

**BLUEGRASS AREA
DEVELOPMENT DISTRICT, INC.
Lexington, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2018**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of Bluegrass Area Development District, Inc. (the District) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bluegrass Area Development District, Inc. as of June 30, 2018 and the changes in financial position, and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Implementation of New GASB Accounting Standards

As discussed in Notes 8 and 13 to the financial statements, effective July 1, 2017, the District adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension and OPEB liabilities and the schedules of contributions on pages 3-8 and 28-31 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bluegrass Area Development District, Inc.'s basic financial statements. The supplementary statements of operations by program, schedule of indirect costs applied, schedule of awards from the Commonwealth of Kentucky, the cost allocation policy and the budgetary comparison are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary statements of operations by program, schedule of indirect costs applied, schedule of awards from the Commonwealth of Kentucky, the cost allocation policy, the budgetary comparison and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary statements of operations by program, schedule of indirect costs applied, schedule of awards from the Commonwealth of Kentucky, the cost allocation policy, the budgetary comparison and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 on our consideration of Bluegrass Area Development District, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bluegrass Area Development District, Inc.'s internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
December 7, 2018

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis As of and for the year ended June 30, 2018

As management of the Bluegrass Area Development District, Inc. (BGADD), we present readers a narrative overview of the financial activities for the year ended June 30, 2018. This discussion and analysis is to assist the reader in their assessment of the financial condition of BGADD and should be read in conjunction with the basic financial statements.

Nature of Organization and Reporting Entity

BGADD was created in 1971, through articles of incorporation and Kentucky state law, for the purpose and promotion of economic development and the establishment of a framework for joint Federal, State, and Local efforts, directed to the social, economic, and physical development of a 17-county region in central Kentucky.

In evaluating BGADD as a reporting entity, management has addressed its relationship with the local governments and concluded that, in accordance with the criteria set forth in Sections 2100 and 2600 of the Governmental Accounting Standards Board Codification, BGADD is a separate reporting entity.

Overview of the Financial Statements

The financial statements for the fiscal year ended June 30, 2018, consist of three parts: A) Management's Discussion and Analysis, B) the Financial Statements and C) Required Supplementary, Compliance, Supplementary and Other Information. The financial statements also include notes that explain some of the information in the financial statements and provide additional details. Readers are encouraged to read the notes to better understand the financial statements.

Required Financial Statements

Statement of Net Position

The Statement of Net Position includes the BGADD's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The Statement of Net Position also provides the basis for assessing the liquidity and financial flexibility of the organization.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position identifies the revenues generated and the expenses incurred during the fiscal year. This statement categorizes all revenues and expenses as operating activity because the non-operating activity is considered insignificant.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

Statement of Cash Flows

The Statement of Cash Flows provides information relating to BGADD's cash receipts and cash disbursements during the fiscal year. This statement categorizes cash receipts and cash payments by operating activities, investing activities and financing activities.

Budgetary Highlights

In fiscal year (FY) 2018, BGADD had a budget of approximately \$29.7 million designating approximately \$23.1 million as pass-through expenses.

Capital Assets and Debt Administration

BGADD's other capital assets are the building it occupies, building improvements, furnishings, security cameras, computer equipment, software, two vehicles and a mobile one computer lab. Capital assets have a total purchase cost of approximately \$3,592,843 with accumulated depreciation of approximately \$1,163,254. Net capital assets are approximately \$2,429,589.

Pension Plan and Government Accounting Standards Board No. 68 (GASB No. 68) & Post-Employment Health Care Benefits and Government Accounting Standards Board No. 75 (GASB No. 75)

BGADD participates in a cost-sharing pension plan with numerous other governmental agencies that is administered by the Kentucky Retirement System. During FY 2015, BGADD was required to adopt GASB No. 68, a new governmental accounting standard related to the accounting for pension plans. In accordance with this new accounting standard, BGADD recorded a liability for its proportionate share of the underfunded pension liability of the cost-sharing plan. The net pension liability and BGADD's allocation were determined by the Kentucky Retirement System. The adoption of this new accounting standard resulted in a \$5,132,000 reduction in BGADD's beginning net position at July 1, 2014. BGADD's net pension liability at June 30, 2015 was \$4,975,000. In FY 2016 BGADD recorded additional liability for its proportionate share of the underfunded pension liability of the cost-sharing plan. BGADD's net pension liability at June 30, 2016 was \$6,787,500. In FY 2017 BGADD recorded additional liability, \$1,680,293 for its proportionate share of the underfunded pension liability of the cost-sharing plan. BGADD's net pension liability at June 30, 2017 was \$8,467,800. In FY 2018 BGADD recorded a decreased liability by \$256,800 for its proportionate share of the underfunded pension liability of the cost-sharing plan. BGADD's net pension liability at June 30, 2018 was approximately \$8,211,000. Whereas BGADD has and continues to make required contributions to the CERS pension fund, management and its Board of Directors objects to GASB No. 68 mandated adjustments to the Statement of Net Position and to the Statement of Revenues, Expenses and Changes in Net Position.

During FY 2018, BGADD was required to adopt GASB No. 75, a new governmental accounting standard related to the accounting for post-employment health care benefits. In accordance with this new accounting standard, BGADD recorded a liability for its proportionate share of the underfunded benefit liability. The

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

OPEB liability and BGADD's allocation were determined by the Kentucky Retirement System. The adoption of this new accounting standard resulted in a \$2,032,814 reduction in BGADD's beginning net position at July 1, 2017. BGADD's net pension liability at June 30, 2018 was \$2,820,188.

Financial Analysis

I. Statement of Net Position

Table 1: Condensed Statement of Net Position

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 4,187,752	\$ 3,768,020	\$ 419,732	11.14%
Capital and noncurrent assets	2,429,589	2,575,278	(145,689)	-5.66%
Total assets	<u>\$ 6,617,341</u>	<u>\$ 6,343,298</u>	<u>\$ 274,043</u>	4.32%
Deferred Outflows of Resources				
Deferred pension and OPEB outflows	<u>\$ 3,115,595</u>	<u>\$ 2,395,134</u>	<u>\$ 720,461</u>	30.08%
Liabilities				
Current liabilities	\$ 2,829,564	\$ 1,615,863	\$ 1,213,701	75.11%
Long-term liabilities	11,303,199	11,009,515	293,684	2.67%
Total liabilities	<u>\$ 14,132,763</u>	<u>\$ 12,625,378</u>	<u>\$ 1,507,385</u>	11.94%
Deferred Inflows of Resources				
Deferred pension and OPEB inflows	<u>\$ 1,296,092</u>	<u>\$ 0</u>	<u>\$ 1,296,092</u>	100.00%
Net position				
Investment in capital assets, net of related debt:	\$ 2,429,589	\$ 2,575,278	\$ (145,689)	-5.66%
Restricted:				
Aging programs	18,449	9,978	8,471	84.90%
Workforce investment act	1,821	1,380	441	31.96%
Unrestricted	(8,145,778)	(6,473,582)	(1,672,196)	-25.83%
Total net position	<u>\$ (5,695,919)</u>	<u>\$ (3,886,946)</u>	<u>\$ (1,808,973)</u>	-46.54%

At June 30, 2018, the BGADD's Net position was approximately (\$5,695,919). The FY 2018 amount includes a non-cash pension expense adjustment required by GASB 68 of \$786,207. It also includes a non-cash other

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

post-employment benefits expense required by GASB 75 of \$140,973. The FY 2017 net position includes an accrued Workforce Development estimated settlement cost of \$87,254.

II. Statement of Activities

Table 2: Condensed Statement of Activities

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Operating grants and contributions	\$ 27,893,177	\$ 20,539,909	\$ 7,353,268	35.80%
Charges for services	952,396	834,388	118,008	14.14%
Interest	14,063	11,887	2,176	18.31%
Rent	81,477	74,301	7,176	100.00%
Gain (loss) on purchase/sale of capital assets	0	0	0	0.00%
Total revenues	<u>28,941,113</u>	<u>21,460,485</u>	<u>7,480,628</u>	34.86%
Expenses				
Consumer Directed Option	17,174,092	16,104,134	1,069,958	6.64%
Aging Programs	6,080,329	555,166	5,525,163	995.23%
Workforce Development	4,772,440	3,351,023	1,421,417	42.42%
Mapping/Geographic Information Systems	267,231	233,168	34,063	14.61%
Regional Coordination, JFA	536,516	540,351	(3,835)	-0.71%
Community and Infrastructure Admin	56,195	44,007	12,188	27.70%
Homeland Security	123,889	240,121	(116,232)	-48.41%
Economic Development Planning and Tech. Asst.	143,811	188,206	(44,395)	-23.59%
Transportation Planning	129,463	141,634	(12,171)	-8.59%
Water and Sewer Planning and Tech. Asst.	82,106	72,995	9,111	12.48%
Non-grant	408,027	255,925	152,102	59.43%
Management Services	33,200	23,481	9,719	41.39%
Planning and Zoning Technical Assistance	15,612	75,054	(59,442)	-79.20%
Total expenses	<u>29,822,911</u>	<u>21,825,265</u>	<u>7,997,646</u>	36.64%
Non-Operating Expense				
WIOA/Aging services settlement		93,254	(93,254)	-100.00%
Pension Expense	786,207	894,557	(108,350)	-12.11%
Insurance Expense	140,973		140,973	
Change in net position	<u>\$ (1,808,978)</u>	<u>\$ (1,352,591)</u>	<u>\$ (456,387)</u>	-33.74%

BGADD recognized revenues of approximately \$29 million and \$21.4 million in FY 2018 and FY 2017, respectively. Significant changes in revenues are as follows:

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

- Consumer Direct Option - \$1,070,000 increase, reflecting program growth of 6.6%, decreasing from FY 2017 (9%). This is a result of a decrease in support broker's reimbursement rate.
- Aging Programs - \$5,525,100 increase from FY 2017. The Cabinet for Health and Family Services contracted with BGADD as in years prior to FY17 and added funding to operate all Aging programs per the negotiated agreement.
- Workforce Development Program- \$1,421,400 increase, a 42% increase from FY 2017. The Education and Workforce Development Cabinet put a freeze on enrolling new participants during the fall of 2016 which resulted in a decrease in spending for FY17. In FY18, BGADD contracted with ResCare, a direct service provider, and an increase in funds were spent on carryover funds as well as new allotments during FY18. This is more in line with FY 2016 revenue of 5,146,800.

Expenses for FY 2018 total \$30.75 million. FY 2017 expenses were \$22.80 million. This increase of \$7,950,000 is attributed from additional funding for Aging Programs. Changes in expenses directly correlate with changes in revenues with the majority of funding designated for pass-through expenses.

Social programs represent 87.71% of all governmental activities, which slightly decreased from the prior year of 91.5%. Program expenses as a percentage of total expenses are as follows:

Table 3: Program Expenses

	<u>2018</u>	<u>2017</u>
Program Expenses % of Total Expenses		
Consumer Directed Option	57.59%	70.59%
Aging Programs	20.39%	2.43%
Workforce Development	16.00%	14.69%
Regional Coordination, JFA	1.80%	2.37%
Non-grant	1.37%	5.45%
Mapping/Geographic Information Systems	0.90%	1.02%
Economic Dev. Planning and Tech. Asst.	0.48%	0.82%
Transportation Planning	0.43%	0.62%
Homeland Security	0.42%	1.05%
Water and Sewer Planning and Tech. Asst.	0.28%	0.32%
Community and Infrastructure Admin	0.19%	0.19%
Management Services	0.10%	0.10%
Planning and Zoning Technical Assistance	0.05%	0.33%
	<u>100.00%</u>	<u>100.00%</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

Economic Factors and Year End Financial Position

BGADD's financial stability is attributable to state and federal social programs. Revenues related to local government services vary annually depending on the needs of our local communities and grant funds available to help meet those needs.

Concerns for BGADD are rising health insurance costs along with increases in pension rates and its impact on employer burden. In FY 2018, BGADD changed health insurance coverage to Anthem, a rate hold and comparable coverage to 2017. To help prevent health insurance premium increases in the future, BGADD maintains a wellness program to promote healthy lifestyles for a healthier workforce. The County Employees Retirement System (CERS), employer contribution rate slightly increased in FY 2018. In FY 2017, the rate was 18.68% while in FY 2018 it was 19.18%. However, in FY 2019, the CERS non-hazardous rate will increase to 21.84%.

BGADD will be able to manage its programs even if the region faces budget cuts and/or shortfalls. Although the required pension liability adjustment negatively impacted BGADD's financial statements in FY 2018, its cash position remains stable. BGADD is able to fund programs thirty to sixty days while awaiting reimbursement from federal and state sources. We carefully and continuously monitor our budgets. We look for increased efficiencies throughout the organization and work diligently to use resources in the most cost effective manner.



