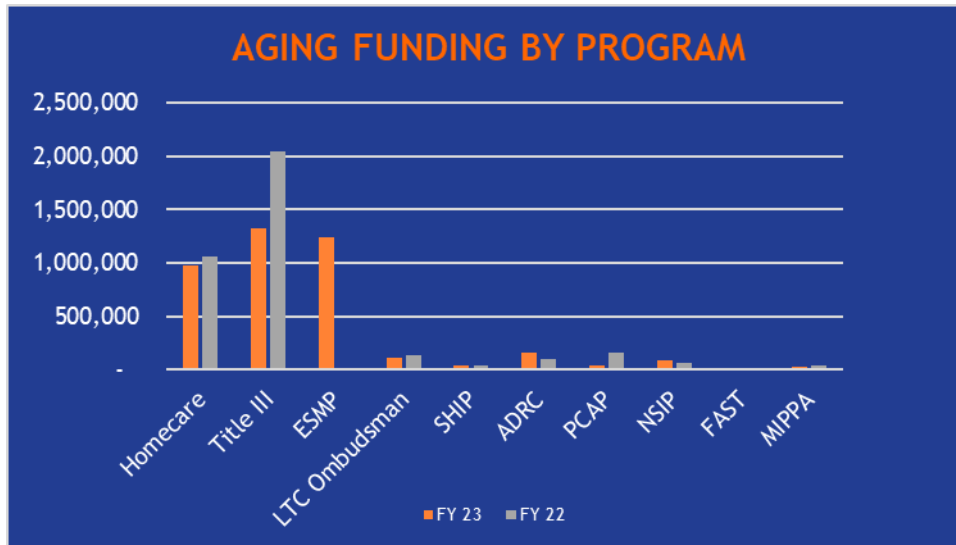
- Participant Directed Services received a substantial rate increase to providers that began in March 2022 that had its first full year of expenses in FY 2023.
- Aging and Independent Living had additional meal expenses due to the Expanded Senior Meals Program (ESMP) in FY 2023.

REVENUES VS EXPENDITURES: SPECIAL REVENUE FUNDS



- Total revenues increased \$5,940,676 or 47.11% from FY 22 to FY 23.
- Total expenditures increased \$5,936,272 or 47.30% from FY 22 to FY 23.
- Intergovernmental revenue accounts for 96% of total revenues while program services accounts for 79% of total expenditures.
- Examples of other expenditures are insurance, marketing and advertising, and repairs and maintenance.

SPECIAL REVENUE FUNDS BY GRANT TYPES



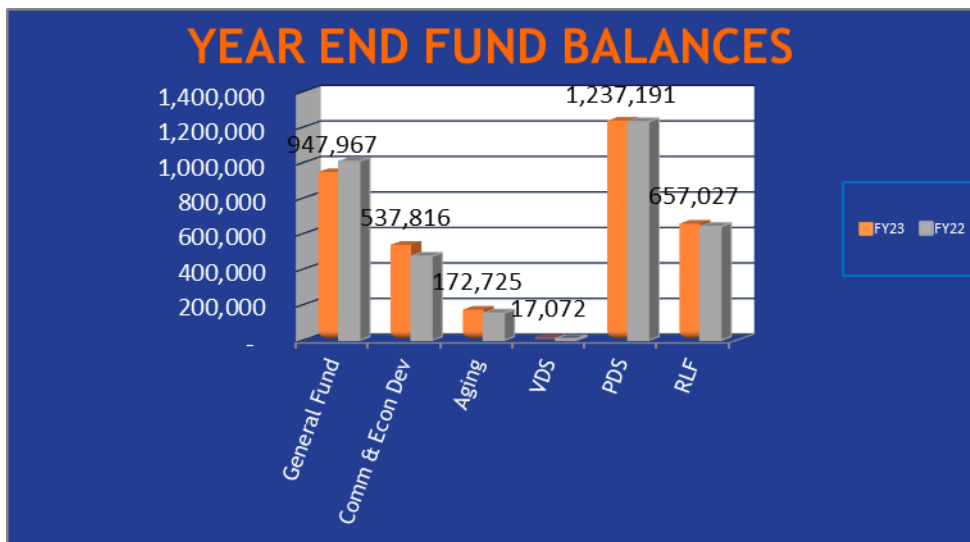
- ❖ Overall Intergovernmental Aging funding increased approximately \$347k during FY 23 due to the Expanded Senior Meals Program (ESMP).
- ❖ Examples of aging services include case management, home delivered meals and personal care.

ADDITIONAL SPECIAL REVENUE FUNDS

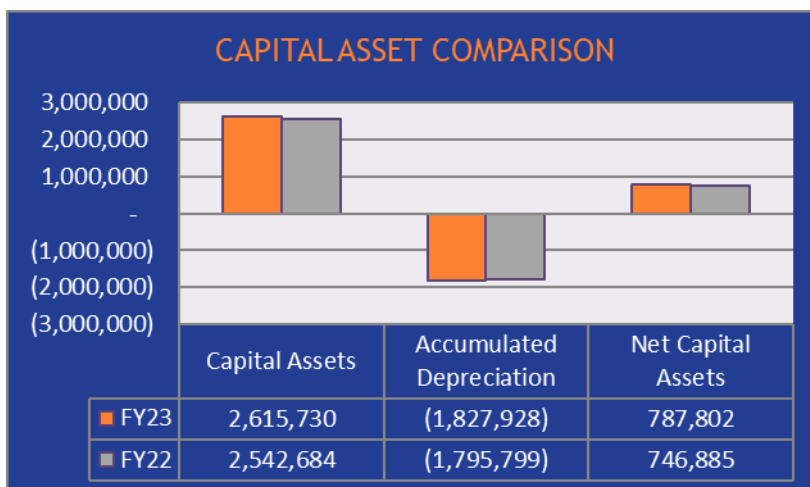
- Revolving Loan Fund (RLF) fund balance increased due to a reduction in the provision for loan loss.
- Participant Directed Services (PDS) fund balance increased due to the growth of the program.
- Veteran's Directed Services (VDS) fund balance increased due to the growth of the program.
- General Fund balance decreased due to spending Tornado Relief Funds that were received last year and adding a new fleet vehicle.
- Community & Economic Development fund balance increased due to performance-based agreements.

FUND BALANCES

Fund balances overall increased \$53,685 or 1.53% from \$3,516,113 to \$3,569,798 between FY 22 and FY 23.



On June 30, 2023, BRADD and its component units had invested \$2,615,730 in capital assets, consisting of land, building, furniture, equipment, and vehicles. The accumulated depreciation on those assets is \$1,827,928; therefore, net capital assets are \$787,802. This is a decrease of \$40,917 or 5.48% of net capital assets from FY 22.



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 ensure 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 its efforts to generate new program opportunities and funding sources as a top priority.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Barren River Area Development District
Statement of Net Position (Deficit)

June 30, 2023

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|--------------|
| Assets | | | |
| Cash and investments | \$ 3,374,006 | \$ 26,289 | \$ 3,400,295 |
| Grants receivable | 638,738 | - | 638,738 |
| Accounts receivable | 975,465 | - | 975,465 |
| Loans, net | 447,730 | - | 447,730 |
| Other | 63,094 | - | 63,094 |
| Nondepreciable capital assets | 71,133 | - | 71,133 |
| Depreciable capital assets | 2,130,441 | 414,156 | 2,544,597 |
| Less: accumulated depreciation | (1,421,309) | (406,619) | (1,827,928) |
| Total assets | 6,279,298 | 33,826 | 6,313,124 |
| Deferred Outflows of Resources | | | |
| OPEB related | 805,456 | - | 805,456 |
| Pension related | 1,514,403 | - | 1,514,403 |
| Total deferred outflows of resources | 2,319,859 | - | 2,319,859 |
| Liabilities | | | |
| Accounts payable | 473,869 | - | 473,869 |
| Accrued liabilities | 791,080 | - | 791,080 |
| Unearned revenue | 548,244 | - | 548,244 |
| Compensated absences | 116,042 | - | 116,042 |
| Net OPEB liability | 1,290,263 | - | 1,290,263 |
| Net pension liability | 4,727,052 | - | 4,727,052 |
| Total liabilities | 7,946,550 | - | 7,946,550 |
| Deferred Inflows of Resources | | | |
| OPEB related | 682,700 | - | 682,700 |
| Pension related | 564,122 | - | 564,122 |
| Total deferred inflows of resources | 1,246,822 | - | 1,246,822 |
| Net Position (Deficit) | | | |
| Net investment in capital assets | 780,265 | 7,537 | 787,802 |
| Restricted | | | |
| Grant programs | 829,532 | - | 829,532 |
| Building maintenance | 56,416 | - | 56,416 |
| Unrestricted (deficit) | (2,260,428) | 26,289 | (2,234,139) |
| Total net position (deficit) | \$ (594,215) | \$ 33,826 | \$ (560,389) |

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

Barren River Area Development District
Statement of Activities

| Year Ended June 30, 2023 | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|-------------------------|--|--|--|-----------------------------|--------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities | | | | | | | |
| Regional Support | \$ 222,380 | \$ 119,837 | \$ 46,973 | \$ - | \$ (55,570) | \$ - | \$ (55,570) |
| Community & Economic Development | 992,985 | - | 916,928 | - | (76,057) | - | (76,057) |
| Aging and Independent Living (Aging) | 4,447,220 | - | 4,425,530 | - | (21,690) | - | (21,690) |
| Revolving Loan Fund (RLF) | 8,477 | - | 18,918 | - | 10,441 | - | 10,441 |
| Participant Directed Services (PDS) | 13,226,418 | - | 13,082,069 | - | (144,349) | - | (144,349) |
| Veterans Directed Services (VDS) | 95,280 | - | 101,838 | - | 6,558 | - | 6,558 |
| Total governmental activities | 18,992,760 | 119,837 | 18,592,256 | - | (280,667) | - | (280,667) |
| Business-type activities | | | | | | | |
| BRLOO | 10,998 | - | - | - | - | (10,998) | (10,998) |
| Total business-type activities | 10,998 | - | - | - | - | (10,998) | (10,998) |
| Total government | \$ 19,003,758 | \$ 119,837 | \$ 18,592,256 | \$ - | (280,667) | (10,998) | (291,665) |
| General Revenues | | | | | | | |
| Investment income | | | | | 8,742 | - | 8,742 |
| Total general revenues | | | | | 8,742 | - | 8,742 |
| Change in net position | | | | | (271,925) | (10,998) | (282,923) |
| Net position (deficit) - beginning of year | | | | | (322,290) | 44,824 | (277,466) |
| Net position (deficit) - end of year | | | | | \$ (594,215) | \$ 33,826 | \$ (560,389) |