David Duttlinger, Executive Director



Jacqueline Vaught, Chief Financial Officer

Bluegrass Area Development District, Inc.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF NET POSITION
June 30, 2018

ASSETS

Current assets	
Cash and cash equivalents	\$ 275,950
Investments	307,125
Accounts receivable	
Federal and state	3,231,957
Local	187,262
Other	144,501
Prepaid expenses	<u>40,957</u>
Total current assets	<u>4,187,752</u>
Non-current assets	
Property and equipment, net	<u>2,429,589</u>
Total assets	<u>6,617,341</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows - pension	2,321,542
Deferred outflows - OPEB	<u>794,053</u>
Total deferred outflows of resources	<u>3,115,595</u>
Total assets and deferred outflows of resources	<u>\$ 9,732,936</u>

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	\$ 378,338
Accrued expenses	2,224,047
Accrued annual leave	11,607
Unearned grant revenue	<u>215,572</u>
Total current liabilities	<u>2,829,564</u>
Long-term liabilities	
Tenant deposits	5,762
Accrued annual leave	265,995
Net pension liability	8,211,254
Net OPEB liability	<u>2,820,188</u>
Total long-term liabilities	<u>11,303,199</u>
Total liabilities	<u>14,132,763</u>

DEFERRED INFLOWS OF RESOURCES

Deferred outflows - pension	1,148,435
Deferred outflows - OPEB	<u>147,657</u>
Total deferred inflows of resources	<u>1,296,092</u>

Net position	
Net investment in capital assets	2,429,589
Restricted:	
Aging	18,449
Workforce	1,821
Unrestricted	<u>(8,145,778)</u>
Total net position	<u>(5,695,919)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,732,936</u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the year ended June 30, 2018

OPERATING REVENUES	
Federal	\$ 7,534,516
Commonwealth of Kentucky	20,358,661
Local revenue - service fees	820,969
Local revenue - matching funds	275
Local revenue - contributions	131,152
Local revenue - rents	<u>81,477</u>
Total operating revenues	<u>28,927,050</u>
OPERATING EXPENSES	
Direct salaries	2,273,855
Direct fringe	2,350,640
Direct contract/program services	23,544,417
Direct expenses - other, net of depreciation	1,203,652
Indirect expenses - net of depreciation	1,215,020
Depreciation	<u>145,692</u>
Total operating expenses	<u>30,733,276</u>
OPERATING INCOME (LOSS)	(1,806,226)
NON-OPERATING INCOME (EXPENSE)	
Bank interest	14,063
Settlement costs	<u>(16,815)</u>
Change in net position	(1,808,978)
Net position, beginning of year, as restated	<u>(3,886,941)</u>
NET POSITION, END OF YEAR	<u><u>\$ (5,695,919)</u></u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF CASH FLOWS
for the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grantor agencies	\$ 26,842,309
Local cash received	1,033,773
Payments to suppliers	(24,816,414)
Payments for employee services and benefits	<u>(3,651,075)</u>
Net cash provided by (used in) operating activities	<u>(591,407)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Bank interest	14,063
Sale of investments	<u>355,464</u>
Net cash provided by (used in) investing activities	<u>369,527</u>
Net increase (decrease) in cash and cash equivalents	(221,880)
Cash and cash equivalents - beginning of the year	<u>497,830</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 275,950</u>
 Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (1,806,226)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	145,692
Net pension and OPEB adjustments	927,177
Settlement costs	(16,815)
Change in assets and liabilities:	
Receivables, net	(1,008,553)
Prepaid expenses	11,474
Accounts and other payables	(323,498)
Accrued expenses	1,567,912
Accrued leave	(46,258)
Deferred revenues	<u>(42,312)</u>
Net cash provided by (used in) operating activities	<u>\$ (591,407)</u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bluegrass Area Development District, Inc. (the District or BGADD) is a non-profit governmental corporation formed pursuant to KRS Chapter 147A which has as its primary purpose the promotion of economic development and the establishment of a framework for joint federal, state and local efforts directed toward providing basic services and facilities essential to the social, economic and physical development of a seventeen county area in Central Kentucky (Kentucky Region XV). Commonwealth of Kentucky Executive Order 71-1267, signed November 16, 1971, designated the District as the official comprehensive planning and program development agency for Central Kentucky. The Order further designated the District as the regional clearinghouse pursuant to United States Office of Management and Budget Circular A-95. The 1972 Kentucky Legislature introduced and passed legislation (House Bill No. 423), which created and established the District under Kentucky law. The Attorney General in Opinion of the Attorney General 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, BGADD has entered into various agreements, memoranda of agreements, and contracts, all of which are subject to the financial management policies of BGADD.

Reporting Entity - The District has no oversight responsibility for any other entity since control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Functional Area Descriptions

Community and Infrastructure Development Grants Administration - BGADD applies for and administers Housing and Urban Development Community Development Block Grants (CDBG) within the 17-county region. Transportation Enhancement T-21 projects are also administered under this functional area. These projects expand water and sewer systems for public facilities and construct buildings for community purposes, such as fire stations and senior centers.

Mapping/Geographic Information Systems - This functional area gathers, analyzes, and distributes geographical information to assist local, state, and federal government. The program inventories road centerlines, water and sewer systems, structures, and other geo-referenced attributes.

Aging Programs - The Area Agency on Aging operates as a part of a national network to develop and coordinate a comprehensive service delivery system to meet the needs of seniors in Central Kentucky. The Homecare program is funded with a state appropriation to offer services to seniors who need assistance in order to avoid nursing home placement. Services offered are home-delivered meals, personal in-home care, home repairs, homemaking and escorted transportation. The Older Americans Act Title III provides funding for Senior Centers within the region. Title III funds are used to provide congregate home-delivered meals at the centers, and to assist centers with program development for the benefit of seniors. Adult Day Care centers are funded to provide a safe and stimulating environment for frail, older adults, who can't live independently, but who don't require 24-hour institutional care. The program also gives caregivers respite from the continuous pressures of full-time care by allowing them to be away from their older person without concern for their safety and happiness. The Grandparent Program offers assistance for grandparents raising grandchildren. The Family Caregiver Support Program provides information, referral, training, support groups, temporary respite services, and some supplemental services to caregivers of older persons in the seventeen Central Kentucky counties.

Consumer Directed Option - The Consumer Directed Option Medicaid Waiver program (CDO) provides services to Medicaid recipients whom traditionally are under the care of Home Health agencies. This program enables individuals to hire their own care givers. Under the CDO program, services provided are personal in-home care, homemaking, respite, and adult day care.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Area Descriptions (Continued)

Workforce Development - Workforce Development projects are primarily funded by the U.S. Department of Labor. This functional area oversees six One-Stop centers in the region, which work with the unemployed and local businesses. Due to the high number of plant closures, several Rapid Response and National Emergency Grants have been funded for the region to augment the Dislocated Worker initiative. There are also nine youth programs funded with the region.

Planning and Zoning Technical Assistance - BGADD provides professional planning and support for local planning commissions under contract. Anderson County received technical assistance services under contract.

Water and Sewer Planning and Technical Assistance - Water and sewer technical assistance was provided to the region under an agreement with the Environmental Protection Agency and the Kentucky Infrastructure Authority. The agreement funded a study to regionalize the water systems within the region. BGADD writes and administers Kentucky Infrastructure Authority (KIA) grants and loan applications for the region.

Transportation Planning - The Kentucky Department of Transportation funds a full-time transportation planner to serve the needs of the region. The BGADD Transportation Program is primarily responsible for the analysis of transportation systems and data, identification and evaluations of the needs in their region, the coordination of public input for the Kentucky Statewide Transportation plan, and the subsequent evaluation and prioritization and ranking of projects in the Unscheduled Needs List (UNL).

Homeland Security - The Kentucky Office of Homeland Security (KOHS) provided funds for BGADD to assist local entities to better equip, and therefore, prepare the Bluegrass Area's first responders such as Police, Fire and Emergency Management Services to detect, deter, respond and recover from emergencies. Funding categories include better communication, cyber and physical security, and personal protective gear.

Economic Development Planning and Technical Assistance - This functional area provides staffing to the Industrial Authorities within the region. Anderson, Lincoln and Woodford counties received staffing assistance. BGADD convenes the Comprehensive Economic Development Strategies and Updates Plan as well as writes and administers EDA grants.

Management Services - This functional area provides technical computer and video assistance to two cities and two counties in the district. Additionally, this area assists units of local government with small project initiatives.

Non-Grant - These are costs which are not covered by federal and state grants such as costs for training, travel, legal, professional service, etc.

Regional Coordination Joint Funding Administration (JFA) - The U.S. Economic Development Administration, the Appalachian Regional Commission and the U.S. Department for Housing and Urban Development create the Joint Funding Administration, which seeks to coordinate the different levels of government: local, state, and federal. This funding provides a framework of committees made up of locally appointed individuals to address the needs of government. JFA includes project development for grant writing, rural development, CDBG's as well as administering Recreational Trail, Land and Water Conservation, Homeland Security and CMRS grants. Furthermore, BGADD provides technical assistance to cities and counties for budgets, administrative codes and personnel policies.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - The District's financial statements conform to the provisions of the codification of the Governmental Accounting Standards Board (GASB) as it relates to special-purpose governments.

Entity-wide financial statements - The District is a single fund, special-purpose entity that provides regional planning, development and aging services to the city, county and nonprofit agencies within the seventeen-county area. No entity-wide statements are required because a single proprietary fund is used for the District.

Fund financial statements - The District's financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are prepared on a full accrual basis.

Costs for all programs (including those programs outside of the Joint Funding Administration (JFA)) have been accounted for under the accounting system prescribed by the JFA. Indirect expenses have been allocated to JFA program elements and other programs on the basis of direct salary and fringe costs as allocated per employee's time records. Non-federal matching contributions are applied to individual programs on the basis of total expenses incurred on the program and the sharing ratio specified in the program agreement.

Revenue Recognition Policies - The District recognizes revenue on the accrual basis of accounting. Grant and contract revenue are recognized as eligible expenses are incurred. Revenue is recognized on performance contracts upon the completion of agreed upon services. Federal and state grants proceeds are generally to be used for specific projects as outlined in the grant agreement and are not available to be used at the discretion of BGADD.

Local service fees are generated when cities and counties within the seventeen-county region contract with BGADD to provide services for them that they are unable to undertake themselves. These services include, but are not limited to, community and infrastructure development, mapping assistance, planning and zoning, economic development, water and sewer planning, and management services.

Some grants received from the federal and state government require the grantee to provide matching funds. When these funds are passed through to a subrecipient, the match requirements also pass to the subrecipient. As such, the subrecipient is required by BGADD to send them the matching funds. BGADD will then return these funds to the subrecipient to ensure that the local matching funds are used to provide program services.

Non-Operating Income - The district recognizes investment income as non-operating income. All other income is recognized as operating income.

Unearned Revenue - Unearned revenue arises when funds are received before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Restricted Net Assets - The District uses restricted net assets first to offset expense, when available, if both restricted and unrestricted net assets are available.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the District defines cash and cash equivalents as cash in banks, funds in overnight repurchase agreements, and any highly liquid investments with initial maturities of 90 days or less.

Investments - Investments consist of certificates of deposit that are carried at cost plus accrued interest, which approximates fair value.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets - Property and equipment are stated at cost and depreciated over their estimated useful lives of three (3) to ten (10) years for equipment and three (3) to twenty-seven (27) years for buildings and improvements using the straight-line method of depreciation. Property and equipment include furniture, office equipment, software, vehicles and leasehold improvements. Depreciation expense is charged to shared costs. The shared cost is allocated to the various grants using the approved cost allocation plan. The threshold for capitalization is \$2,500.

Budgeting - The District is not required to adopt a legal budget in the manner of most local governmental entities, the budget is an operational and management tool that ensures the maximum use of resources. The budget is approved by the board of directors and monthly reports are presented to the board and management using budget comparisons.

In-Kind - In-kind contributions included in the accompanying financial statements consist of donated volunteer time, facilities or services.

Accrued Annual Leave - The personnel policies of BGADD allow employees to receive payment for unused vacation when they terminate employment in good standing. Employees of the District accrue sick leave at the rate of one (1) day per month. Sick leave that may be accrued is limited to 90 hours per year. On June 30 of each year, earned and unused sick leave is converted to annual leave. Annual leave earned is based on seniority at the rates of twelve (12) to twenty-four (24) days per year and can be carried forward from one year to the next. A maximum of 750 hours may be carried forward. All hours in excess of 750 are forfeited. The accrued liability for accumulated annual leave is reported on the balance sheet at June 30, 2018 as \$277,602.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, OPEB expense, information about the OPEB plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

Income Taxes - The District is a governmental non-profit organization exempt from income taxes under Internal Revenue Code, 501(c)(1) as determined by the IRS. The District is no longer subject to income tax examinations by tax authorities for years before 2014.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management's Review of Subsequent Events - The District has evaluated and considered the need to recognize or disclose subsequent events through December 7, 2018, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2018, have not been evaluated by the District.

2. DEPOSITS

Kentucky Revised Statute 66.480 authorizes local governmental entities to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies and deposits in national or state chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.

As of June 30, 2018, BGADD's investment bank balances totaled \$307,125; \$250,000 was secured by FDIC insurance and \$57,125 was collateralized. As of June 30, 2018, BGADD's cash bank balances totaled \$454,483; \$259,195 was secured by FDIC insurance and \$195,288 was collateralized.

Investments at June 30, 2018:

	Amortized Cost	Fair Value	Maturity
Certificate of Deposits	\$307,125	\$307,125	1 year or less

Interest at a rate of 1.538%.

3. GRANTS RECEIVABLE

Federal, state and local grants receivable consist of the following at June 30, 2018:

Federal receivable	\$ 2,134,014
State receivable	1,321,309
Local receivable	187,262
Other receivable	<u>144,501</u>
 Total grant receivable	 3,787,086
Less: allowance for bad debt	<u>(223,366)</u>
 Net grant receivable	 <u>\$ 3,563,720</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. FIXED ASSETS

The District maintains property and equipment used in its operations. Fixed assets are stated at cost and depreciated over their estimated useful lives of three (3) to twenty-seven (27) years using the straight-line method of depreciation. Property and equipment include furniture, office equipment, vehicles, software, and leasehold improvements. Depreciation expense is charged to shared costs and is allocated to the various grants using the approved cost allocation plan. Depreciation expense totaled \$145,689 for the year ended June 30, 2018.

The following summarizes the changes in fixed assets during the year ended June 30, 2018:

	6/30/2017			6/30/2018
	Balance	Additions	Disposals	Balance
Land	\$ 521,394	\$ -	\$ -	\$ 521,394
Building and Improvements	2,271,303	-	-	2,271,303
Equipment	800,146	-	-	800,146
Accumulated depreciation	<u>(1,017,565)</u>	<u>(145,689)</u>	<u>-</u>	<u>(1,163,254)</u>
Net	<u>\$ 2,575,278</u>	<u>\$ (145,689)</u>	<u>\$ -</u>	<u>\$ 2,429,589</u>

5. UNEARNED GRANT REVENUE

The unearned grant revenue includes revenues received, but not earned. The detail of those grants is as follows at June 30, 2018:

Grant Name	
Pre-FY 16 programs (federal)	\$ 572
FY 16 Aging program (federal)	21
FY 17 CMS SHIP (federal)	218
FY 18 WIOA (federal)	<u>28</u>
Total Federal	<u>839</u>
FY 08 CDO (state)	182,532
FY 13 Aging program (state)	500
FY 16 Aging program (state)	6,246
CDO	<u>663</u>
Total State	<u>189,941</u>
Various local grants	<u>24,792</u>
Total	<u>\$ 215,572</u>

6. ACCRUED ANNUAL LEAVE

Activity for accrued annual leave for the year ended June 30, 2018 is as follows:

	6/30/17	Additions	Payments	6/30/2018	Current
Accrued annual leave	<u>\$ 323,860</u>	<u>\$ 238,222</u>	<u>\$ (284,480)</u>	<u>\$ 277,602</u>	<u>\$ 11,607</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. RETIREMENT PLAN

Bluegrass Area Development District, Inc. is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, District, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2018, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2018, participating employers contributed 19.18% of each employee's wages for non-hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 8. Plan members contributed 14.48% to the pension trust for non-hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. Each member's account is credited with a 4% employer pay credit for non-hazardous members, and a 7.5% pay credit for hazardous members. The employer pay credit represents a portion of the employer contribution.

The District contributed \$595,519 for the year ended June 30, 2018, or 100% of the required contribution. The contribution was allocated \$449,589 to the CERS pension fund and \$145,930 to the CERS insurance fund.

Benefits – CERS provides retirement, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. RETIREMENT PLAN (CONTINUED)

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old or 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 – December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87+ At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87+ Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability as follows:

**Total Net
Pension Liability**

\$ 8,211,254

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share at June 30, 2017 was as follows:

Non-hazardous

.140284%

The proportionate share at June 30, 2017 decreased .03169% for non-hazardous to the proportionate share as of June 30, 2017.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2018, the District recognized pension expense of \$1,226,402. At June 30, 2018, 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
Differences between expected and actual experience	\$ 10,185	\$ 208,437
Changes of assumptions	1,515,199	-
Net difference between projected and actual earnings on Plan Investments	101,563	-
Changes in proportion and differences between District contributions and proportionate share of contributions	245,006	939,998
District contributions subsequent to the measurement date	449,589	-
Total	\$ 2,321,542	\$ 1,148,435

The \$449,589 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,

2019	\$	314,285
2020	\$	307,325
2021	\$	140,932
2022	\$	(39,024)

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%	
Salary increases	3.05%, average, including inflation	
Investment rate of return	6.25%, net of Plan investment expense, including inflation	

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. RETIREMENT PLAN (CONTINUED)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. Several factors are considered in evaluating the long-term rate of return assumptions including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
U.S. Equity	26.5%	11.27%
Non-U.S. Equity	26.5%	2.83%
Fixed Income	12.0%	7.69%
Real Return	8.0%	4.00%
Real Estate	5.0%	5.95%
Absolute Return	10.0%	3.96%
Private Equity	10.0%	10.95%
Cash Equivalent	<u>2.0%</u>	3.65%
	100%	

Discount Rate – The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase-in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

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 percent, 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 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	Discount rate	District's proportionate share of net pension liability
1% decrease	5.25%	\$ 10,356,166
Current discount rate	6.25%	\$ 8,211,254
1% increase	7.25%	\$ 6,417,051

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. RETIREMENT PLAN (CONTINUED)

Payable to the Pension Plan – At June 30, 2018, the District reported a payable of \$54,421 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018. The payable includes both the pension and insurance contribution allocation.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 7, the Bluegrass Area Development District, Inc. participates in the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, District, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

Contributions – As more fully described in Note 7, plan members contribute to CERS for non-hazardous job classifications. For the year ending June 30, 2018, the employer's contribution was 4.70% to the insurance trust for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

For the year ended June 30, 2018, the District contributed \$595,519, or 100% of the required contribution for non-hazardous job classifications.

Benefits – CERS provides health insurance benefits to Plan employees and beneficiaries.

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Insurance eligibility Benefit	Before July 1, 2003 10 years of service credit required Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date Insurance eligibility Benefit	Before September 1, 2008 but after July 1, 2003 10 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date Insurance eligibility Benefit	After September 1, 2008 and before December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 3	Participation date Insurance eligibility Benefit	After December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability as follows:

**Total Net
OPEB Liability**

\$ 2,820,188

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share at June 30, 2017 was as follows:

Non-hazardous

.140284%

For the year ended June 30, 2018, the District recognized OPEB expense of \$321,371. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 7,833
Changes of assumptions	613,655	-
Net difference between projected and actual earnings on Plan investments	-	133,281
Changes in proportion and differences between City contributions and proportionate share of contributions	-	6,543
City contributions subsequent to the measurement date	<u>180,398</u>	<u>-</u>
Total	<u>\$ 794,053</u>	<u>\$ 147,657</u>

The \$180,398 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. This includes an adjustment of \$34,468 related to the implicit subsidy, which is required to be recognized as a deferred outflow of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2019	\$ 80,180
2020	\$ 80,180
2021	\$ 80,180
2022	\$ 80,180
2023	\$ 113,499
2024	\$ 31,779

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous and
Hazardous**

Inflation	2.30%
Salary increases	3.05%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	
	Pre – 65: Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
	Post – 65: Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. The total OPEB liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year ending June 30, 2017. Subsequent to the actuarial valuation date (June 30, 2016) but prior to the measurement date, and before the required 2019 experience study, the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review the Board adopted updated actuarial assumptions, which were used in performing the actuarial valuation as of June 30, 2017.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. Several factors are considered in evaluating the long-term rate of return assumptions including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The target allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
U.S Equity	26.5%	9.56%
Non-U.S. Equity	26.5%	2.84%
Fixed Income	12.0%	6.53%
Real Return	8.0%	3.68%
Real Estate	5.0%	8.99%
Absolute Return	10.0%	3.89%
Private Equity	10.0%	9.74%
Cash Equivalent	2.0%	2.69%
Total	100%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.84% for the non-hazardous classification. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net OPEB liability calculated using the discount rate 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 or 1-percentage-point higher than the current rate:

Non-hazardous		
	Discount rate	District’s proportionate share of net OPEB liability
1% decrease	4.84%	\$ 3,588,533
Current discount rate	5.84%	\$ 2,820,188
1% increase	6.84%	\$ 2,180,805

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the District’s proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

	District's proportionate share of net OPEB liability
1% decrease	\$ 2,163,234
Current trend rate	\$ 2,820,188
1% increase	\$ 3,674,204

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

Payable to the Pension Plan – At June 30, 2018, the District reported a payable of \$18,952 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018. The payable includes only insurance contribution allocation.

9. CONCENTRATIONS

BGADD’s receivables are due primarily from federal, state and local governments. During the year ended June 30, 2018, BGADD received approximately 96% of its revenues from federal and state grants.

10. INSURANCE COVERAGE

BGADD has joined with other cities, counties and area development districts in a self-insurance program through the Kentucky Association of Counties All Lines Fund (the Fund). Under this insurance plan, the Fund could increase assessments to BGADD if the Fund’s assets and re-insurance were not sufficient to meet the claims against the Fund. BGADD’s coverage is as follows:

Boiler and machinery	\$15,000,000
General liability	\$3,000,000
Errors/omissions	\$3,000,000
Employment practices	\$3,000,000
Auto liability	\$1,000,000
Building	\$6,150,000
Personal property	\$1,198,737
Flood	\$1,000,000
Business income	\$500,000
Crime	\$150,000
Employee dishonesty	\$150,000
Legal defense coverage	\$100,000

11. CONTINGENCIES

BGADD is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets.; errors and omissions; injuries to employees; general liability claims; and natural disasters. BGADD manages these risks through insurance coverage as described in Note 10.

BGADD participates in numerous state and federal grant programs which are governed by various rules and regulations of the funding agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the funding agencies. Therefore, to the extent that BGADD has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any accounts receivable for government grants at June 30, 2018 may be impaired. Based on prior experience, management believes that BGADD will not incur significant losses from possible grant disallowances.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

11. CONTINGENCIES (CONTINUED)

BGADD passes a significant portion of the local, state and federal grant funds it receives through to sub-grantees. BGADD monitors the activities of the sub-grantees and requires that applicable sub-grantees have financial and compliance audits performed. To the extent that audits of sub-grantees indicate failures to comply with applicable grant requirements, BGADD assesses the likelihood of grant refunds payable as a result of such noncompliance and records a liability for amounts management deems to be in excess of amounts of recoverable from the sub-grantee. Management also assesses the likelihood of noncompliance by sub-grantees that have not yet submitted audited results. BGADD has not received all of the fiscal year 2018 audits of its sub-grantees. It is possible that audits of these funds could disclose questionable costs and/or noncompliance with laws, regulations and grant conditions that would have an effect upon the financial statements and reports.

On March 31, 2016, the Education and Workforce Development Cabinet (EWDC) issued a Final Determination of Administrative Findings and Disallowed Costs related to the Kentucky Auditor of Public Accounts Examination of March 4, 2014. The EWDC assessment of Disallowed Costs for the period of May 2010 through September 2013 is \$898,525. The Bluegrass Area Development District, Inc. (BGADD) has appealed this Final Determination through state administrative appeal proceedings. On June 30, 2016, BGADD obtained a Line of Credit with Citizens Commerce National Bank in the amount of \$1,100,000 as security for any funds that may be due EWDC. The Line of Credit is secured with the BGADD office building at 699 Perimeter Drive, Lexington. The line of credit expired on September 20, 2018. BGADD is in the process of renewing the line of credit. In October 2017, the BGADD Executive Board directed their attorney to work with EWDC in obtaining a negotiated settlement. Significant legal expenses were incurred in both defending this claim and on pursuing the settlement. It is unlikely that any of the legal expense will be reimbursed as program expenses and they have been charged instead to non-program dollars.

12. COST ALLOCATION PLAN

Bluegrass Area Development District is required by the Department of Local Government, to operate under a cost allocation plan that conforms with 2 CFR Part 225. A summary of the cost allocation plan begins on page 74. The District is in conformity with 2 CFR Part 225. The independent auditors conducted an audit in accordance with the Uniform Guidance and have issued an unmodified opinion thereon. As part of this audit, they examined indirect costs in accordance with the OMB Compliance Supplement.