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

Barren River Area Development District
Balance Sheet
Governmental Funds

| <i>June 30, 2023</i> | General Fund | Special Revenue Funds | Total Governmental Funds |
|--|-------------------------|--------------------------------------|---|
| Assets | | | |
| Cash and investments | \$ 790,130 | \$ 2,583,876 | \$ 3,374,006 |
| Due from other funds | 179,780 | 23,206 | 202,986 |
| Grants receivable | - | 638,738 | 638,738 |
| Accounts receivable | 12,000 | 963,465 | 975,465 |
| Loans, net | - | 447,730 | 447,730 |
| Other | - | 63,094 | 63,094 |
| Total assets | \$ 981,910 | \$ 4,720,109 | \$ 5,702,019 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Due to other funds | \$ 23,206 | \$ 179,780 | \$ 202,986 |
| Accounts payable | - | 473,869 | 473,869 |
| Accrued payroll and taxes | - | 791,080 | 791,080 |
| Unearned revenue | 10,737 | 537,507 | 548,244 |
| Compensated absences | - | 116,042 | 116,042 |
| Total liabilities | 33,943 | 2,098,278 | 2,132,221 |
| Fund Balances | | | |
| Non-spendable | - | 63,094 | 63,094 |
| Restricted | 56,416 | 829,532 | 885,948 |
| Assigned | - | 1,729,205 | 1,729,205 |
| Unassigned | 891,551 | - | 891,551 |
| Total fund balances | 947,967 | 2,621,831 | 3,569,798 |
| Total liabilities and fund balances | \$ 981,910 | \$ 4,720,109 | \$ 5,702,019 |

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

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

| <u>June 30,</u> | <u>2023</u> |
|---|---------------------|
| Total fund balances - governmental funds | \$ 3,569,798 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$2,201,574 and the accumulated depreciation is \$1,421,309. | 780,265 |
| Deferred outflows and inflows of resources related to pension expense are applicable to future periods, therefore, are not reported in the fund statements. | 950,281 |
| Deferred outflows and inflows of resources related to OPEB expense are applicable to future periods, therefore, are not reported in the fund statements. | 122,756 |
| Long-term liabilities, including net pension and net OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of: | |
| Net OPEB liability | (1,290,263) |
| Net pension liability | (4,727,052) |
| <u>Total net position (deficit) - governmental activities</u> | <u>\$ (594,215)</u> |

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

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

| <i>Year Ended June 30, 2023</i> | General Fund | Special Revenue Funds | Total Governmental Funds |
|---|-------------------------|--------------------------------------|---|
| Revenues | | | |
| Intergovernmental revenue | \$ - | \$ 17,830,389 | \$ 17,830,389 |
| Local revenue | 166,810 | 479,585 | 646,395 |
| In-kind income | - | 190,263 | 190,263 |
| Program income | - | 26,128 | 26,128 |
| Investment income | 4,030 | 4,712 | 8,742 |
| Other income | - | 18,918 | 18,918 |
| Total revenues | 170,840 | 18,549,995 | 18,720,835 |
| Expenditures | | | |
| Regional Support | 181,789 | - | 181,789 |
| Community & Economic Development (CED) | - | 902,074 | 902,074 |
| Aging and Independent Living (Aging) | - | 4,405,623 | 4,405,623 |
| Revolving Loan Fund (RLF) | - | 7,434 | 7,434 |
| Participant Directed Services (PDS) | - | 13,076,298 | 13,076,298 |
| Veterans Directed Services (VDS) | - | 93,932 | 93,932 |
| Total expenditures | 181,789 | 18,485,361 | 18,667,150 |
| Excess (deficiency) of revenues over expenditures | (10,949) | 64,634 | 53,685 |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | - | 69,559 | 69,559 |
| Operating transfers out | (49,265) | (20,294) | (69,559) |
| Total other financing sources (uses) | (49,265) | 49,265 | - |
| Net change in fund balance | (60,214) | 113,899 | 53,685 |
| Fund balances - beginning of year | 1,008,181 | 2,507,932 | 3,516,113 |
| Fund balances - end of year | \$ 947,967 | \$ 2,621,831 | \$ 3,569,798 |

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

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

| <u>Year Ended June 30,</u> | <u>2023</u> |
|---|--------------|
| Total net change in fund balances - governmental funds | \$ 53,685 |
| 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 (\$133,656) exceed depreciation expense (\$82,691) in the period. | 50,965 |
| Government funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense | (223,965) |
| Government funds report District OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense | (152,610) |
| Change in net position - governmental activities | \$ (271,925) |

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

Barren River Area Development District
Statement of Net Position
Proprietary Fund

| <i>June 30, 2023</i> | Barren River Local Officials Organization |
|----------------------------------|--|
| Assets | |
| Current assets | |
| Cash | \$ 26,289 |
| Total current assets | 26,289 |
| Noncurrent assets | |
| Fixed assets - net | 7,537 |
| Total noncurrent assets | 7,537 |
| Total assets | 33,826 |
| Liabilities | - |
| Net Position | |
| Net investment in capital assets | 7,537 |
| Unrestricted | 26,289 |
| Total net position | \$ 33,826 |

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

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

| <i>Year Ended June 30, 2023</i> | Barren River Local Officials Organization |
|---|--|
| Operating Expenses | |
| Audit and legal fees | \$ 950 |
| Depreciation expense | 10,048 |
| Total operating expenses | 10,998 |
| Operating loss | (10,998) |
| Change in net position | (10,998) |
| Net position - beginning of year | 44,824 |
| Net position - end of year | \$ 33,826 |

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

Barren River Area Development District
Statement of Cash Flows
Proprietary Fund

| <i>Year Ended June 30, 2023</i> | Barren River Local Officials Organization |
|---|--|
| Cash Flows from Operating Activities | |
| Cash payments for other operating expenses | \$ (950) |
| Net cash used in operating activities | (950) |
| Net decrease in cash | (950) |
| Cash - beginning of year | 27,239 |
| Cash - end of year | \$ 26,289 |

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

Barren River Area Development District
Statement of Cash Flows
Proprietary Fund

| <i>Year Ended June 30, 2023</i> | Barren River Local Officials Organization |
|--|--|
| Reconciliation of Operating Loss to Net Cash Provided By (Used in) | |
| Operating Activities: | |
| Operating loss | \$ (10,998) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | |
| Depreciation | 10,048 |
| Net cash used in operating activities | \$ (950) |

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

Barren River Area Development District
Statement of Fiduciary Net Position
Fiduciary Fund

| | <u>Custodial Fund</u> |
|--|----------------------------------|
| | <u>South Central Kentucky</u> |
| | <u>Small Business</u> |
| <i>June 30, 2023</i> | <u>Development Center (SBDC)</u> |
| Assets | |
| Cash | \$ - |
| Total assets | - |
| Net Position | |
| Fiduciary net position - held for SBDC | - |
| Total net position | \$ - |

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

Barren River Area Development District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund

| | <u>Custodial Fund</u> | |
|---|----------------------------------|--------|
| | <u>South Central Kentucky</u> | |
| | <u>Small Business</u> | |
| <i>For the year ended June 30, 2023</i> | <u>Development Center (SBDC)</u> | |
| Additions | | |
| Contributions | \$ | 12,455 |
| Total additions | | 12,455 |
| Deductions | | |
| Administrative salaries | | 12,455 |
| Total deductions | | 12,455 |
| Change in net position | | - |
| Net position - beginning of year | | - |
| Net position - end of year | \$ | - |

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

Barren River Area Development District Notes to Financial Statements

NOTE 1: NATURE OF OPERATIONS AND REPORTING ENTITY

Reporting Entity

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

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

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

Based on the foregoing criteria, the financial statements of the following organization is included in the accompanying financial statements:

Blended Component Unit

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Fund Financial Statements — Fund financial statements report detailed information about the District's funds. Separate statements for each fund category (governmental, proprietary and fiduciary) 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. Fiduciary funds are reported by fund type.

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

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

Fiduciary funds are reported using the economic resources measurement focus.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following funds:

Governmental Fund Types

General Fund

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

Special Revenue

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

Proprietary Fund Type

Enterprise Fund

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Fund Type

Fiduciary funds account for assets held by the District in a trustee's capacity or in a custodial capacity for others that cannot be used to support the District's own programs.

Custodial Fund

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds. The South Central Kentucky Small Business Development Center (SBDC) Consortium is a custodial fund with a mission of providing regional small businesses and start-ups technical support and assistance. At June 30, 2023, the District no longer provided fiduciary activities to the SBDC.

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 and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On this basis of accounting, revenues are recognized when they become measurable and available as assets.

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

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

Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the Kentucky Department of Local Government for special purpose governmental entities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are non-brokered certificates of deposit (CDs) reported at cost. The CDs are nonparticipating interest-earning investment contracts which are not negotiable and has redemption terms that do not consider market rates.

Loans

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

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

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

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

Accounts and Grants Receivable

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

Allowance for Loan Losses

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Interfund Balances

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

Capital Assets

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows and Outflows of Resources – Pension Related

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

Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows and Outflows of Resources – OPEB Related

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

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Other Post-Employment Benefits (OPEB) Liability

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

Profit Sharing Plan

The District participates in a Profit Sharing Plan administered by the Kentucky Area Development District Pension Trust. The Plan provides for employer discretionary profit sharing contributions on covered payroll and discretionary matching employer contributions on covered payroll. Note 8 provides further detail on the Profit Sharing Plan.

Post-Employment Health Care Benefits

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

Unearned Revenue

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

Compensated Absences

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Accrued Liabilities and Long-Term Obligations

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

Net Position

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations that required the use of resources for specific purposes. See Note 7 for further detail on fund balance policies.

Interfund Transactions

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

Revenues — Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

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

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

Income Taxes

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near future are related to allowance for loan losses, pension liability and OPEB liability.

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 27, 2023, which was the date the financial statements were made available. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Recent Issued and Adopted Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The implementation of this standard was not significant to the District.

Recent Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

GASB Statement No. 101, Compensated Absences, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, this Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2023, the carrying amounts of the District's deposits, which include investments, were \$3,400,295 and the bank balances were \$3,818,922 of which \$3,818,922 was covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

The District's investments consist of non-brokered certificates of deposit, which are reported at cost.

► ***Custodial Credit Risk Deposits***

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

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

As of June 30, 2023, the District's deposits were not exposed to custodial credit risk.

► ***Interest Rate Risk***

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

► ***Credit Risk***

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

Barren River Area Development District
Notes to Financial Statements

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consist of the following:

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------|------------|
| General | Special Revenue | \$ 179,780 |
| Special Revenue | General | 23,206 |
| Total | | \$ 202,986 |

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

NOTE 5: LOANS

At June 30, 2023, the District has outstanding loans made to local businesses that are funded through federal and local loan programs. Amounts are recorded in the Revolving Loan Fund, with outstanding loans of \$447,730 at June 30, 2023, net of allowance for loan losses of \$29,315. The District had no loans on nonaccrual status at June 30, 2023.

An analysis of allowance for loan losses as of June 30, 2023 follows:

| <i>June 30,</i> | 2023 |
|--------------------------------------|-------------|
| Balance - beginning of year | \$ 34,278 |
| Provision (recovery) for loan losses | (4,963) |
| Charge offs | - |
| Balance - end of year | \$ 29,315 |

Barren River Area Development District
Notes to Financial Statements

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

| <i>June 30, 2023</i> | Capital Cost | | | |
|---|------------------------------|------------------|---|---------------------------|
| | Beginning Balance | Additions | Retirements/ Reclassifications | Ending Balance |
| Governmental Activities | | | | |
| Non-depreciable capital assets: | | | | |
| Land | \$ 71,133 | \$ - | \$ - | \$ 71,133 |
| Total nondepreciable historical cost | 71,133 | - | - | 71,133 |
| Capital assets that are depreciated: | | | | |
| Office furniture and equipment | 478,615 | 5,276 | (102,302) | 381,589 |
| Office building | 1,503,154 | 61,829 | 41,692 | 1,606,675 |
| Vehicles | 75,626 | 66,551 | - | 142,177 |
| Total depreciable historical cost | 2,057,395 | 133,656 | (60,610) | 2,130,441 |
| Less accumulated depreciation for: | | | | |
| Office furniture and equipment | 281,551 | 28,408 | (11,649) | 298,310 |
| Office building | 1,071,339 | 47,335 | (48,961) | 1,069,713 |
| Vehicles | 46,338 | 6,948 | - | 53,286 |
| Total accumulated depreciation | 1,399,228 | 82,691 | (60,610) | 1,421,309 |
| Governmental activities, capital assets, net | \$ 729,300 | \$ 50,965 | \$ - | \$ 780,265 |
| Business-Type Activities | | | | |
| Vehicles | \$ 414,156 | \$ - | \$ - | \$ 414,156 |
| Total historical cost | 414,156 | - | - | 414,156 |
| Less accumulated depreciation | 396,571 | 10,048 | - | 406,619 |
| Business-type activities, capital assets, net | \$ 17,585 | \$ (10,048) | \$ - | \$ 7,537 |

Depreciation expense was charged to governmental functions as follows:

| <i>For the year ended June 30,</i> | 2023 |
|------------------------------------|-------------|
| Regional Support | \$ 59,830 |
| Aging and Independent Living | 12,245 |
| Community & Economic Development | 10,616 |
| Total depreciation expense | \$ 82,691 |

Barren River Area Development District Notes to Financial Statements

NOTE 7: FUND BALANCES

The District's fund balances are 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, 2023, the District's special revenue funds had \$63,094 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, 2023, the District's special revenue funds had \$829,532 restricted for grant programs and \$56,416 restricted for building repairs and maintenance costs in the general fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which for the District is the Board of Directors. The Board of Directors must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had no commitments at June 30, 2023.

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, 2023, the District's special revenue funds had \$1,729,205 assigned for grant programs.

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. At June 30, 2023, the District's general fund had \$891,551 in unassigned fund balance.

It is the District'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: RETIREMENT PLANS

All new eligible employees were required to participate and existing employees can elect to participate in the County Employee's Retirement System (CERS), a cost-sharing multiple-employer plan (defined benefit public employee retirement plan) administered by the Kentucky Retirement Systems under the provisions of the Kentucky Revised Statutes Section 61.645.

The District's employees share of funding under the County Employees Retirement System is equal to 5% (6% for new hires effective September 1, 2008) of the employee's covered salary. The District is required to contribute at an actuarially determined rate. The rate for CERS is 26.79%, 26.95%, and 24.06% for the years ended June 30, 2023, 2022 and 2021, respectively, of annual covered payroll. CERS provides retirement and disability benefits, annual cost-of-living adjustments if funding and legislation allows, and death benefits to plan members and beneficiaries.

The District participates in a Profit Sharing Plan (a defined contribution retirement plan) administered by the Kentucky Area Development District Pension Trust. The Profit Sharing Plan provides for employer discretionary profit sharing contributions on covered payroll. The Plan also provides for discretionary matching employer contributions on covered payroll, usually 1%. However, the District is not required to contribute to the Plan for employees who perform less than a year of service and less than 1,000 hours of service. All employees are eligible to participate in the Plan after one year of service, at least 1,000 hours of service and has attained age 18 and participation is voluntary. Employees are not required to contribute to the Plan. Participants are 100% vested after two plan years of service.

NOTE 8: RETIREMENT PLANS (CONTINUED)

The District's contributions to the Plans during the fiscal years ended June 30, 2023, 2022 and 2021 were:

| <u>June 30,</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|-------------|
| CERS ¹ | \$ 538,410 | \$ 497,248 | \$ 392,427 |
| 401(k) Profit Sharing Match ¹ | 13,512 | 12,685 | 11,791 |

¹ Equal to required contributions for each year.

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

General Information About the CERS Pension Plan

Plan Description

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

Benefits Provided

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

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

NOTE 8: RETIREMENT PLANS (CONTINUED)

Benefits Provided (*continued*)

Tier 2 - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation. Further, 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420). These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest, however, the 1% Health Insurance contribution (HIC) to the 401(h) account is non-refundable and is forfeited.

Tier 3 - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 5% of their monthly creditable compensation which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR 1:420), which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% in the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Contributions

Employers participating in the CERS were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.454(33), normal contribution and past service contribution rates shall be determined by the KRS Board of Trustees on the basis of an annual valuation last preceding the July 1 of a new biennium. The KRS Board of Trustees may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board of Trustees. For the fiscal year ended June 30, 2023 participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2023 was 23.40%.

Barren River Area Development District
Notes to Financial Statements

NOTE 8: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2023, the District reported a liability of \$4,727,052 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2022 contributions to the pension plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was .065390%.

For the year ended June 30, 2023, the District recognized pension expense of \$715,064. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 5,054 | \$ 42,096 |
| Net difference between projected and actual earnings on pension plan investments | 643,210 | 522,026 |
| Change of assumptions | - | - |
| Changes in proportion and differences between employer contributions and proportionate share of contribution | 396,107 | - |
| District contributions subsequent to the measurement date | 470,032 | - |
| Total | \$ 1,514,403 | \$ 564,122 |

\$470,032 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 8: RETIREMENT PLANS (CONTINUED)

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

| <i>Year ended June 30,</i> | |
|----------------------------|------------|
| 2023 | \$ 302,567 |
| 2024 | 83,119 |
| 2025 | (39,723) |
| 2026 | 134,286 |
| Thereafter | - |

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2021. The actuarial assumptions are:

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

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

Long-Term Expected Rate of Return

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

Barren River Area Development District
Notes to Financial Statements

NOTE 8: RETIREMENT PLANS (CONTINUED)

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|-------------------|--|
| Equity | 60.00% | |
| Public Equity | 50.00% | 4.45% |
| Private Equity | 10.00% | 10.15% |
| Fixed Income | 20.00% | |
| Core Bonds | 10.00% | 0.28% |
| Specialty Credit/High Yield | 10.00% | 2.28% |
| Cash | 0.00% | -0.91% |
| Inflation Protected | 20.00% | |
| Real Estate | 7.00% | 3.67% |
| Real Return | 13.00% | 4.07% |
| Expected Real Return | 100.0% | 4.28% |
| Long Term Inflation Assumption | | 2.30% |
| Expected Nominal Return for Portfolio | | 6.58% |

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's Annual Comprehensive Financial Report (ACFR).