13. RESTATEMENT OF NET POSITION

Implementation of new accounting standard GASB Statement No. 75

During 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which addresses financial reporting for state and local government employers whose employees are provided with other postemployment benefits (OPEB) through defined benefit plans that are covered under Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

The guidance contained in Statement 75 changed how governments calculate and report the costs and obligations associated with OPEB. Under the new standards, GASB requires that cost-sharing governments report a net OPEB liability, OPEB expense, and OPEB related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the governments in the plan. In addition, GASB requires Statement 75 to be applied retroactively which has resulted in a restatement of beginning net position as follows:

Net position, at beginning of year	\$ (1,854,127)
Beginning net OPEB liability	<u>(2,032,814)</u>
Net position, at beginning of year, as restated	<u><u>\$ (3,886,941)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Four Fiscal Years**

	2018	2017	2016	2015
District's proportion of the net pension liability	0.1403%	0.1720%	0.1579%	0.0600%
District's proportionate share of the net pension liability (asset)	\$ 8,211,254	\$ 8,467,821	\$ 6,787,528	\$ 4,975,195
District's covered employee payroll	\$ 3,405,015	\$ 4,122,360	\$ 3,827,396	\$ 3,694,293
District's share of the net pension liability (asset) as a percentage of its covered employee payroll	241.15%	205.41%	177.34%	134.67%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	55.50%	59.97%	66.80%

Notes:

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2017 valuation:

The assumed investment rate of return was decreased from 7.5% to 6.25%.

The assumed rate of inflation was reduced from 3.5% to 2.3%.

Payroll growth assumption was reduced from 4% to 2%.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The above contributions only include those contributions allocated directly to the CERS pension fund.

The measurement date of the net pension liability is one year preceding the fiscal year of the District.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net pension liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

Once available, the above schedule will present 10 years of historical data.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
REQUIRED SUPPLEMENTARY
SCHEDULE OF PENSION CONTRIBUTIONS
Last Four Fiscal Years

	2018	2017	2016	2015
Contractually required employer contribution	\$ 449,589	\$ 485,867	\$ 511,997	\$ 469,614
Contributions relative to contractually required employer contribution	<u>449,589</u>	<u>485,867</u>	<u>511,997</u>	<u>469,614</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,104,894	\$ 3,405,015	\$ 4,122,360	\$ 3,827,396
Employer contributions as a percentage of covered-employee payroll	14.48%	14.27%	12.42%	12.27%

Notes:

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2017 valuation:

The assumed investment rate of return was decreased from 7.5% to 6.25%.

The assumed rate of inflation was reduced from 3.5% to 2.3%.

Payroll growth assumption was reduced from 4% to 2%.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The above contributions only include those contributions allocated directly to the CERS pension fund.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability.

Once available, the above schedule will present 10 years of historical data.

**BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Last Two Fiscal Years**

	2018	2017
District's proportion of the net OPEB liability	0.1403%	0.1720%
District's proportionate share of the net OPEB liability (asset)	\$ 2,820,188	\$ 2,212,072
District's covered employee payroll	\$ 3,405,015	\$ 4,122,360
District's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	82.82%	53.66%
Plan fiduciary net position as a percentage of the total OPEB liability	55.50%	55.50%

Notes:

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2017 valuation:

The assumed investment rate of return was decreased from 7.5% to 6.25%.

The assumed rate of inflation was reduced from 3.5% to 2.3%.

Payroll growth assumption was reduced from 4% to 2%.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of the CERS. The above contributions only include those contributions allocated directly to the CERS insurance fund.

The measurement date of the net OPEB liability is one year preceding the fiscal year of the District.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net OPEB liability and differs from the Company's fiscal year payroll reported on the Schedule of Contributions.

Once available, the above schedule will present 10 years of historical data.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS
Last Four Fiscal Years

	2018	2017	2016	2015
Contractually required employer contribution	\$ 145,930	\$ 164,742	\$ 191,278	\$ 181,216
Contributions relative to contractually required employer contribution	<u>145,930</u>	<u>164,742</u>	<u>191,278</u>	<u>181,216</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,104,894	\$ 3,405,015	\$ 4,122,360	\$ 3,827,396
Employer contributions as a percentage of covered-employee payroll	4.70%	4.84%	4.64%	4.73%

Notes:

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2017 valuation:

The assumed investment rate of return was decreased from 7.5% to 6.25%.

The assumed rate of inflation was reduced from 3.5% to 2.3%.

Payroll growth assumption was reduced from 4% to 2%.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of the CERS. The above contributions only include those contributions allocated directly to the CERS OPEB fund.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net OPEB Liability.

Once available, the above schedule will present 10 years of historical data.



**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**

The Board of Directors
Bluegrass Area Development District, Inc.
Lexington, 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 Bluegrass Area Development District, Inc. (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RFH

RFH, PLLC
Lexington, Kentucky
December 7, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Bluegrass Area Development District, Inc.'s (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bluegrass Area Development District, Inc., 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, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

RFH

RFH, PLLC
Lexington, Kentucky
December 7, 2018

SUPPLEMENTARY INFORMATION

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2017	Receivable at 06.30.2017	2018 Federal Expenditures	2018 Federal Receipts	Deferred at 06.30.2018	Receivable at 06.30.2018	Passed Through to Subrecipients
U.S. Department of Labor												
Passed through Commonwealth of Kentucky												
Department for Workforce Investment												
<u>Trade Adjustment Assistance</u>												
Trade Training	51170	17.245	205BE15	\$ -	10.2014-09.2017	\$ -	\$ 461	\$ -	\$ 461	\$ -	\$ -	\$ -
Trade Training	51180	17.245	205BE16	450,611	10.2014-09.2018	0	110,607	319,196	328,605	0	101,198	319,250
				<u>450,611</u>		<u>0</u>	<u>111,068</u>	<u>319,196</u>	<u>329,066</u>	<u>0</u>	<u>101,198</u>	<u>319,250</u>
<u>WIOA National Emergency Grants</u>												
NEG	52020/52120	17.277	258GO15	0	07.2014-06.2016	0	(437)	0	(437)	0	0	0
Medicaid IT Support	59020	17.277	258MC18	40,000	08.2017-06.2018	0	0	25,356	24,456	0	900	0
				<u>40,000</u>		<u>0</u>	<u>(437)</u>	<u>25,356</u>	<u>24,019</u>	<u>0</u>	<u>900</u>	<u>0</u>
<u>Workforce Innovation and Opportunity Act Cluster</u>												
<u>WIOA Adult Program</u>												
Adult (converted from 273AD15)	53050/53150	17.258	273ADW5	0	10.2014-06.2016	0	10,534	0	10,534	0	0	0
Adult	53060/53160	17.258	270AD16	0	07.2015-06.2017	0	13,910	0	13,910	0	0	0
Adult	53070/53170	17.258	273AD16	0	10.2015-06.2017	0	63,342	0	56,928	0	6,414	0
Adult	53080/53180	17.258	270AD17	98,994	07.2016-06.2018	0	(15,375)	98,994	3,008	0	80,612	86,672
Adult	53010/53110	17.258	273AD17	667,617	10.2016-06.2018	0	230,731	667,617	892,570	0	5,778	564,543
Adult	53011/53111	17.258	273AD18	850,519	10.2017-06.2019	0	0	499,340	33,332	0	466,008	447,229
Adult	53020/53120	17.258	270AD18	139,574	07.2017-06.2019	0	0	139,574	56,417	0	83,157	126,444
<u>WIOA Youth</u>												
Youth (converted from 274YT15)	56020/56120/57120	17.259	274YTW5	0	04.2014-06.2016	0	56,243	(8,425)	47,818	0	0	0
Youth	56030/56130/57130	17.259	274YT16	0	04.2015-06.2017	0	269,491	(70,972)	242,999	0	(44,480)	0
Youth	56040/56140/57140	17.259	274YT17	1,217,462	04.2016-06.2018	0	6,899	1,217,462	890,619	0	333,742	960,471
Youth	56050/56150/57150	17.259	274YT18	1,127,525	04.2017-06.2019	0	0	302,184	9,196	0	292,989	301,690
Incentive	50010	17.259	274SR15	0	04.2014-06.2016	0	(1,000)	0	(1,000)	0	0	0
Incentive	50020	17.259	274SR16	0	04.2015-06.2017	0	71,671	(26,088)	1,103	0	44,480	0
<u>WIOA Dislocated Worker Formula Grants</u>												
Dislocated Worker (converted from 272DW15)	54030/54130	17.278	272DWW5	0	07.2014-06.2016	0	10,551	(6,889)	3,662	0	0	0
Dislocated Worker (converted from 271DW15)	54040/54140	17.278	271DWW5	0	10.2014-06.2016	0	20,990	(8,172)	12,819	0	0	0
Dislocated Worker	54050/54150	17.278	272DW16	0	07.2015-06.2017	0	72,620	0	72,620	0	0	0
Dislocated Worker	54060/54160/53190	17.278	271DW16	0	10.2015-06.2017	0	60,403	0	45,613	0	14,790	0
Dislocated Worker	54070/54170	17.278	272DW17	110,024	07.2016-06.2018	0	79,430	110,024	189,454	0	0	62,916
Dislocated Worker	54080/54180/53140	17.278	271DW17	1,254,719	10.2016-06.2018	0	2,000	1,254,719	1,044,062	0	212,657	910,059
Dislocated Worker	54010/54110/53121	17.278	271DW18	1,174,884	10.2017-06.2019	0	0	25,941	(71)	0	26,012	25,941
Dislocated Worker	54090/54190	17.278	272DW18	220,525	07.2017-06.2019	0	0	198,473	0	0	198,473	168,502
Rapid Response	51030	17.278	272CM16	0	07.2015-06.2016	0	0	0	0	0	0	0
Rapid Response	51040	17.278	271CM14	0	10.2014-06.2017	0	20,500	0	20,500	0	0	0
Rapid Response	51210	17.278	272RRW5	0	07.2015-06.2016	0	856	0	856	0	0	0
Passed through Kentuckiana Works												
Rapid Response	59010	17.278	271RRW5	0	10.2013-06.2017	0	7,023	0	7,051	28	0	0
Total Workforce Investment Act Cluster				6,861,843		0	980,819	4,393,782	3,654,000	28	1,720,632	3,654,467
Total U.S. Department of Labor				\$ 7,352,454		\$ -	\$ 1,091,450	\$ 4,738,334	\$ 4,007,085	\$ 28	\$ 1,822,730	\$ 3,973,717

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2017	Receivable at 06.30.2017	2018 Federal Expenditures	2018 Federal Receipts	Deferred at 06.30.2018	Receivable at 06.30.2018	Passed Through to Subrecipients
U.S. Department of Health and Human Services												
Passed through Commonwealth of Kentucky												
Cabinet for Health and Family Services												
<u>Aging Cluster</u>												
<u>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers</u>												
Title III- Admin	42000	93.044	1700002624	\$ 158,855	07.2017-06.2018	\$ -	\$ -	\$ 158,229	\$ 129,977	\$ -	\$ 28,253	\$ -
Title III - SS	42000	93.044	1700002624	645,101	07.2017-06.2018	0	0	645,101	638,997	0	6,104	645,101
Title III - Ombudsman	42060	93.044	1700002624	29,000	07.2017-06.2018	0	0	29,000	29,000	0	0	29,000
				<u>832,956</u>		<u>0</u>	<u>0</u>	<u>832,330</u>	<u>797,974</u>	<u>0</u>	<u>34,357</u>	<u>674,101</u>
<u>Special Programs for the Aging - Title III, Part C - Nutrition Services</u>												
Title III Congregate Meals Admin	42030	93.045	1700002624	1,788	07.2017-06.2018	0	0	1,788	1,788	0	0	0
Title III Congregate Meals	42030	93.045	1700002624	433,261	07.2017-06.2018	0	0	433,170	422,416	0	10,754	433,261
Title III Home Delivered Meals Admin	42040	93.045	1700002624	1,788	07.2017-06.2018	0	0	1,788	1,781	0	7	0
Title III Home Delivered Meals	42040	93.045	1700002624	491,000	07.2017-06.2018	0	0	488,718	462,804	0	25,914	491,000
				<u>927,837</u>		<u>0</u>	<u>0</u>	<u>925,464</u>	<u>888,789</u>	<u>0</u>	<u>36,675</u>	<u>924,261</u>
<u>Nutrition Services Incentive Program</u>												
NSIP	47000	93.053	1800000566	173,417	10.2017-9.2018	0	0	173,417	173,417	0	0	173,417
			Total Aging Cluster	1,934,210		0	0	1,931,211	1,860,180	0	71,032	1,771,779
<u>Medical Assistance Program</u>												
Aging ADRC	48030	93.778	1700002631	37,782	07.2017-06.2018	0	0	36,270	30,276	0	5,994	0
				<u>37,782</u>		<u>0</u>	<u>0</u>	<u>36,270</u>	<u>30,276</u>	<u>0</u>	<u>5,994</u>	<u>0</u>
<u>Special Programs for the Aging - Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation</u>												
Title VII Elder Abuse Prevention	42250	93.041	1700002626	10,198	07.2017-06.2018	0	0	10,198	10,198	0	0	10,198
<u>Special Programs for the Aging - Title VIII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals</u>												
Title VIII Ombudsman	46000	93.042	1700002626	16,823	07.2017-06.2018	0	0	16,823	16,823	0	0	16,823
<u>Department for Aging and Independent Living</u>												
Title III D Preventative Health	42050	93.043	1700002624	39,536	07.2017-06.2018	0	0	36,232	31,746	0	4,486	27,822
Aging Alzheimer's	48060	93.051	1400001205	0	07.2015-06.2016	17	0	0	0	17	0	0
<u>Medicare Improvements for Patients and Providers (MIPPA) - SHIP</u>												
MIPPA-AAA	48110	93.071	1800000579	38,914	9.30.2017-09.29.2018	0	0	29,187	25,944	0	3,243	29,187
MIPPA-AAA	48110	93.071	1800000579	0	07.2017-09.29.2017	0	0	0	0	0	0	0
MIPPA-AAA	48110	93.071	1800000579	16,741	9.30.2017-09.29.2018	0	0	12,555	11,160	0	1,395	12,555
MIPPA-ADRC	48120	93.071	1800000579	4,563	9.30.2017-09.29.2018	0	0	2,642	2,642	0	0	0
MIPPA-ADRC	48120	93.071	1800000579	0	07.2017-09.29.2017	0	0	0	(1,078)	0	1,078	0
Functional Assessment Service Teams	48050	93.069	1700002632	1,000	07.2017-06.2018	0	0	735	0	0	735	0
Improving Arthritis Outcomes	48080	93.945	1700002633	3,000	07.2017-06.2018	0	0	396	96	0	300	0
				<u>103,754</u>		<u>17</u>	<u>0</u>	<u>81,747</u>	<u>70,510</u>	<u>17</u>	<u>11,237</u>	<u>69,564</u>
<u>National Family Caregiver Support Title II, Part E</u>												
Aging Family Caregiver Support	49000/49010	93.052	1700002624	276,683	07.2017-06.2018	0	0	258,296	205,690	226	52,831	0
<u>Communities Putting Prevention to Work</u>												
Chronic Diseases and Self Management	48000/48010	93.725		0	07.2015-08.2015	0	0	0	0	0	0	0
<u>Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluations</u>												
CMS-SHIP	42400	93.324	1700002623	95,904	07.2017-06.2018	218	0	95,904	71,928	218	23,976	95,904
Total U.S. Department of Health and Human Services				\$ 2,475,354		\$ 235	\$ -	\$ 2,430,449	\$ 2,265,605	\$ 461	\$ 165,070	\$ 1,964,268