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

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

| | 1% Decrease (5.25%) | Current Discount Rate (6.25%) | 1% Increase (7.25%) |
|---|------------------------|-------------------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 5,908,228 | \$ 4,727,052 | \$ 3,750,121 |

NOTE 8: RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Plan Description

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

Benefits Provided

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

Contributions

Employers participating in the KRS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2023, the required contribution was 3.39% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2023, were \$68,378. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

Barren River Area Development District
Notes to Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Implicit Subsidy

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 74 requires that the liability associated with this implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2023, the District reported a liability of \$1,290,263 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net OPEB liability was based on the District's share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.065379%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$231,713.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ 129,876 | \$ 295,887 |
| Net difference between projected and actual investment earnings on OPEB plan investments | 240,260 | 187,892 |
| Change of assumptions | 204,064 | 168,148 |
| Changes in proportion and differences between employer contributions and proportionate share of contribution | 162,878 | 30,773 |
| District contributions subsequent to the measurement date | <u>68,378</u> | <u>-</u> |
| Total | <u><u>\$ 805,456</u></u> | <u><u>\$ 682,700</u></u> |

Barren River Area Development District
Notes to Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

For the year ended June 30, 2023, \$68,378 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30, | |
|----------------------------|-----------|
| 2023 | \$ 33,574 |
| 2024 | 39,045 |
| 2025 | (33,117) |
| 2026 | 14,876 |
| 2027 | - |
| Thereafter | - |

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2021, which were used to determine the total OPEB liability as follows:

Barren River Area Development District Notes to Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions *(continued)*

| | |
|---|--|
| Inflation | 2.30% |
| Payroll Growth Rate | 2.00% |
| Salary Increase | 3.30% to 10.30%, varies by service for CERS non-hazardous |
| Investment Rate of Return | 6.25% |
| Healthcare Trend Rates (Pre-65) | Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. |
| Healthcare Trend Rates (Post-65) | Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. |
| Mortality (Pre-retirement) | PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |
| Mortality (Post-retirement; non-disabled) | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. |
| Mortality (Post-retirement; disabled) | PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |

Long-Term Expected Rate of Return

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

Barren River Area Development District
Notes to Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|-------------------|--|
| Equity | 60.00% | |
| Public Equity | 50.00% | 4.45% |
| Private Equity | 10.00% | 10.15% |
| Fixed Income | 20.00% | |
| Core Bonds | 10.0% | 0.28% |
| Specialty Credit/High Yield | 10.0% | 2.28% |
| Cash | 0.00% | -0.91% |
| Inflation Protected | 20.00% | |
| Real Estate | 7.0% | 3.67% |
| Real Return | 13.0% | 4.07% |
| Expected Real Return | 100.0% | 4.28% |
| Long Term Inflation Assumption | | 2.30% |
| Expected Nominal Return for Portfolio | | 6.58% |

Discount Rate

Single discount rates of 5.70% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of the cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Discount Rate (*continued*)

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in the Insurance Fund contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

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

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2023, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

| | 1% Decrease (4.70%) | Current Discount Rate (5.70%) | 1% Increase (6.70%) |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the collective net OPEB liability | \$ 1,724,876 | \$ 1,290,263 | \$ 930,983 |

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

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

| | 1% Decrease | Current Healthcare Rate | 1% Increase |
|---|--------------------|--|--------------------|
| District's proportionate share of the collective net OPEB liability | \$ 959,282 | \$ 1,290,263 | \$ 1,687,710 |

OPEB Plan Fiduciary Net Position

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

Barren River Area Development District

Notes to Financial Statements

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.

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, 2023, the District incurred a total expense of \$352,261 for health insurance premiums. The District also has a Health Reimbursement Arrangement (HRA) and/or a Health Savings Account (HSA) which funds part of the qualified medical expenses.

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

NOTE 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 | Amount |
|---|-----------|
| General Fund | \$ 60,214 |
| Barren River Local Officials Organization | 10,998 |

NOTE 13: FUND TRANSFERS

Fund transfers for the year ended June 30, 2023 consist of the following:

| Type | From Fund | To Fund | Purpose | Amount |
|-----------|-----------------|-----------------|---------------------------|-----------|
| Operating | General | Special Revenue | Matching/Regional Support | \$ 49,265 |
| Operating | Special Revenue | Special Revenue | Matching expenditures | 20,294 |

NOTE 14: COST ALLOCATION PLAN (CAP)

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

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

Cost Allocation Policy

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

1. 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.
2. Personnel Burden - All employees' benefit costs specifically related to an employee are charged in the same manner as that employee's salary, either direct or indirect. Some burden costs are general and cannot be specifically related and are charged as indirect.
3. Staff Travel/Training - The regular full-time, part-time, temporary, or seasonal staff charged directly to work element(s) will have their travel costs charged accordingly. Travel costs for indirect staff time will be charged to indirect costs. Employee reimbursements for travel follow 200 KAR 2:006.
4. Board Training - Training recommended for Board to increase the knowledge of officials to further the goals of the District will be charged to the general fund. Board's reimbursements for travel follow 200 KAR 2:006.
5. Other Travel - Costs or required reimbursements for other travel such as council members/other board members will be charged as a direct cost to the work element to which the activity is assigned.

Barren River Area Development District
Notes to Financial Statements

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

6. Other – Other costs, including but not limited to: communications, printing, postage, equipment and supplies, will be charged as direct costs when possible. Other costs that cannot be readily identified to an individual program will be charged as indirect.
7. Building costs/Rent – Office space, equipment and furniture depreciation, building insurance, utilities and routine operational costs such as janitorial and general maintenance of the main office building will be charged as indirect.
8. Insurance – General and public officials’ liabilities, workers compensation, bonding, and other exposures are considered indirect costs.
9. Services and fees - General services of benefit to all District programs, such as indirect audit costs, general legal advice, office supplies, pension management fee, and staff development programs, are costs that are indirect.
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.

| <i>Year Ended June 30, 2023</i> | Indirect Cost |
|-------------------------------------|----------------------|
| Salaries and benefits | \$ 409,157 |
| Travel | 6,154 |
| Audit and legal | 35,813 |
| Pension management | 2,675 |
| Telephone | 21,417 |
| Supplies | 11,812 |
| Insurance | 43,101 |
| Postage | 2,830 |
| Printing | 574 |
| Dues and subscriptions | 1,284 |
| Computer support and maintenance | 38,137 |
| Other | 16,509 |
| Rent | 11,371 |
| Utilities | 27,692 |
| Building maintenance and janitorial | 58,933 |
| | \$ 687,459 |

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

Year Ended June 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget |
|--|------------------|--------------|------------|----------------------------------|
| | Original | Final | Actual | Final to Actual |
| Revenues | | | | |
| Regional support revenues | \$ 74,668 | \$ 166,186 | \$ 170,840 | \$ 4,654 |
| Total revenues | 74,668 | 166,186 | 170,840 | 4,654 |
| Expenditures | | | | |
| Regional support | 75,739 | 168,423 | 181,789 | (13,366) |
| Total expenditures | 75,739 | 168,423 | 181,789 | (13,366) |
| Excess (deficiency) of revenues over expenditures | (1,071) | (2,237) | (10,949) | (8,712) |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in (out) | - | - | (49,265) | (49,265) |
| Total other financing sources (uses) | - | - | (49,265) | (49,265) |
| Net change in fund balance | (1,071) | (2,237) | (60,214) | (57,977) |
| Fund balances - beginning of year | 1,008,181 | 1,008,181 | 1,008,181 | - |
| Fund balances - end of year | \$ 1,007,110 | \$ 1,005,944 | \$ 947,967 | \$ (57,977) |

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

Year Ended June 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget |
|--------------------------------------|------------------|--------------|--------------|----------------------------------|
| | Original | Final | Actual | Final to Actual |
| Revenues | | | | |
| Community & Economic Development | \$ 974,997 | \$ 919,172 | \$ 916,928 | \$ (2,244) |
| Aging and Independent Living (Aging) | 4,039,959 | 5,416,600 | 4,425,530 | (991,070) |
| Revolving Loan Fund (RLF) | 17,500 | 23,000 | 23,630 | 630 |
| Participant Directed Services (PDS) | 6,238,200 | 12,351,157 | 13,082,069 | 730,912 |
| Veterans Directed Services (VDS) | 76,616 | 102,480 | 101,838 | (642) |
| Total revenues | 11,347,272 | 18,812,409 | 18,549,995 | (262,414) |
| Expenditures | | | | |
| Community & Economic Development | 888,344 | 907,407 | 902,074 | 5,333 |
| Aging and Independent Living (Aging) | 4,038,857 | 5,405,420 | 4,405,623 | 999,797 |
| Revolving Loan Fund (RLF) | 16,086 | 13,800 | 7,434 | 6,366 |
| Participant Directed Services (PDS) | 6,288,656 | 12,364,900 | 13,076,298 | (711,398) |
| Veterans Directed Services (VDS) | 75,021 | 95,450 | 93,932 | 1,518 |
| Total expenditures | 11,306,964 | 18,786,977 | 18,485,361 | 301,616 |
| Excess of revenues over expenditures | 40,308 | 25,432 | 64,634 | 39,202 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in - net | - | - | 49,265 | 49,265 |
| Total other financing sources (uses) | - | - | 49,265 | 49,265 |
| Net change in fund balance | 40,308 | 25,432 | 113,899 | 88,467 |
| Fund balances - beginning of year | 2,507,932 | 2,507,932 | 2,507,932 | - |
| Fund balances - end of year | \$ 2,548,240 | \$ 2,533,364 | \$ 2,621,831 | \$ 88,467 |

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

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

| <i>As of June 30,</i> | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability | 0.065390% | 0.062544% | 0.052570% | 0.050635% | 0.052572% | 0.057234% | 0.071623% | 0.067555% | 0.067639% |
| District's proportionate share of the net pension liability | \$ 4,727,052 | \$ 3,987,671 | \$ 4,032,075 | \$ 3,561,182 | \$ 3,201,795 | \$ 3,350,082 | \$ 3,526,454 | \$ 2,905,556 | \$ 2,194,000 |
| District's covered payroll | \$ 1,846,183 | \$ 1,631,035 | \$ 1,378,076 | \$ 1,280,223 | \$ 1,330,073 | \$ 1,456,183 | \$ 1,770,522 | \$ 1,630,152 | \$ 1,603,118 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 256.04% | 244.49% | 292.59% | 278.17% | 240.72% | 230.06% | 199.18% | 178.24% | 136.86% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.42% | 57.33% | 47.81% | 50.45% | 53.54% | 53.30% | 55.50% | 59.97% | 68.80% |

Schedule of District Contributions - CERS

| <i>For the Years Ended June 30,</i> | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 470,032 | \$ 390,837 | \$ 314,726 | \$ 265,915 | \$ 207,619 | \$ 192,607 | \$ 203,194 | \$ 219,899 | \$ 201,697 |
| Contributions in relation to the contractually required contribution | 470,032 | 390,837 | 314,726 | 265,915 | 207,619 | 192,607 | 203,194 | 219,899 | 201,697 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 2,008,684 | \$ 1,846,183 | \$ 1,631,035 | \$ 1,378,076 | \$ 1,280,223 | \$ 1,330,073 | \$ 1,456,183 | \$ 1,770,522 | \$ 1,630,152 |
| Contributions as a percentage of covered payroll | 23.40% | 21.17% | 19.30% | 19.30% | 16.22% | 14.48% | 13.95% | 12.42% | 12.37% |

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

Changes of Benefit Terms

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

2022: No changes in benefit terms.

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

2015: No changes in benefit terms.

Changes of Assumptions

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

2022: No changes in assumptions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

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

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

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

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

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

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

2015: No changes in assumptions.

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

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

| <i>As of June 30,</i> | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability | 0.065379% | 0.062529% | 0.052554% | 0.050622% | 0.052570% | 0.057234% |
| District's proportionate share of the net OPEB liability | \$ 1,290,263 | \$ 1,197,086 | \$ 1,269,019 | \$ 851,439 | \$ 933,370 | \$ 1,150,599 |
| District's covered payroll | \$ 1,846,183 | \$ 1,631,035 | \$ 1,378,076 | \$ 1,280,223 | \$ 1,330,073 | \$ 1,456,183 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 69.89% | 73.39% | 92.09% | 66.51% | 70.17% | 79.01% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 60.95% | 62.91% | 51.67% | 60.44% | 57.62% | 52.40% |

Schedule of District Contributions - CERS

| <i>For the years ended June 30,</i> | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 68,378 | \$ 106,411 | \$ 77,701 | \$ 65,650 | \$ 67,373 | \$ 62,501 |
| Contributions in relation to the contractually required contribution | 68,378 | 106,411 | 77,701 | 65,650 | 67,373 | 62,501 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 2,008,684 | \$ 1,846,183 | \$ 1,631,035 | \$ 1,378,076 | \$ 1,280,223 | \$ 1,330,073 |
| Contributions as a percentage of covered payroll | 3.39% | 5.78% | 4.76% | 4.76% | 5.26% | 4.70% |

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

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

Changes of Benefit Terms

2022: No changes of benefit terms.

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms (other than the blended discount rate used to calculate the total OPEB liability).

Changes of Assumptions

2022: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 9 of the financial statements. During the 2022 legislative session, Senate Bill 209 was enacted which increased the insurance dollar contribution for members hired on or after July 1, 2023 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022 is determined using these updated benefit provisions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

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

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

2018: During the 2018 legislative session, House Bill 185 was enacted, which update the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

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

Barren River Area Development District
Detail Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

| <i>Year Ended June 30, 2023</i> | General Fund |
|--|-------------------------|
| Revenues | |
| Local revenue | 166,810 |
| Investment income | 4,030 |
| Total revenues | 170,840 |
| Expenditures | |
| Program services | 46,142 |
| Personnel | 10,785 |
| Contractual services | 13,406 |
| Travel | 8,383 |
| Repairs and maintenance | 61,983 |
| Insurance | 1,383 |
| Audit and legal fees | 121 |
| Telephone | 72 |
| Office supplies | 1,514 |
| Postage | 45 |
| Printing | 171 |
| Pension management | 9 |
| Miscellaneous | 341 |
| Staff training | 277 |
| Utilities | 93 |
| Computer support and maintenance | 128 |
| Marketing and advertising | 674 |
| Dues and subscriptions | 18,589 |
| Janitorial | 83 |
| Meeting | 17,590 |
| Total expenditures | 181,789 |
| Deficiency of revenues over expenditures | (10,949) |
| Other Financing Sources (Uses) | |
| Operating transfers in | - |
| Operating transfers out | (49,265) |
| Total other financing sources (uses) | (49,265) |
| Net change in fund balance | (60,214) |
| Fund balances - beginning of year | 1,008,181 |
| Fund balances - end of year | \$ 947,967 |

Barren River Area Development District
Combining Balance Sheet
Special Revenue Funds

| <i>June 30, 2023</i> | Community & Economic Development | Aging | VDS | PDS | Revolving Loan | Total Special Revenue Funds |
|--------------------------------------|--|-------------------|------------------|---------------------|-------------------|-----------------------------------|
| Assets | | | | | | |
| Cash and investments | \$ 416,194 | \$ 171,954 | \$ 17,072 | \$ 1,767,406 | \$ 211,250 | \$ 2,583,876 |
| Due from other funds | 435,330 | - | - | - | - | 435,330 |
| Grants receivable | 124,460 | 514,278 | - | - | - | 638,738 |
| Accounts receivable | - | - | 19,157 | 944,308 | - | 963,465 |
| Loans, net | - | - | - | - | 447,730 | 447,730 |
| Other | 62,419 | 220 | - | 455 | - | 63,094 |
| Total assets | \$ 1,038,403 | \$ 686,452 | \$ 36,229 | \$ 2,712,169 | \$ 658,980 | \$ 5,132,233 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Due to other funds | \$ 179,780 | \$ 251,792 | \$ 940 | \$ 157,589 | \$ 1,803 | \$ 591,904 |
| Accounts payable | 199,970 | 260,785 | 12,964 | - | 150 | 473,869 |
| Accrued payroll and taxes | - | - | 4,453 | 786,627 | - | 791,080 |
| Unearned revenue | 4,795 | 1,150 | 800 | 530,762 | - | 537,507 |
| Compensated absences | 116,042 | - | - | - | - | 116,042 |
| Total liabilities | 500,587 | 513,727 | 19,157 | 1,474,978 | 1,953 | 2,510,402 |

Barren River Area Development District
Combining Balance Sheet
Special Revenue Funds

| <i>June 30, 2023</i> | Community & Economic Development | Aging | VDS | PDS | Revolving Loan | Special Revenue Funds |
|--|---|-------------------|------------------|---------------------|---------------------------|--------------------------------------|
| Fund Balances | | | | | | |
| Non-spendable | 62,419 | 220 | - | 455 | - | 63,094 |
| Restricted | - | 172,505 | - | - | 657,027 | 829,532 |
| Assigned | 475,397 | - | 17,072 | 1,236,736 | - | 1,729,205 |
| Total fund balances | 537,816 | 172,725 | 17,072 | 1,237,191 | 657,027 | 2,621,831 |
| Total liabilities and fund balances | \$ 1,038,403 | \$ 686,452 | \$ 36,229 | \$ 2,712,169 | \$ 658,980 | \$ 5,132,233 |

(A) Note A: Reconciliation of Due to/Due From on Balance Sheet - Governmental Funds to the Detailed Balance Sheet by Special Revenue fund:

| | | |
|--|-----------|--------------|
| Total Due From (To) Other Funds - Special Revenue Fund | \$ 23,206 | \$ (179,780) |
|--|-----------|--------------|

Amounts reported for governmental activities in the balance sheet as due to/due from are different because:

Detailed Balance Sheet by Grant Type shows interfund transfers within the special revenue fund grant programs due as of June 30, 2023:

| | | |
|---|---------|-----------|
| Aging owes Community & Economic Development | 251,792 | (251,792) |
| RLF owes Community & Economic Development | 1,803 | (1,803) |
| VDS owes Community & Economic Development | 940 | (940) |
| PDS owes Community & Economic Development | 157,589 | (157,589) |
| | 412,124 | (412,124) |

| | | |
|---|------------|--------------|
| Total Due From (To) Other Funds - Detailed Balance Sheet by Grant Type - Special Revenue Fund | \$ 435,330 | \$ (591,904) |
|---|------------|--------------|

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

| <i>Year Ended June 30, 2023</i> | Community & Economic Development | Aging | VDS | PDS | Revolving Loan | Total Special Revenue Funds |
|---------------------------------|---|------------------|----------------|-------------------|---------------------------|--|
| Revenues | | | | | | |
| Intergovernmental revenue | \$ 763,839 | \$ 3,992,027 | \$ - | \$ 13,074,523 | \$ - | \$ 17,830,389 |
| Local revenue | 153,089 | 217,112 | 101,838 | 7,546 | - | 479,585 |
| In-kind income | - | 190,263 | - | - | - | 190,263 |
| Program income | - | 26,128 | - | - | - | 26,128 |
| Investment income | - | - | - | - | 4,712 | 4,712 |
| Other income | - | - | - | - | 18,918 | 18,918 |
| Total revenues | 916,928 | 4,425,530 | 101,838 | 13,082,069 | 23,630 | 18,549,995 |
| Expenditures | | | | | | |
| Program services | 60,294 | 3,037,804 | 81,618 | 11,473,974 | - | 14,653,690 |
| Personnel | 703,683 | 1,128,089 | 11,088 | 1,234,499 | 8,579 | 3,085,938 |
| Contractual services | - | 6,072 | - | 185,994 | - | 192,066 |
| Travel | 13,203 | 16,422 | 194 | 28,500 | 183 | 58,502 |
| Repairs and maintenance | 10,440 | 16,744 | 155 | 18,360 | 127 | 45,826 |
| Insurance | 9,778 | 15,812 | 150 | 17,096 | 117 | 42,953 |
| Audit and legal fees | 8,135 | 14,706 | 125 | 14,272 | 1,900 | 39,138 |
| Telephone | 4,876 | 8,122 | 74 | 10,539 | 59 | 23,670 |
| Office supplies | 4,361 | 16,430 | 41 | 8,672 | 33 | 29,537 |
| Postage | 1,348 | 3,006 | 52 | 1,871 | 16 | 6,293 |
| Provision for loan losses | - | - | - | - | (4,963) | (4,963) |
| Printing | 4,383 | 7,899 | 49 | 2,129 | 98 | 14,558 |
| Pension management | 609 | 974 | 9 | 1,066 | 8 | 2,666 |
| Miscellaneous | - | 102 | - | 14,430 | - | 14,532 |