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2017	Receivable at 06.30.2017	2018 Federal Expenditures	2018 Federal Receipts	Deferred at 06.30.2018	Receivable at 06.30.2018	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>												
Passed through Commonwealth of Kentucky												
Department for Workforce Investment												
SNAP Employ & Training	59021	10.561	258MC18	\$ 99,018	01.2018-06.2018	\$ -	\$ -	\$ 33,528	\$ -	\$ -	\$ 33,528	\$ 32,531
<u>U.S. Department of Housing and Urban Development</u>												
Passed through Commonwealth of Kentucky												
Department for Local Government												
<u>Community Development Block Grants (CDBG)/State's program and Non-Entitlement Grants in Hawaii</u>												
Joint Funding Administration (JFA) - Program Assistance	71250	14.228	1800000286	19,738	07.2017-06.2018	0	10,299	19,738	25,103	0	4,935	0
<u>U.S. Department of Commerce</u>												
Passed through Commonwealth of Kentucky												
Department for Local Government												
<u>Economic Development Support for Planning Organizations</u>												
JFA Community and Economic Development	71200	11.302	1800000286	70,000	07.2017-06.2018	0	15,750	70,000	68,250	0	17,500	0
The SOAR Initiative	22750	11.307	04-79-06942	33,162	07.2014-07.2017	0	28,380	0	28,380	0	0	0
			Total U.S. Department of Commerce	103,162		0	44,130	70,000	96,630	0	17,500	0
<u>U.S. Appalachian Regional Commission - Direct Grant</u>												
<u>Appalachian Local Development District Assistance</u>												
JFA ARC Planning and Assistance	71300	23.009	KY-702-C-C46-R1-17	46,727	07.2017-12.2017	0	0	46,727	46,727	0	0	0
JFA ARC Planning and Assistance	71300	23.009	KY-702-C-C47-18	46,727	01.2018-06.2018	0	0	46,727	46,727	0	0	0
			Total U.S. Appalachian Regional Commission	93,454		0	0	93,454	93,454	0	0	0
<u>U.S. Department of Transportation</u>												
Passed through Commonwealth of Kentucky												
Transportation Cabinet												
<u>Highway Planning and Construction</u>												
Highway Inventory Data Collection Program	85090-85250	20.205	1800001813	30,400	10.2017-05.2018	0	20,099	28,128	48,226	0	0	0
			Page subtotal	\$ 345,772		\$ -	\$ 74,528	\$ 244,848	\$ 263,413	\$ -	\$ 55,962	\$ 32,531

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2017	Receivable at 06.30.2017	2018 Federal Expenditures	2018 Federal Receipts	Deferred at 06.30.2018	Receivable at 06.30.2018	Passed Through to Subrecipients
U.S. Department of Homeland Security												
Passed through Commonwealth of Kentucky												
Department of Military Affairs												
Homeland Security												
FEMA Hazard Mitigation	25110	97.047	150000920	\$ -	12.2014-09.2017	\$ -	\$ 41,881	\$ (4,042)	\$ (12,974)	\$ -	\$ 50,813	\$ -
KOHS N. Middletown Fire Dept.	21656	97.067	1700002568	0	12.2016-06.2018	0	21,600	0	21,600	0	0	0
KOHS Cynthiana Fire Dept.	21662	97.067	1700002578	0	12.2016-06.2018	0	18,597	0	18,597	0	0	0
KOHS Mercer Fire Protection	21657	97.067	1700002579	28,000	12.2016-06.2018	0	0	28,000	28,000	0	0	0
KOHS Boyle Co Fire District	21671	97.067	1800002400	19,500	12.2017-06.2019	0	0	19,500	19,500	0	0	0
KOHS Crab Orchard Fire Dept.	21672	97.067	1800002415	16,000	12.2017-06.2019	0	0	16,000	0	0	16,000	0
KOHS Nicholas Co EMS	21673	97.067	1800002386	20,000	12.2017-06.2019	0	0	20,000	0	0	20,000	0
KOHS Perryville Fire Dept.	21674	97.067	1800002412	21,300	12.2017-06.2019	0	0	21,300	21,300	0	0	0
KOHS Revenna Police Dept.	21676	97.067	1800002392	3,800	12.2017-06.2019	0	0	3,436	0	0	3,436	0
KOHS Woodford Fire Dept.	21677	97.067	1800002413	15,200	12.2017-06.2019	0	0	15,200	15,200	0	0	0
Total U.S. Department of Homeland Security				<u>123,800</u>		<u>0</u>	<u>82,078</u>	<u>119,394</u>	<u>111,223</u>	<u>0</u>	<u>90,249</u>	<u>0</u>
Total			Grant total federal awards	<u>\$ 10,297,380</u>		<u>\$ 235</u>	<u>\$ 1,248,056</u>	<u>\$ 7,533,025</u>	<u>\$ 6,647,326</u>	<u>\$ 489</u>	<u>\$ 2,134,011</u>	<u>\$ 5,970,516</u>

	\$ 2,134,011	FY18 A/R
	(1,248,056)	Less FY17 A/R
	235	FY17 Deferred
	(489)	Less FY18 Deferred
	1,488	Service Fees
	<u>\$ 7,534,516</u>	Federal revenue per financial statements

**BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2018**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified Yes No

Significant deficiencies identified that are not
considered to be material weaknesses Yes None reported

Non-compliance material to financial statements noted Yes No

Federal Awards:

Internal control over major programs:

Material weaknesses identified Yes No

Significant deficiencies identified that are not
considered to be material weaknesses Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified for all major programs.

Any audit findings disclosed that are required to be reported in
accordance with the Uniform Guidance?

Yes No

Major Programs:

CFDA Number

Name of Federal Program or Cluster

17.258, 17.259, 17.278
93.044, 93.045, 93.053

DOL Workforce Investment Act, Cluster
DHHS Special Aging and Nutrition Cluster

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

Auditee qualified as a low-risk auditee? Yes No

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

IV. PRIOR AUDIT FINDINGS

NONE

STATEMENTS OF OPERATION BY PROGRAM

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

PROGRAM SUMMARY

Year ended June 30, 2018

	Community & Infrastructure Development	Mapping / GIS	Aging	CDO	Workforce Development	Planning & Zoning Assistance	Water & Sewer Planning	Transport. Planning	Homeland Security	Economic Development	Management Services	Non-Grant	Regional Coordinator JFA	Totals Programs
Revenues														
Federal and state:														
Received	\$ -	\$ 70,416	\$ 5,384,656	\$ 15,653,734	\$ 2,930,836	\$ -	\$ 20,707	\$ 87,243	\$ 71,026	\$ -	\$ -	\$ -	\$ 319,847	\$ 24,538,465
Receivable	-	35,257	634,902	744,937	1,841,467	-	20,706	18,260	48,368	-	-	-	\$ 10,815	3,354,712
Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local:														
Contributions	-	-	-	-	-	-	-	-	-	-	-	131,152	-	131,152
Rent	-	-	-	-	-	-	-	-	-	-	-	81,477	-	81,477
Interest	-	-	-	-	-	-	-	-	-	-	-	14,063	-	14,063
Matching/In-kind	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service fees	265,977	129,225	50,146	177,717	577	10,499	20,555	-	-	142,500	24,048	-	-	821,244
					-									
Total revenues	265,977	234,898	6,069,704	16,576,388	4,772,880	10,499	61,968	105,503	119,394	142,500	24,048	226,692	330,662	28,941,113
Expenditures														
Direct costs:														
Salaries	27,257	109,894	350,783	1,043,488	327,846	7,205	34,730	55,565	208	65,399	15,200	12,310	223,970	2,273,855
Employee burden	8,378	57,611	200,042	596,727	181,945	3,559	20,803	34,576	112	28,899	7,428	933,225	137,207	2,210,512
Annual leave	793	7,834	25,117	56,364	19,938	340	2,368	3,185	9	4,374	972	858	17,976	140,128
Travel	1,137	(4,367)	21,837	65,424	21,679	390	1,659	999	1	7,764	946	11,696	4,945	134,110
Legal fees	-	-	-	-	204,362	-	-	-	-	-	-	2,340	-	206,702
Bad debts	5,000	11,593	-	496,564	-	-	-	-	-	-	-	1,628	-	514,785
Recoupment	-	-	-	16,815	-	-	-	-	-	-	-	-	-	16,815
Other	-	20,170	101,572	104,377	69,130	-	1,303	657	-	1,303	-	35,285	14,258	348,055
Contract costs	-	419	5,170,276	14,167,010	4,083,276	-	-	-	123,436	-	-	-	-	23,544,417
Total direct costs	42,565	203,154	5,869,627	16,546,769	4,908,176	11,494	60,863	94,982	123,766	107,739	24,546	997,342	398,356	29,389,379
Indirect costs applied	13,630	64,077	210,702	627,423	195,008	4,118	21,243	34,481	123	36,072	8,654	7,021	138,160	1,360,712
Total expenditures	56,195	267,231	6,080,329	17,174,192	5,103,184	15,612	82,106	129,463	123,889	143,811	33,200	1,004,363	536,516	30,750,091
Revenues over expenditures	\$ 209,782	\$ (32,333)	\$ (10,625)	\$ (597,804)	\$ (330,304)	\$ (5,113)	\$ (20,138)	\$ (23,960)	\$ (4,495)	\$ (1,311)	\$ (9,152)	\$ (777,671)	\$ (205,854)	\$ (1,808,978)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
KENTUCKY JOINT FUNDING ADMINISTRATION PROGRAM
Year ended June 30, 2018

	<u>Element No.</u>	<u>Budget</u>	<u>Amended Budget</u>	<u>Actual Direct</u>	<u>Actual Indirect</u>	<u>Actual Total</u>
Revenues						
Federal		\$ 183,192	\$ 183,192	\$ 136,178	\$ 47,014	183,192
State		<u>210,212</u>	<u>130,694</u>	<u>97,153</u>	<u>33,541</u>	<u>130,694</u>
Total revenues		<u>393,404</u>	<u>313,886</u>	<u>233,331</u>	<u>80,555</u>	<u>313,886</u>
Expenditures						
Community and Economic Development Community Development Block Grant Program Assistance	120	104,687	104,687	121,181	40,286	161,467
Appalachian Regional Commission Planning and Assistance	125	39,477	39,477	47,751	17,089	64,840
Management Assistance	130	186,909	186,909	166,742	58,126	224,868
Program Administration	140	23,973	23,973	21,521	7,893	29,414
	150	<u>38,358</u>	<u>38,358</u>	<u>28,284</u>	<u>10,074</u>	<u>38,358</u>
Total expenditures		<u>393,404</u>	<u>393,404</u>	<u>385,479</u>	<u>133,468</u>	<u>518,947</u>
Revenues over expenditures		<u>\$ 0</u>	<u>\$ (79,518)</u>	<u>\$ (152,148)</u>	<u>\$ (52,913)</u>	<u>\$ (205,061)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2018