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

| <i>Year Ended June 30, 2023</i> | Community & Economic Development | Aging | VDS | PDS | Revolving Loan | Total Special Revenue Funds |
|---|---|------------------|---------------|-------------------|---------------------------|--|
| Staff training | 36,487 | 20,274 | 57 | 11,801 | 44 | 68,663 |
| Utilities | 6,289 | 10,122 | 97 | 11,014 | 76 | 27,598 |
| Computer support and maintenance | 22,159 | 40,566 | 133 | 31,472 | 379 | 94,709 |
| Marketing and advertising | 1,747 | 44,571 | 1 | 143 | 1 | 46,463 |
| Dues and subscriptions | 4,748 | 1,572 | 4 | 736 | 204 | 7,264 |
| Janitorial | 5,501 | 8,835 | 85 | 9,730 | 67 | 24,218 |
| Meeting | 4,033 | 511 | - | - | 506 | 5,050 |
| Capital outlay | - | 6,990 | - | - | - | 6,990 |
| Total expenditures | 902,074 | 4,405,623 | 93,932 | 13,076,298 | 7,434 | 18,485,361 |
| Excess of revenues over expenditures | 14,854 | 19,907 | 7,906 | 5,771 | 16,196 | 64,634 |
| Other Financing Sources (Uses) | | | | | | |
| Operating transfers in | 49,265 | 20,294 | - | - | - | 69,559 |
| Operating transfers out | - | (20,294) | - | - | - | (20,294) |
| Total other financing sources (uses) | 49,265 | - | - | - | - | 49,265 |
| Net change in fund balance | 64,119 | 19,907 | 7,906 | 5,771 | 16,196 | 113,899 |
| Fund balances - beginning of year | 473,697 | 152,818 | 9,166 | 1,231,420 | 640,831 | 2,507,932 |
| Fund balances - end of year | \$ 537,816 | \$ 172,725 | \$ 17,072 | \$ 1,237,191 | \$ 657,027 | \$ 2,621,831 |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | General Fund | Building | PDS | Veterans Directed Service | JFA |
|---|-----------------|--------------------|-------------------|------------------------------|----------------|
| Revenue | | | | | |
| Federal revenue | \$ - | \$ - | \$ - | \$ - | 146,685 |
| State revenue | - | - | 13,074,523 | - | 280,823 |
| Local revenue | 166,810 | - | 7,546 | 101,838 | - |
| Investment Income | 2,107 | 1,923 | - | - | - |
| Program Income | - | - | - | - | - |
| In-Kind income | - | - | - | - | - |
| Other income | - | - | - | - | - |
| Total revenue | 168,917 | 1,923 | 13,082,069 | 101,838 | 427,508 |
| Expenditures | | | | | |
| Direct costs: | | | | | |
| Salaries | 5,976 | - | 686,237 | 6,058 | 200,672 |
| Benefits | 2,759 | - | 343,546 | 2,983 | 99,369 |
| Annual leave | 667 | - | 41,621 | 610 | 11,287 |
| Travel & training | 8,549 | - | 30,607 | 172 | 26,847 |
| Other costs | 53,545 | 61,829 | 40,482 | 87 | 9,561 |
| Contractual services | - | - | 185,994 | - | - |
| Program services | 46,142 | - | 11,473,974 | 81,618 | - |
| Total direct costs | 117,638 | 61,829 | 12,802,461 | 91,528 | 347,736 |
| Indirect costs | 2,322 | - | 273,837 | 2,404 | 79,786 |
| Total expenditures | 119,960 | 61,829 | 13,076,298 | 93,932 | 427,522 |
| Other Financing Sources (Uses) | | | | | |
| Transfer in | - | - | - | - | 14 |
| Transfer out | (49,265) | - | - | - | - |
| Total other financing sources (uses) | (49,265) | - | - | - | 14 |
| Net change in fund balances | \$ (308) | \$ (59,906) | \$ 5,771 | \$ 7,906 | \$ - |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | Regional Transit | Regional Transportation | Water Planning | Local Road Updates | Revolving Loan Fund | Revolving Loan Fund CARES |
|---|------------------|----------------------------|----------------|-----------------------|------------------------|------------------------------|
| Revenue | | | | | | |
| Federal revenue | \$ 69,836 | \$ - | \$ - | \$ - | \$ - | \$ - |
| State revenue | - | 83,454 | 76,000 | - | - | - |
| Local revenue | - | - | - | 25,300 | - | - |
| Investment Income | - | - | - | - | - | 4,712 |
| Program Income | - | - | - | - | - | - |
| In-Kind income | - | - | - | - | - | - |
| Other income | - | - | - | - | 16,258 | 2,660 |
| Total revenue | 69,836 | 83,454 | 76,000 | 25,300 | 16,258 | 7,372 |
| Expenditures | | | | | | |
| Direct costs: | | | | | | |
| Salaries | 12,467 | 37,037 | 34,760 | 12,215 | 3,820 | 1,150 |
| Benefits | 6,180 | 18,567 | 17,362 | 6,309 | 1,627 | 497 |
| Annual leave | 665 | 2,002 | 1,990 | 908 | 249 | 113 |
| Travel & training | 1,569 | 2,815 | 4,594 | 33 | 166 | - |
| Other costs | 1,163 | 3,008 | 3,438 | 956 | 4,246 | (6,320) |
| Contractual services | - | - | - | - | - | - |
| Program services | 60,294 | - | - | - | - | - |
| Total direct costs | 82,338 | 63,429 | 62,144 | 20,421 | 10,108 | (4,560) |
| Indirect costs | 4,958 | 14,786 | 13,860 | 4,890 | 1,448 | 438 |
| Total expenditures | 87,296 | 78,215 | 76,004 | 25,311 | 11,556 | (4,122) |
| Other Financing Sources (Uses) | | | | | | |
| Transfer in | 17,460 | 9,273 | 4 | 11 | - | - |
| Transfer out | - | - | - | - | - | - |
| Total other financing sources (uses) | 17,460 | 9,273 | 4 | 11 | - | - |
| Net change in fund balances | \$ - | \$ 14,512 | \$ - | \$ - | \$ 4,702 | \$ 11,494 |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | DRC | DLG CARES | BRIC | Other Local Contracts | Aging General Funds | Mental Health & Aging Council |
|---|----------------|---------------|-------------|--------------------------|------------------------|-------------------------------------|
| Revenue | | | | | | |
| Federal revenue | \$ 89,953 | \$ 16,109 | \$ - | \$ - | \$ - | \$ - |
| State revenue | - | - | 978 | - | - | - |
| Local revenue | - | - | - | 127,789 | 46,655 | 8,790 |
| Investment Income | - | - | - | - | - | - |
| Program Income | - | - | - | - | - | - |
| In-Kind income | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - |
| Total revenue | 89,953 | 16,109 | 978 | 127,789 | 46,655 | 8,790 |
| Expenditures | | | | | | |
| Direct costs: | | | | | | |
| Salaries | 54,053 | 6,155 | 510 | 34,858 | - | - |
| Benefits | 26,019 | 2,803 | 236 | 17,469 | - | - |
| Annual leave | 3,654 | 383 | 34 | 2,757 | - | - |
| Travel & training | 3,874 | 1,067 | - | 3,570 | - | - |
| Other costs | 3,562 | 3,234 | - | 5,611 | 584 | 219 |
| Contractual services | - | - | - | - | - | - |
| Program services | - | - | - | - | 4,816 | 9,440 |
| Total direct costs | 91,162 | 13,642 | 780 | 64,265 | 5,400 | 9,659 |
| Indirect costs | 21,293 | 2,468 | 198 | 13,915 | - | - |
| Total expenditures | 112,455 | 16,110 | 978 | 78,180 | 5,400 | 9,659 |
| Other Financing Sources (Uses) | | | | | | |
| Transfer in | 22,502 | 1 | - | - | - | - |
| Transfer out | - | - | - | - | (20,294) | - |
| Total other financing sources (uses) | 22,502 | 1 | - | - | (20,294) | - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ 49,609 | \$ 20,961 | \$ (869) |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | Title IIIB Admin | | Title IIIB Supportive Services | | Title IIIB ARPA Supportive Services | | Title IIIB ARPA Admin | | Title IIIC1 Admin | | Title IIIC1 Congregate Meals | |
|---|------------------|----------------|--------------------------------|----------------|-------------------------------------|---------------|-----------------------|--------------|-------------------|--------------|------------------------------|----------------|
| Revenue | | | | | | | | | | | | |
| Federal revenue | \$ | 111,940 | \$ | 231,794 | \$ | 8,248 | \$ | 1,544 | \$ | 7,611 | \$ | 158,837 |
| State revenue | | 29,690 | | 205,772 | | 8,383 | | 1,759 | | 900 | | 27,000 |
| Local revenue | | - | | 21,200 | | - | | - | | - | | - |
| Investment Income | | - | | - | | - | | - | | - | | - |
| Program Income | | - | | 6,998 | | - | | - | | - | | 1,875 |
| In-Kind income | | - | | 21,422 | | - | | - | | - | | 30,712 |
| Other income | | - | | - | | - | | - | | - | | - |
| Total revenue | | 141,630 | | 487,186 | | 16,631 | | 3,303 | | 8,511 | | 218,424 |
| Expenditures | | | | | | | | | | | | |
| Direct costs: | | | | | | | | | | | | |
| Salaries | | 63,975 | | 100,358 | | - | | 2,231 | | 4,692 | | - |
| Benefits | | 35,625 | | 53,681 | | - | | 1,060 | | 2,407 | | - |
| Annual leave | | 5,463 | | 5,091 | | - | | 238 | | 429 | | - |