	21604 Frankfort CDBG Benson Creek	21608 Powell CDBG Senior Ctr	21612 Alton Vacuum Sewer CDBG	21613 Clark CDBG Sphar Building	21615 Harrison CDBG Sanitation	21616 Hustonville CDBG Fire/EMS	21632 Nicholas Fire Station Renov
Revenues							
Federal and state:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	<u>17,965</u>	<u>19,647</u>	<u>49,164</u>	<u>9,132</u>	<u>48,444</u>	<u>2,209</u>	<u>20,000</u>
Total revenues	<u>17,965</u>	<u>19,647</u>	<u>49,164</u>	<u>9,132</u>	<u>48,444</u>	<u>2,209</u>	<u>20,000</u>
Expenditures							
Direct costs:							
Salaries	920	777	1,094	4,277	2,490	468	3,507
Employee burden	123	82	570	2,163	1,206	239	268
Annual leave	5	3	64	186	170	26	0
Travel	0	0	261	42	197	105	56
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	1,048	862	1,989	6,668	4,063	838	3,831
Indirect costs applied	<u>399</u>	<u>328</u>	<u>636</u>	<u>2,464</u>	<u>1,414</u>	<u>270</u>	<u>1,444</u>
Total expenditures	<u>1,447</u>	<u>1,190</u>	<u>2,625</u>	<u>9,132</u>	<u>5,477</u>	<u>1,108</u>	<u>5,275</u>
Revenues over (expenditures)	<u>\$ 16,518</u>	<u>\$ 18,457</u>	<u>\$ 46,539</u>	<u>\$ 0</u>	<u>\$ 42,967</u>	<u>\$ 1,101</u>	<u>\$ 14,725</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2018

	21633 Mercer Kennedy Bridge CDBG	21634 Wilmore WW Treatment	21641 Berea Fire Municipal Ctr	24080 City of Burgin CDBG	21280 Allison Abrasive CDBG	Total
Revenues						
Federal and state:						
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Service fees	<u>14,000</u>	<u>45,398</u>	<u>21,429</u>	<u>18,589</u>	<u>0</u>	<u>265,977</u>
Total revenues	<u>14,000</u>	<u>45,398</u>	<u>21,429</u>	<u>18,589</u>	<u>0</u>	<u>265,977</u>
Expenditures						
Direct costs:						
Salaries	2,160	5,732	3,946	1,886	0	27,257
Employee burden	406	1,031	2,108	182	0	8,378
Annual leave	32	123	180	4	0	793
Travel	0	15	437	24	0	1,137
Bad Debt Expense	0	0	0	0	5,000	5,000
Other	0	0	0	0	0	0
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	2,598	6,901	6,671	2,096	5,000	42,565
Indirect costs applied	<u>981</u>	<u>2,587</u>	<u>2,316</u>	<u>791</u>	<u>0</u>	<u>13,630</u>
Total expenditures	<u>3,579</u>	<u>9,488</u>	<u>8,987</u>	<u>2,887</u>	<u>5,000</u>	<u>56,195</u>
Revenues over (expenditures)	<u>\$ 10,421</u>	<u>\$ 35,910</u>	<u>\$ 12,442</u>	<u>\$ 15,702</u>	<u>\$ (5,000)</u>	<u>\$ 209,782</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2018

	80010 Mapping Assistance	88000 KIA GIS FY17	88100 Jessamine GIS T/A	88110 FY16 Boyle GIS T/A	81601 Bourbon E911	82240 Anderson GPS E911	83030 Mercer 911 Map Update
Revenues							
Federal and State:							
Received	\$ 0	\$ 35,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	35,257	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	2,115	0	13,920	8,500	(390)	5,000	7,500
Total revenues	2,115	70,514	13,920	8,500	(390)	5,000	7,500
Expenditures							
Direct costs:							
Salaries	0	31,542	6,034	3,261	3,994	3,087	4,935
Employee burden	0	20,186	3,060	1,640	2,011	1,607	2,445
Annual leave	0	2,798	368	200	252	185	308
Travel	35	3,199	278	523	290	371	204
Bad Debt Expense	0	0	0	0	8,464	0	0
Other	469	3,714	512	0	0	(1)	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	504	61,439	10,252	5,624	15,011	5,249	7,892
Indirect costs applied	0	19,787	3,479	1,875	2,297	1,795	2,823
Total expenditures	504	81,226	13,731	7,499	17,308	7,044	10,715
Revenues over (expenditures)	\$ 1,611	\$ (10,712)	\$ 189	\$ 1,001	\$ (17,698)	\$ (2,044)	\$ (3,215)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2018

	83060 Madison PVA Mapping	83080 Frankfort E911 ESN	85080 Magoffin E911	85090 Local Roads Anderson	85100 Local Roads Bourbon	85110 Local Roads Boyle	85120 Local Roads Clark
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 835	\$ 770	\$ 513	\$ 1,331
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	18,953	1,354	0	0	0	0	0
Total revenues	18,953	1,354	0	835	770	513	1,331
Expenditures							
Direct costs:							
Salaries	8,719	605	0	359	366	237	603
Employee burden	4,608	325	0	184	175	123	271
Annual leave	518	35	0	25	24	16	42
Travel	0	33	0	45	0	0	85
Bad Debt Expense	0	0	3,128	0	0	0	0
Other	0	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	13,845	998	3,128	613	565	376	1,001
Indirect costs applied	5,098	356	0	208	207	138	334
Total expenditures	18,943	1,354	3,128	821	772	514	1,335
Revenues over (expenditures)	\$ 10	\$ 0	\$ (3,128)	\$ 14	\$ (2)	\$ (1)	\$ (4)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2018

	85130 Local Roads Estill	85140 Local Roads Franklin	85150 Local Roads Garrard	85160 Local Roads Harrison	85170 Local Roads Jessamine	85180 Local Roads Lincoln	85190 Local Roads Madison
Revenues							
Federal and State:							
Received	\$ 3,361	\$ 640	\$ 611	\$ 1,016	\$ 1,208	\$ 3,127	\$ 3,587
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	0
Total revenues	3,361	640	611	1,016	1,208	3,127	3,587
Expenditures							
Direct costs:							
Salaries	1,557	296	263	480	559	1,457	1,630
Employee burden	760	153	135	234	290	692	838
Annual leave	108	21	19	32	37	109	113
Travel	95	0	32	0	0	53	72
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	2,520	470	449	746	886	2,311	2,653
Indirect costs applied	886	172	152	273	325	822	944
Total expenditures	3,406	642	601	1,019	1,211	3,133	3,597
Revenues over (expenditures)	\$ (45)	\$ (2)	\$ 10	\$ (3)	\$ (3)	\$ (6)	\$ (10)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2018

	85210 Local Roads Nicholas	85220 GPS Ctrln Powell	85230 GPS Ctrln Scott	85240 GPS Ctrln Woodford	85250 GPS Ctrln Fayette	85270 Jess S. Elkhorn Map	85400 Snow Plow Tracking ADF
Revenues							
Federal and State:							
Received	\$ 1,319	\$ 1,255	\$ 4,808	\$ 6,396	\$ 4,382	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	4,467	15,536
Total revenues	1,319	1,255	4,808	6,396	4,382	4,467	15,536
Expenditures							
Direct costs:							
Salaries	629	580	2,213	3,041	3,909	3,801	6,152
Employee burden	297	301	1,137	1,431	1,824	1,971	2,631
Annual leave	43	41	153	211	270	263	426
Travel	0	0	38	21	0	0	0
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	2,967
Contract costs	0	0	0	0	0	0	0
Total direct costs	969	922	3,541	4,704	6,003	6,035	12,176
Indirect costs applied	354	337	1,281	1,711	2,193	2,208	3,360
Total expenditures	1,323	1,259	4,822	6,415	8,196	8,243	15,536
Revenues over (expenditures)	\$ (4)	\$ (4)	\$ (14)	\$ (19)	\$ (3,814)	\$ (3,776)	\$ 0

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2018

	85401 Snow Plow <u>Tracking Mercer</u>	85402 Snow Plow <u>Tracking Garrard</u>	85404 Snow Plow <u>Tracking Nicholas</u>	85406 Mercer Co <u>Readdressing</u>	85407 Powell <u>Clerks Web Map</u>	85408 Snow Plow <u>Tracking Boyle</u>	85409 Snow Plow <u>Tracking Harrison</u>
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	<u>870</u>	<u>400</u>	<u>2,635</u>	<u>10,356</u>	<u>2,500</u>	<u>4,154</u>	<u>2,896</u>
Total revenues	<u>870</u>	<u>400</u>	<u>2,635</u>	<u>10,356</u>	<u>2,500</u>	<u>4,154</u>	<u>2,896</u>
Expenditures							
Direct costs:							
Salaries	52	0	1,029	4,848	1,235	1,627	156
Employee burden	28	0	475	2,275	602	739	84
Annual leave	3	0	69	317	81	110	9
Travel	49	0	67	136	0	36	32
Bad Debt Expense	0	0	0	0	0	0	0
Other	707	400	0	55	0	737	2,523
Contract costs	<u>0</u>	<u>0</u>	<u>419</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	839	400	2,059	7,631	1,918	3,249	2,804
Indirect costs applied	<u>31</u>	<u>0</u>	<u>576</u>	<u>2,725</u>	<u>703</u>	<u>905</u>	<u>92</u>
Total expenditures	<u>870</u>	<u>400</u>	<u>2,635</u>	<u>10,356</u>	<u>2,621</u>	<u>4,154</u>	<u>2,896</u>
Revenues over (expenditures)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (121)</u>	<u>\$ 0</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2018

	85410 Snow Plow <u>Tracking Powell</u>	85411 Snow Plow <u>Tracking Woodford</u>	85412 Snow Plow <u>Tracking Estill</u>	85414 Parksville <u>Web Map</u>	85415 Mercer Planning & Zoning Maps <u></u>	85416 Lancaster Water Map <u></u>	85417 Versailles Mapping <u></u>
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	<u>3,071</u>	<u>6,007</u>	<u>5,023</u>	<u>500</u>	<u>2,024</u>	<u>600</u>	<u>1,737</u>
Total revenues	<u>3,071</u>	<u>6,007</u>	<u>5,023</u>	<u>500</u>	<u>2,024</u>	<u>600</u>	<u>1,737</u>
Expenditures							
Direct costs:							
Salaries	1,173	1,510	1,990	74	939	74	847
Employee burden	550	698	912	30	479	30	366
Annual leave	80	105	138	5	64	5	60
Travel	75	47	24	0	0	0	0
Bad Debt Expense	0	0	0	0	0	0	0
Other	537	2,799	849	0	0	0	0
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	2,415	5,159	3,913	109	1,482	109	1,273
Indirect costs applied	<u>656</u>	<u>848</u>	<u>1,110</u>	<u>40</u>	<u>542</u>	<u>40</u>	<u>464</u>
Total expenditures	<u>3,071</u>	<u>6,007</u>	<u>5,023</u>	<u>149</u>	<u>2,024</u>	<u>149</u>	<u>1,737</u>
Revenues over (expenditures)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 351</u>	<u>\$ 0</u>	<u>\$ 451</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2018

	85418 Garrard Water Assoc Map	85419 Mercer School Board	85422 Jessamine Att. Parolee	21653 Boyle Co Planning/Zoning	39000 GIS Vehicle	Total
Revenues						
Federal and State:						
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,416
Receivable	0	0	0	0	0	35,257
Deferred	0	0	0	0	0	0
Local:						
Service fees	500	2,000	4,850	2,147	0	129,225
Total revenues	500	2,000	4,850	2,147	0	234,898
Expenditures						
Direct costs:						
Salaries	74	0	2,404	1,553	0	109,894
Employee burden	30	0	984	0	0	57,611
Annual leave	5	0	166	0	0	7,834
Travel	0	1	0	0	(10,208)	(4,367)
Bad Debt Expense	0	1	0	0	0	11,593
Other	0	0	0	0	3,902	20,170
Contract costs	0	0	0	0	0	419
Total direct costs	109	2	3,554	1,553	(6,306)	203,154
Indirect costs applied	40	0	1,296	594	0	64,077
Total expenditures	149	2	4,850	2,147	(6,306)	267,231
Revenues over (expenditures)	\$ 351	\$ 1,998	\$ 0	\$ 0	\$ 6,306	\$ (32,333)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2018