| Travel & training | | 6,898 | | 3,568 | | - | | - | | - | | - |
| Other costs | | 3,185 | | 12,166 | | - | | - | | 45 | | - |
| Contractual services | | - | | - | | - | | - | | - | | - |
| Program services | | - | | 271,360 | | 16,631 | | - | | - | | 218,424 |
| Total direct costs | | 115,146 | | 446,224 | | 16,631 | | 3,529 | | 7,573 | | 218,424 |
| Indirect costs | | 26,485 | | 40,962 | | - | | 875 | | 1,872 | | - |
| Total expenditures | | 141,631 | | 487,186 | | 16,631 | | 4,404 | | 9,445 | | 218,424 |
| Other Financing Sources (Uses) | | | | | | | | | | | | |
| Transfer in | | 1 | | - | | - | | 1,101 | | 934 | | - |
| Transfer out | | - | | - | | - | | - | | - | | - |
| Total other financing sources (uses) | | 1 | | - | | - | | 1,101 | | 934 | | - |
| Net change in fund balances | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | Title IIIC2 Admin | | Title IIIC2 Home Delivered | Title IIID Health Promotion | Title IIIE Admin | | TIIE Caregiver Support | Title IIIE ARPA | |
|---|-------------------|--------------|----------------------------------|-----------------------------------|------------------|----------------|---------------------------|-----------------|----------|
| Revenue | | | | | | | | | |
| Federal revenue | \$ | 7,572 | \$ 235,162 | \$ 23,581 | \$ 23,596 | \$ 172,234 | \$ 6,397 | | |
| State revenue | | 915 | 16,000 | - | 5,200 | 10,500 | 25,337 | | |
| Local revenue | | - | - | - | - | 33,305 | - | | |
| Investment Income | | - | - | - | - | - | - | | |
| Program Income | | - | 1,875 | - | - | - | - | | |
| In-Kind income | | - | 47,153 | - | - | 50 | - | | |
| Other income | | - | - | - | - | - | - | | |
| Total revenue | | 8,487 | 300,190 | 23,581 | 28,796 | 216,089 | 31,734 | | |
| Expenditures | | | | | | | | | |
| Direct costs: | | | | | | | | | |
| Salaries | | 4,667 | - | 1,753 | 15,759 | 27,619 | - | | |
| Benefits | | 2,396 | - | 1,260 | 8,068 | 14,667 | - | | |
| Annual leave | | 419 | - | 200 | 1,144 | 1,960 | - | | |
| Travel & training | | - | - | 6,000 | 18 | 1,081 | - | | |
| Other costs | | 44 | - | - | 146 | 1,872 | - | | |
| Contractual services | | - | - | - | - | - | - | | |
| Program services | | - | 300,190 | 13,566 | - | 172,254 | 31,734 | | |
| Total direct costs | | 7,526 | 300,190 | 22,779 | 25,135 | 219,453 | 31,734 | | |
| Indirect costs | | 1,884 | - | 802 | 6,336 | 11,245 | - | | |
| Total expenditures | | 9,410 | 300,190 | 23,581 | 31,471 | 230,698 | 31,734 | | |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfer in | | 923 | - | - | 2,675 | 14,609 | - | | |
| Transfer out | | - | - | - | - | - | - | | |
| Total other financing sources (uses) | | 923 | - | - | 2,675 | 14,609 | - | | |
| Net change in fund balances | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | Title IIIB Ombudsman | Title VII Elder Abuse | Title VII Ombudsman | TVII Ombudsman ARPA | State Long Term Care Ombudsman | ADRC | NWD |
|---|-------------------------|--------------------------|------------------------|---------------------------|--------------------------------------|----------------|--------------|
| Revenue | | | | | | | |
| Federal revenue | \$ 21,608 | \$ 4,809 | \$ 8,316 | \$ 11,002 | \$ - | \$ 29,675 | \$ 2,610 |
| State revenue | 21,556 | - | 10,226 | - | 34,275 | 108,626 | - |
| Local revenue | 3,967 | 17,648 | 20,247 | - | 6,323 | - | - |
| Investment Income | - | - | - | - | - | - | - |
| Program Income | - | - | - | - | - | - | - |
| In-Kind income | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - |
| Total revenue | 47,131 | 22,457 | 38,789 | 11,002 | 40,598 | 138,301 | 2,610 |
| Expenditures | | | | | | | |
| Direct costs: | | | | | | | |
| Salaries | - | - | - | - | - | 56,270 | 1,264 |
| Benefits | - | - | - | - | - | 31,625 | 670 |
| Annual leave | - | - | - | - | - | 2,938 | 82 |
| Travel & training | - | - | - | - | - | 273 | - |
| Other costs | - | - | - | - | - | 23,801 | - |
| Contractual services | - | - | - | - | - | 21 | - |
| Program services | 47,131 | 22,457 | 38,789 | 11,002 | 40,598 | - | - |
| Total direct costs | 47,131 | 22,457 | 38,789 | 11,002 | 40,598 | 114,928 | 2,016 |
| Indirect costs | - | - | - | - | - | 23,373 | 594 |
| Total expenditures | 47,131 | 22,457 | 38,789 | 11,002 | 40,598 | 138,301 | 2,610 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfer in | - | - | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | CDC | SHIP Admin | SHIP Services | SHIP Training Funds | MIPPA SHIP Sept - June | MIPPA ADRC July - Aug | MIPPA ADRC Sept - June |
|---|---------------|--------------|---------------|---------------------|------------------------|-----------------------|------------------------|
| Revenue | | | | | | | |
| Federal revenue | \$ 14,624 | \$ 1,600 | \$ 26,400 | \$ 6,458 | \$ 1,340 | \$ 997 | \$ 1,812 |
| State revenue | - | - | - | - | - | - | - |
| Local revenue | - | - | 1,680 | - | - | - | - |
| Investment Income | - | - | - | - | - | - | - |
| Program Income | - | - | - | - | - | - | - |
| In-Kind income | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - |
| Total revenue | 14,624 | 1,600 | 28,080 | 6,458 | 1,340 | 997 | 1,812 |
| Expenditures | | | | | | | |
| Direct costs: | | | | | | | |
| Salaries | 2,333 | 802 | 961 | 259 | - | 588 | 990 |
| Benefits | 1,009 | 399 | 513 | 119 | - | 110 | 380 |
| Annual leave | 323 | 90 | 68 | 27 | - | 10 | 36 |
| Travel & training | 114 | - | 2 | - | - | - | 39 |
| Other costs | 9,819 | - | 165 | - | - | 92 | 3 |
| Contractual services | - | - | - | - | - | - | - |
| Program services | - | - | 25,980 | 5,958 | 1,340 | - | - |
| Total direct costs | 13,598 | 1,291 | 27,689 | 6,363 | 1,340 | 800 | 1,448 |
| Indirect costs | 1,026 | 319 | 392 | 101 | - | 199 | 365 |
| Total expenditures | 14,624 | 1,610 | 28,081 | 6,464 | 1,340 | 999 | 1,813 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfer in | - | 10 | 1 | 6 | - | 2 | 1 |
| Transfer out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 10 | 1 | 6 | - | 2 | 1 |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | MIPPA AAA July - Aug | MIPPA AAA Sept - June | Homecare Admin | Homecare Services | ESMP Admin | ESMP Services | PCAP |
|---|-------------------------|--------------------------|-------------------|----------------------|----------------|------------------|---------------|
| Revenue | | | | | | | |
| Federal revenue | \$ 10,333 | \$ 17,759 | \$ - | \$ - | \$ 126,174 | \$ 1,107,664 | \$ - |
| State revenue | - | - | 110,376 | 865,429 | - | - | 36,959 |
| Local revenue | - | - | - | 38,296 | - | 19,001 | - |
| Investment Income | - | - | - | - | - | - | - |
| Program Income | - | - | - | - | - | 15,380 | - |
| In-Kind income | - | - | - | - | - | 90,926 | - |
| Other income | - | - | - | - | - | - | - |
| Total revenue | 10,333 | 17,759 | 110,376 | 903,725 | 126,174 | 1,232,971 | 36,959 |
| Expenditures | | | | | | | |
| Direct costs: | | | | | | | |
| Salaries | 896 | 7,914 | 51,968 | 127,696 | 51,614 | 87,210 | 1,869 |
| Benefits | 262 | 1,414 | 30,421 | 70,364 | 26,054 | 43,868 | 941 |
| Annual leave | 58 | 141 | 4,277 | 6,348 | 3,269 | 4,147 | 207 |
| Travel & training | - | 729 | 675 | 4,399 | 849 | 2,405 | 27 |
| Other costs | 8,795 | 5,079 | 1,138 | 7,977 | 17,666 | 11,967 | 111 |
| Contractual services | - | 2 | - | - | 6,070 | - | - |
| Program services | - | - | - | 634,273 | - | 1,048,530 | 32,941 |
| Total direct costs | 10,011 | 15,279 | 88,479 | 851,057 | 105,522 | 1,198,127 | 36,096 |
| Indirect costs | 329 | 2,480 | 21,908 | 52,668 | 20,653 | 34,856 | 863 |
| Total expenditures | 10,340 | 17,759 | 110,387 | 903,725 | 126,175 | 1,232,983 | 36,959 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfer in | 7 | - | 11 | - | 1 | 12 | - |
| Transfer out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 7 | - | 11 | - | 1 | 12 | - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Barren River Area Development District
Statement of Grant Activity