	40000 Aging <u>Homecare</u>	42000 Aging <u>Title III</u>	42030 Aging <u>Title III C1</u>	42040 Aging <u>Title III C2</u>	42050 Aging <u>Title III D</u>	42060 Aging <u>Title III B Ombuds</u>	42250 Aging <u>Title VII-Elder Abuse</u>
Revenues							
Federal and State:							
Received	\$ 1,425,782	\$ 1,386,752	\$ 597,096	\$ 1,030,739	\$ 38,510	\$ 29,000	\$ 10,198
Receivable	386,259	62,802	11,386	27,915	4,486	0	0
Deferred	0	0	0	0	0	0	0
Local:							
In-kind	0	0	0	0	0	0	0
Service fees	49,623	0	0	0	0	0	0
Total revenues	<u>1,861,664</u>	<u>1,449,554</u>	<u>608,482</u>	<u>1,058,654</u>	<u>42,996</u>	<u>29,000</u>	<u>10,198</u>
Expenditures							
Direct costs:							
Salaries	91,376	93,729	2,282	2,526	4,403	0	0
Employee burden	49,187	55,914	1,446	1,208	2,105	0	0
Annual leave	8,794	6,618	177	140	211	0	0
Travel	2,586	10,362	0	0	3,500	0	0
Other	31,116	31,859	402	401	2,595	0	0
Contract costs	1,628,129	1,200,436	602,801	1,052,973	27,822	29,000	10,198
Total direct costs	1,811,188	1,398,918	607,108	1,057,248	40,636	29,000	10,198
Indirect costs applied	53,769	57,242	1,426	1,428	2,489	0	0
Total expenditures	<u>1,864,957</u>	<u>1,456,160</u>	<u>608,534</u>	<u>1,058,676</u>	<u>43,125</u>	<u>29,000</u>	<u>10,198</u>
Revenues over (expenditures)	<u>\$ (3,293)</u>	<u>\$ (6,606)</u>	<u>\$ (52)</u>	<u>\$ (22)</u>	<u>\$ (129)</u>	<u>\$ 0</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2018

	42400 Aging <u>CMS Ship</u>	46000 Aging <u>Title VII Ombuds</u>	46010 Aging <u>LTC Ombuds</u>	47000 Aging <u>NSIP USDA</u>	48020 Non-Medicaid <u>ADRC</u>	48030 Aging <u>ADRC</u>	48050 Aging <u>FAST</u>
Revenues							
Federal and State:							
Received	\$ 71,928	\$ 16,823	\$ 98,967	\$ 173,417	\$ 115,984	\$ 86,051	\$ 0
Receivable	23,976	0	0	0	0	11,988	735
Deferred	0	0	0	0	0	0	0
Local:							
In-kind	0	0	0	0	0	0	0
Service fees	0	0	0	0	0	0	0
Total revenues	<u>95,904</u>	<u>16,823</u>	<u>98,967</u>	<u>173,417</u>	<u>115,984</u>	<u>98,039</u>	<u>735</u>
Expenditures							
Direct costs:							
Salaries	0	0	0	0	44,257	43,681	0
Employee burden	0	0	0	0	32,908	22,980	0
Annual leave	0	0	0	0	2,976	2,099	0
Travel	0	0	0	0	4,664	0	0
Other	0	0	0	0	5,250	0	0
Contract costs	95,904	16,823	98,967	173,417	0	0	735
Total direct costs	<u>95,904</u>	<u>16,823</u>	<u>98,967</u>	<u>173,417</u>	<u>90,055</u>	<u>68,760</u>	<u>735</u>
Indirect costs applied	0	0	0	0	29,517	25,499	0
Total expenditures	<u>95,904</u>	<u>16,823</u>	<u>98,967</u>	<u>173,417</u>	<u>119,572</u>	<u>94,259</u>	<u>735</u>
Revenues over (expenditures)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,588)</u>	<u>\$ 3,780</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2018

	48080 Aging Arthritis	48100 Aging MIPPA-SHIP	48110 Aging MIPPA-AAA	48120 Aging MIPPA- ADRC	49000 Aging Family Caregiver	49010 Aging Family Care Admin	49020 Aging Grandparent
Revenues							
Federal and State:							
Received	\$ 1,150	\$ 25,944	\$ 11,160	\$ 1,565	\$ 212,366	\$ 27,305	\$ 23,919
Receivable	300	3,243	1,395	1,078	52,701	333	46,305
Deferred	0	0	0	0	0	0	0
Local:							
In-kind	0	0	0	0	0	0	0
Service fees	0	0	0	0	0	0	0
Total revenues	1,450	29,187	12,555	2,643	265,067	27,638	70,224
Expenditures							
Direct costs:							
Salaries	0	0	0	1,220	40,557	11,026	15,726
Employee burden	0	0	0	627	20,499	6,187	6,981
Annual leave	0	0	0	60	2,519	635	888
Travel	71	0	0	0	324	0	330
Other	0	0	0	46	12,836	3,496	13,048
Contract costs	325	29,187	12,555	0	166,047	0	24,957
Total direct costs	396	29,187	12,555	1,953	242,782	21,344	61,930
Indirect costs applied	0	0	0	707	23,355	6,584	8,686
Total expenditures	396	29,187	12,555	2,660	266,137	27,928	70,616
Revenues over (expenditures)	\$ 1,054	\$ 0	\$ 0	\$ (17)	\$ (1,070)	\$ (290)	\$ (392)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2018

	49500 BMH Aging Coalition	Total
	<u> </u>	<u> </u>
Revenues		
Federal and State:		
Received	\$ 0	\$ 5,384,656
Receivable	0	634,902
Deferred	0	0
Local:		
In-kind	0	0
Service fees	523	50,146
	<u>523</u>	<u>6,069,704</u>
Total revenues	<u>523</u>	<u>6,069,704</u>
Expenditures		
Direct costs:		
Salaries	0	350,783
Employee burden	0	200,042
Annual leave	0	25,117
Travel	0	21,837
Other	523	101,572
Contract costs	0	5,170,276
	<u>523</u>	<u>5,869,627</u>
Total direct costs	<u>523</u>	<u>5,869,627</u>
Indirect costs applied	<u>0</u>	<u>210,702</u>
Total expenditures	<u>523</u>	<u>6,080,329</u>
Revenues over (expenditures)	<u>\$ 0</u>	<u>\$ (10,625)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
CONSUMER DIRECTED OPTION

Year ended June 30, 2018

43500
Consumer
Directed Option

Revenues

Federal and State:

Received	\$ 15,653,734
Receivable	744,937
Deferred	0

Local:

Service fees	<u>177,717</u>
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Total revenues	<u>16,576,388</u>
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Expenditures

Direct costs:

Salaries	1,043,488
Employee burden	596,727
Annual leave	56,364
Travel	65,424
Bad debt expense	496,564
Recoupment expense	16,815
Other	104,377
Contract costs	<u>14,167,010</u>

Total direct costs	16,546,769
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Indirect costs applied	<u>627,423</u>
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Total expenditures	<u>17,174,192</u>
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Revenues over (expenditures) \$	<u><u>(597,804)</u></u>
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See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT

Year ended June 30, 2018

	50020 Incentive 274SR16	51180 Trade 205BE16	53070 Adult Admin 273AD16	53010 Adult Admin 273AD17	53110 Adult Program 273AD17	53011 Adult Admin 273AD18	53111 Adult Program 273AD18
Revenues							
Federal and State:							
Received	\$ (70,568)	\$ 217,998	\$ (6,414)	\$ 45,712	\$ 616,127	\$ 30,665	\$ 2,666
Receivable	44,480	101,198	6,414	1,551	4,227	0	466,008
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	577
Total revenues	(26,088)	319,196	0	47,263	620,354	30,665	469,251
Expenditures							
Direct costs:							
Salaries	21,657	0	0	15,704	11,552	11,301	7,100
Employee burden	9,736	0	0	13,053	7,601	7,270	4,768
Annual leave	1,078	0	0	1,286	895	769	473
Travel	0	0	0	1,436	3,022	599	121
Legal Fees	(70,568)	0	(4,755)	(1,081)	0	0	0
Other	0	0	4,755	5,099	8,898	409	265
Contract costs	0	319,196	0	766	581,060	3,213	451,984
Total direct costs	(38,097)	319,196	0	36,263	613,028	23,561	464,711
Indirect costs applied	12,009	0	0	11,000	7,326	7,104	4,540
Total expenditures	(26,088)	319,196	0	47,263	620,354	30,665	469,251
Revenues over (expenditures)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2018

	53020 Adult Admin 270AD18	53120 Adult Program 270AD18	53180 Adult Program 270AD17	54030 DW Admin 272DWW5	54040 DW Admin 271DWW5	54110 DW Program 271DW18	54070 DW Program 272DW17
Revenues							
Federal and State:							
Received	\$ 13,888	\$ 42,530	\$ 18,382	\$ (6,889)	\$ (8,172)	\$ (71)	\$ 18,846
Receivable	70	83,087	80,612	0	0	26,012	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	0
Total revenues	<u>13,958</u>	<u>125,617</u>	<u>98,994</u>	<u>(6,889)</u>	<u>(8,172)</u>	<u>25,941</u>	<u>18,846</u>
Expenditures							
Direct costs:							
Salaries	5,665	0	3,113	0	0	0	6,188
Employee burden	2,943	0	1,660	0	0	0	2,856
Annual leave	294	0	206	0	0	0	285
Travel	63	32	130	0	0	0	493
Legal Fees	0	0	0	(6,889)	(8,172)	0	0
Other	543	299	1,652	0	0	0	5,126
Contract costs	1,157	125,286	90,407	0	0	25,941	439
Total direct costs	<u>10,665</u>	<u>125,617</u>	<u>97,168</u>	<u>(6,889)</u>	<u>(8,172)</u>	<u>25,941</u>	<u>15,387</u>
Indirect costs applied	3,293	0	1,826	0	0	0	3,459
Total expenditures	<u>13,958</u>	<u>125,617</u>	<u>98,994</u>	<u>(6,889)</u>	<u>(8,172)</u>	<u>25,941</u>	<u>18,846</u>
Revenues over (expenditures)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2018

	54170 DW Program 272DW17	54080 DW Admin 271DW17	54180 DW Program 271DW17	53140 Adult Program 271DW17	54190 DW Program 272DW18	56020 Youth Admin 274YTW5	56030 Youth Admin 274YT16
Revenues							
Federal and State:							
Received	\$ 91,178	\$ 60,874	\$ 390,043	\$ 591,145	\$ 0	\$ (8,425)	\$ (26,492)
Receivable	0	64,798	89,004	58,855	198,473	0	(44,480)
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	0
Total revenues	<u>91,178</u>	<u>125,672</u>	<u>479,047</u>	<u>650,000</u>	<u>198,473</u>	<u>(8,425)</u>	<u>(70,972)</u>
Expenditures							
Direct costs:							
Salaries	5,637	52,885	50,230	37,716	10,711	0	(21,657)
Employee burden	3,302	28,040	26,862	24,630	5,432	0	(9,736)
Annual leave	377	2,717	3,173	2,923	677	0	(1,078)
Travel	1,807	1,608	2,881	1,797	170	0	0
Legal Fees	0	0	0	0	0	(8,425)	(26,492)
Other	5,678	4,769	4,343	2,095	4,039	0	0
Contract costs	<u>70,958</u>	<u>4,697</u>	<u>362,068</u>	<u>556,990</u>	<u>171,269</u>	<u>0</u>	<u>0</u>
Total direct costs	87,759	94,716	449,557	626,151	192,298	(8,425)	(58,963)
Indirect costs applied	<u>3,419</u>	<u>30,956</u>	<u>29,490</u>	<u>23,849</u>	<u>6,175</u>	<u>0</u>	<u>(12,009)</u>
Total expenditures	<u>91,178</u>	<u>125,672</u>	<u>479,047</u>	<u>650,000</u>	<u>198,473</u>	<u>(8,425)</u>	<u>(70,972)</u>
Revenues over (expenditures)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT

Year ended June 30, 2018

	56040 Youth Admin 274YT17	56140 YOS Program 274YT17	57140 YIS Program 274YT17	56150 YOS Program 274YT18	57150 YIS Program 274YT18	59020 Medicaid IT Supp 258MC18	59021 SNAP Empl/Train 258SN18	Workforce Legal Expense	Total
Revenues									
Federal and State:									
Received	\$ 70,448	\$ 765,458	\$ 47,815	\$ 9,100	\$ 96	\$ 24,896	\$ 0	\$ 0	\$ 2,930,836
Receivable	45,089	277,985	10,667	292,989	0	900	33,528	0	1,841,467
Deferred	0	0	0	0	0	0	0	0	0
Local:									
Service fees	0	0	0	0	0	0	0	0	577
Total revenues	115,537	1,043,443	58,482	302,089	96	25,796	33,528	0	4,772,880
Expenditures									
Direct costs:									
Salaries	47,151	36,578	14,333	0	0	11,507	475	0	327,846
Employee burden	22,465	18,716	6,642	0	0	5,483	222	0	181,945
Annual leave	2,189	2,109	801	0	0	731	33	0	19,938
Travel	2,098	2,579	1,707	0	0	1,136	0	0	21,679
Legal Fees	0	0	0	0	0	0	0	330,744	204,362
Other	9,868	6,526	4,612	121	33	0	0	0	69,130
Contract costs	5,136	955,784	22,363	301,968	63	0	32,531	0	4,083,276
Total direct costs	88,907	1,022,292	50,458	302,089	96	18,857	33,261	330,744	4,908,176
Indirect costs applied	26,630	21,151	8,024	0	0	6,499	267	0	195,008
Total expenditures	115,537	1,043,443	58,482	302,089	96	25,356	33,528	330,744	5,103,184
Revenues over (expenditures)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 440	\$ 0	\$ (330,744)	\$ (330,304)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
PLANNING AND ZONING TECHNICAL ASSISTANCE
Year ended June 30, 2018