Year Ended June 30, 2023

| | PCAP | | | | | NSIP Oct - | |
|---|--------------|-----------------|-----------------|------------------|---------------|-------------------|--|
| | Coordination | PCAP Evaluation | HRSA | NSIP July - Sept | June | Total | |
| Revenue | | | | | | | |
| Federal revenue | \$ - | \$ - | \$ - | \$ 37,140 | \$ 53,250 | \$ 2,794,670 | |
| State revenue | 909 | 129 | - | - | - | 15,035,719 | |
| Local revenue | - | - | - | - | - | 646,395 | |
| Investment Income | - | - | - | - | - | 8,742 | |
| Program Income | - | - | - | - | - | 26,128 | |
| In-Kind income | - | - | - | - | - | 190,263 | |
| Other income | - | - | - | - | - | 18,918 | |
| Total revenue | 909 | 129 | - | 37,140 | 53,250 | 18,720,835 | |
| Expenditures | | | | | | | |
| Direct costs: | | | | | | | |
| Salaries | 444 | 64 | 91 | - | - | 1,710,255 | |
| Benefits | 219 | 31 | 48 | - | - | 873,337 | |
| Annual leave | 43 | 5 | 11 | - | - | 103,964 | |
| Travel & training | - | - | - | - | - | 110,940 | |
| Other costs | - | - | - | - | - | 289,276 | |
| Contractual services | - | - | - | - | - | 192,087 | |
| Program services | - | - | - | 37,140 | 53,250 | 14,699,832 | |
| Total direct costs | 706 | 100 | 150 | 37,140 | 53,250 | 17,979,691 | |
| Indirect costs | 203 | 29 | 37 | - | - | 687,459 | |
| Total expenditures | 909 | 129 | 187 | 37,140 | 53,250 | 18,667,150 | |
| Other Financing Sources (Uses) | | | | | | | |
| Transfer in | - | - | - | - | - | 69,559 | |
| Transfer out | - | - | - | - | - | (69,559) | |
| Total other financing sources (uses) | - | - | - | - | - | - | |
| Net change in fund balances | \$ - | \$ - | \$ (187) | \$ - | \$ - | \$ 53,685 | |

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

| <i>Year Ended June 30, 2023</i> | Direct Salary Plus Burden | Percent of Total | Indirect Cost Distribution | Percent of Total |
|---|--------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| JFA: | | | | |
| Community and economic development (120) | \$ 104,832 | 4.06% | \$ 27,877 | 4.06% |
| Community development block grant (125) | 38,150 | 1.48% | 10,145 | 1.48% |
| ARC planning and assistance (130) | 74,700 | 2.89% | 19,864 | 2.89% |
| Management assistance (140) | 62,293 | 2.41% | 16,565 | 2.41% |
| Program administration (150) | 20,066 | 0.78% | 5,335 | 0.78% |
| Total JFA | 300,041 | 11.62% | 79,786 | 11.62% |
| Non-JFA | 2,283,549 | 88.38% | 607,673 | 88.38% |
| Total JFA and Non-JFA | \$ 2,583,590 | 100.00% | \$ 687,459 | 100.00% |

Barren River Area Development District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Contract Number/ Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---|---|---------------------------------------|-------------------------------|
| U.S. Department of Health & Human Services: | | | | |
| Passed through Kentucky Cabinet for Health and Family Services: | | | | |
| Aging Cluster | | | | |
| Special Programs for the Aging Title III, part B Grants for Supportive Services and Senior Centers | 93.044 | PON 3 725 2200000036 | \$ 69,789 | \$ 365,342 |
| COVID-19 Special Programs for the Aging Title III, part B Grants for Supportive Services and Senior Centers | 93.044 | PON 3 725 2200000036 | - | 9,792 |
| Special Programs for the Aging Title III, part B Grants for Supportive Services and Senior Centers | 93.044 | PON 3 725 2200000065 | - | 14,624 |
| Special Programs for the Aging Title III, part C Nutrition Services | 93.045 | PON 3 725 2200000036 | 121,463 | 409,182 |
| Nutrition Services Incentive Program | 93.053 | PON 2 725 2100003024 | - | 37,140 |
| Nutrition Services Incentive Program | 93.053 | PON 3 725 2200000038 | - | 53,250 |
| Subtotal | | | | \$ 889,330 |
| Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect and Exploitation | 93.041 | PON 3 725 2200000019 | 4,809 | 4,809 |
| Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals | 93.042 | PON 3 725 2200000019 | 8,316 | 8,316 |
| COVID-19 Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals | 93.042 | PON 3 725 2200000019 | 11,002 | 11,002 |
| Subtotal | | | | 19,318 |
| Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | PON 3 725 2200000036 | 4,008 | 23,581 |
| National Family Caregiver Support, Title III, Part E | 93.052 | PON 3 725 2200000036 | - | 195,830 |
| COVID-19 National Family Caregiver Support, Title III, Part E | 93.052 | PON 3 725 2200000036 | - | 6,397 |
| Subtotal | | | | 202,227 |
| State Health Insurance Assistance Program | 93.324 | PON 3 725 2200000040 | 24,300 | 34,458 |
| Medicaid Cluster - Medical Assistance Program | 93.778 | PON 3 725 2200000065 | - | 29,675 |
| Special Programs for the Aging, Title IV, Title II, Discretionary Projects | 93.048 | PON 3 725 2200000065 | - | 2,610 |
| Medicare Enrollment Assistance Program | 93.071 | PON 2 725 2000003015 | - | 11,330 |
| Medicare Enrollment Assistance Program | 93.071 | PON 3 725 2200000037 | 1,340 | 20,911 |
| Subtotal | | | | 32,241 |
| Total U.S. Department of Health & Human Services | | | | 1,238,249 |

See accompanying notes to the Schedule of Expenditures of Federal Awards

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

Year Ended June 30, 2023

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Contract Number/ Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---|---|---------------------------------------|-------------------------------|
| U.S. Department of Commerce: | | | | |
| Economic Development Cluster | | | | |
| Direct Program | | | | |
| COVID-19 Economic Adjustment Assistance ¹ | 11.307 | 04-39-03813.01 | - | 265,280 |
| Economic Adjustment Assistance | 11.307 | 04-79-07458 | - | 89,953 |
| Passed through Department for Local Government: | | | | |
| COVID-19 Economic Adjustment Assistance | 11.307 | PON2 112 2100000391 | | 16,109 |
| Subtotal | | | | 371,342 |
| Passed through Department for Local Government: | | | | |
| Economic Development Support for Planning Organizations | 11.302 | PON2 112 2200004715 | - | 66,667 |
| Total U.S. Department of Commerce | | | | 438,009 |
| Appalachian Regional Commission: | | | | |
| Direct program | | | | |
| Appalachian Local Development District Assistance | 23.009 | KY-702-J-C46 | - | 54,435 |
| Total Appalachian Regional Commission | | | | 54,435 |
| U.S. Department of Housing and Urban Development: | | | | |
| Passed through Department for Local Government: | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | PON2 112 2200004715 | - | 25,584 |
| Total U.S. Department of Housing and Urban Development | | | | 25,584 |
| U.S. Department of Transportation: | | | | |
| Passed through KY Transportation Cabinet: | | | | |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | P040120442 | - | 69,836 |
| Total U.S. Department of Transportation | | | | 69,836 |
| U.S. Department of the Treasury: | | | | |
| Passed through Kentucky Cabinet for Health and Family Services: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | PON 3 725 2200000036 | 161,855 | 1,233,838 |
| Total U.S. Department of Treasury | | | | 1,233,838 |
| Total Expenditures of Federal Awards | | | \$ 406,882 | \$ 3,059,951 |
| ¹ Schedule of Expenditures of Federal Awards Calculation for Economic Adjustment Assistance Fund (RLF CARES) Grant | | | | |
| Balance of RLF CARES loans outstanding at June 30, 2023 | | | | \$ 85,198 |
| Cash and investment balance in RLF CARES at June 30, 2023 | | | | 175,975 |
| Administrative expenses paid out of RLF CARES in year ended June 30, 2023 | | | | 4,107 |
| | | | | 265,280 |
| Federal share of RLF | | | X | 100% |
| | | | | \$ 265,280 |

See accompanying notes to the Schedule of Expenditures of Federal Awards

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, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nonmonetary assistance is reported in the schedule at fair value of goods received. The District did not receive any nonmonetary assistance for the year ended June 30, 2023.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: LOAN BALANCES

The balance of loans outstanding at June 30, 2023 was \$85,198, CFDA No. 11.307, Revolving loan fund (RLF CARES).

NOTE 5: CONTINGENCIES

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

NOTE 6: SUBRECIPIENTS

The District did provide federal funds to subrecipients for the fiscal year June 30, 2023 as noted in the accompanying Schedule of Expenditures of Federal Awards.

Barren River Area Development District
Summary Schedule of Prior Audit Findings

No findings were reported in the June 30, 2022 audit.

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Barren River Area Development District (the "District") as of and for the year ended June 30, 2023, 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 27, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Bowling Green, Kentucky
November 27, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Barren River Area Development District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Bowling Green, Kentucky
November 27, 2023

Barren River Area Development District Schedule of Findings and Questioned Costs

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: 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 auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a))? ☐ Yes ☒ None reported

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

Identification of major federal programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|--------------|--|
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

Section II — Financial Statement Findings

No items required to be reported.

Section III — Federal Award Findings and Questioned Costs

No items required to be reported.



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