	10020 Anderson/Law Comp Plan	16060 Anderson/Law Planning TA	16063 Clark Fire Study Update	Total
Revenues				
Federal and State:				
Received	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0
Deferred	0	0	0	0
Local:				
Service fees	0	10,260	239	10,499
Total revenues	<u>0</u>	<u>10,260</u>	<u>239</u>	<u>10,499</u>
Expenditures				
Direct costs:				
Salaries	1,123	5,971	111	7,205
Employee burden	755	2,746	58	3,559
Annual leave	59	276	5	340
Travel	0	390	0	390
Other	0	0	0	0
Contract costs	0	0	0	0
Total direct costs	1,937	9,383	174	11,494
Indirect costs applied	719	3,334	65	4,118
Total expenditures	<u>2,656</u>	<u>12,717</u>	<u>239</u>	<u>15,612</u>
Revenues over (expenditures)	<u>\$ (2,656)</u>	<u>\$ (2,457)</u>	<u>\$ 0</u>	<u>\$ (5,113)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2018

	22000 KIA 409 Council FY18	21607 KIA Harrison Sanitation	21647 Winchester Manor SX028	21649 Alton Vacuum KIA Loan	21650 Hustonville Water Improv	21669 KIA Millville Water Line	21678 Bourbon Bedford Acres
Revenues							
Federal and State:							
Received	\$ 20,707	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	20,706	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	1,188	13,085	369	1,337	3,000	1,317
Total revenues	<u>41,413</u>	<u>1,188</u>	<u>13,085</u>	<u>369</u>	<u>1,337</u>	<u>3,000</u>	<u>1,317</u>
Expenditures							
Direct costs:							
Salaries	32,359	504	274	173	299	156	800
Employee burden	19,902	262	143	87	159	83	146
Annual leave	2,277	30	16	10	17	7	10
Travel	1,422	99	80	0	58	0	0
Other	1,302	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	57,262	895	513	270	533	246	956
Indirect costs applied	19,991	293	160	99	175	92	362
Total expenditures	<u>77,253</u>	<u>1,188</u>	<u>673</u>	<u>369</u>	<u>708</u>	<u>338</u>	<u>1,318</u>
Revenues over (expenditures)	<u>\$ (35,840)</u>	<u>\$ 0</u>	<u>\$ 12,412</u>	<u>\$ 0</u>	<u>\$ 629</u>	<u>\$ 2,662</u>	<u>\$ (1)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2018

	23010 Berea KIA WX1040	Total
	<u> </u>	<u> </u>
Revenues		
Federal and State:		
Received	\$ 0	\$ 20,707
Receivable	0	20,706
Deferred	0	0
Local:		
Service fees	<u> 259</u>	<u> 20,555</u>
Total revenues	<u> 259</u>	<u> 61,968</u>
Expenditures		
Direct costs:		
Salaries	165	34,730
Employee burden	21	20,803
Annual leave	1	2,368
Travel	0	1,659
Other	1	1,303
Contract costs	<u> 0</u>	<u> 0</u>
Total direct costs	188	60,863
Indirect costs applied	<u> 71</u>	<u> 21,243</u>
Total expenditures	<u> 259</u>	<u> 82,106</u>
Revenues over (expenditures)	<u> 0</u>	<u> (20,138)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
TRANSPORTATION PLANNING

Year ended June 30, 2018

30000
Transportation

Revenues

Federal and State:

Received	\$	87,243
Receivable		18,260
Deferred		0

Local:

Service fees		0
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Total revenues		<u>105,503</u>
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Expenditures

Direct costs:

Salaries		55,565
Employee burden		34,576
Annual leave		3,185
Travel		999
Other		657
Contract costs		<u>0</u>

Total direct costs		94,982
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Indirect costs applied		<u>34,481</u>
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Total expenditures		<u>129,463</u>
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Revenues over (expenditures)	\$	<u><u>(23,960)</u></u>
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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
HOMELAND SECURITY
Year ended June 30, 2018

	21657 KOHS <u>Mercer Fire</u>	21671 KOHS <u>Boyle Fire</u>	21672 KOHS <u>Crab Orchard Fire</u>	21673 KOHS <u>Nicholas EMS</u>	21674 KOHS <u>Perryville Fire</u>	21675 KOHS <u>Powell Law Enfor</u>	21676 KOHS <u>Ravenna Police Dep</u>
Revenues							
Federal and State:							
Received	\$ 28,000	\$ 19,500	\$ 0	\$ 0	\$ 21,300	\$ 0	\$ 0
Receivable	0	0	16,000	20,000	0	0	3,436
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>28,000</u>	<u>19,500</u>	<u>16,000</u>	<u>20,000</u>	<u>21,300</u>	<u>0</u>	<u>3,436</u>
Expenditures							
Direct costs:							
Salaries	0	52	0	42	31	42	0
Employee burden	0	28	0	22	17	22	0
Annual leave	0	2	0	1	2	2	0
Travel	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Contract costs	<u>28,000</u>	<u>19,500</u>	<u>16,000</u>	<u>20,000</u>	<u>21,300</u>	<u>0</u>	<u>3,436</u>
Total direct costs	28,000	19,582	16,000	20,065	21,350	66	3,436
Indirect costs applied	<u>0</u>	<u>31</u>	<u>0</u>	<u>25</u>	<u>18</u>	<u>25</u>	<u>0</u>
Total expenditures	<u>28,000</u>	<u>19,613</u>	<u>16,000</u>	<u>20,090</u>	<u>21,368</u>	<u>91</u>	<u>3,436</u>
Revenues over (expenditures)	<u>\$ 0</u>	<u>\$ (113)</u>	<u>\$ 0</u>	<u>\$ (90)</u>	<u>\$ (68)</u>	<u>\$ (91)</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE

HOMELAND SECURITY

Year ended June 30, 2018

	21677 KOHS <u>Woodford Fire</u>	25110 FEMA <u>Hazard Mitigation</u>	<u>Total</u>
Revenues			
Federal and State:			
Received	\$ 15,200	\$ (12,974)	\$ 71,026
Receivable	0	8,932	48,368
Deferred	0	0	0
Local:			
Service fees	0	0	0
Total revenues	<u>15,200</u>	<u>(4,042)</u>	<u>119,394</u>
Expenditures			
Direct costs:			
Salaries	31	10	208
Employee burden	17	6	112
Annual leave	2	0	9
Travel	0	1	1
Other	0	0	0
Contract costs	15,200	0	123,436
Total direct costs	15,250	17	123,766
Indirect costs applied	18	6	123
Total expenditures	<u>15,268</u>	<u>23</u>	<u>123,889</u>
Revenues over (expenditures)	<u>\$ (68)</u>	<u>\$ (4,065)</u>	<u>\$ (4,495)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
ECONOMIC DEVELOPMENT PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2018

	22500 Jessamine EDA	22600 Lawrenceburg/ Anderson EDA	22750 SOAR Implementation	22800 Lincoln Co IDA	Total
Revenues					
Federal and State:					
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0
Deferred	0	0	0	0	0
Local:					
Service fees	<u>67,500</u>	<u>37,500</u>	<u>0</u>	<u>37,500</u>	<u>142,500</u>
Total revenues	<u>67,500</u>	<u>37,500</u>	<u>0</u>	<u>37,500</u>	<u>142,500</u>
Expenditures					
Direct costs:					
Salaries	22,970	20,031	1,051	21,347	65,399
Employee burden	9,499	9,137	525	9,738	28,899
Annual leave	1,891	1,171	64	1,248	4,374
Travel	279	1,173	0	6,312	7,764
Other	0	645	0	658	1,303
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	34,639	32,157	1,640	39,303	107,739
Indirect costs applied	<u>12,420</u>	<u>11,158</u>	<u>603</u>	<u>11,891</u>	<u>36,072</u>
Total expenditures	<u>47,059</u>	<u>43,315</u>	<u>2,243</u>	<u>51,194</u>	<u>143,811</u>
Revenues over (expenditures)	<u>\$ 20,441</u>	<u>\$ (5,815)</u>	<u>\$ (2,243)</u>	<u>\$ (13,694)</u>	<u>\$ (1,311)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE

MANAGEMENT SERVICES

Year ended June 30, 2018

	11200 Jessamine IT	11210 Scott IT	12010 Nicholasville Video	12030 Flemingsburg Video	12040 Scott Video	12050 KRCC	12060 Audiovisual Services
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	11,182	858	3,000	600	600	2,500	665
Total revenues	11,182	858	3,000	600	600	2,500	665
Expenditures							
Direct costs:							
Salaries	5,345	428	1,721	297	564	3,265	297
Employee burden	2,770	217	825	142	272	1,568	159
Annual leave	259	25	119	21	38	226	23
Travel	864	54	1	0	0	0	15
Other	0	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	9,238	724	2,666	460	874	5,059	494
Indirect costs applied	3,104	247	974	167	320	1,849	174
Total expenditures	12,342	971	3,640	627	1,194	6,908	668
Revenues over (expenditures)	\$ <u>(1,160)</u>	\$ <u>(113)</u>	\$ <u>(640)</u>	\$ <u>(27)</u>	\$ <u>(594)</u>	\$ <u>(4,408)</u>	\$ <u>(3)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2018

	13010 Nicholasville PD Website	21637 Red Book Resources	Total
Revenues			
Federal and State:			
Received	\$ 0	\$ 0	\$ 0
Receivable	0	0	0
Deferred	0	0	0
Local:			
Service fees	<u>643</u>	<u>4,000</u>	<u>24,048</u>
Total revenues	<u>643</u>	<u>4,000</u>	<u>24,048</u>
Expenditures			
Direct costs:			
Salaries	286	2,997	15,200
Employee burden	155	1,320	7,428
Annual leave	22	239	972
Travel	12	0	946
Other	0	0	0
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	475	4,556	24,546
Indirect costs applied	<u>168</u>	<u>1,651</u>	<u>8,654</u>
Total expenditures	<u>643</u>	<u>6,207</u>	<u>33,200</u>
Revenues over (expenditures) \$	<u>0</u>	<u>(2,207)</u>	<u>(9,152)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
NON-GRANT
Year ended June 30, 2018

	90000 Dental Office	91000 Non-Grant	92000 Non-Grant Comp Plan	FY18 Pension Expense	FY18 Insurance Expense	Total
Revenues						
Federal and State:						
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Contributions	0	131,152	0	0	0	131,152
Rent	81,477	0	0	0	0	81,477
Interest	0	14,063	0	0	0	14,063
Total revenues	81,477	145,215	0	0	0	226,692
Expenditures						
Direct costs:						
Salaries	0	0	12,310	0	0	12,310
Employee burden	0	207	5,838	786,207	140,973	933,225
Annual leave	0	0	858	0	0	858
Travel	0	11,519	177	0	0	11,696
Legal Fees FY18	0	2,340	0	0	0	2,340
Legal Fees PY	0	0	0	0	0	0
Bad debt/Recoupment	0	1,628	0	0	0	1,628
Other	21,432	13,799	54	0	0	35,285
Contract costs	0	0	0	0	0	0
Total direct costs	21,432	29,493	19,237	786,207	140,973	997,342
Indirect costs applied	0	79	6,942	0	0	7,021
Total expenditures	21,432	29,572	26,179	786,207	140,973	1,004,363
Revenues over (expenditures)	\$ 60,045	\$ 115,643	\$ (26,179)	\$ (786,207)	\$ (140,973)	\$ (777,671)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
REGIONAL COORDINATION, JFA

Year ended June 30, 2018

	71200 JFA COMM/ ECON DEV	71250 JFA CDBG	71300 JFA ARC PLAN/ASSIST	71400 JFA MGMT ASSIST	71500 JFA PRGM ADMIN	71000 SPGE KRS 65A	Total
Revenues							
Federal and State:							
Received	\$ 76,685	\$ 39,477	\$ 186,908	\$ 0	\$ 0	\$ 16,777	\$ 319,847
Receivable	10,815	0	0	0	0	0	10,815
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	0
Total revenues	87,500	39,477	186,908	0	0	16,777	330,662
Expenditures							
Direct costs:							
Salaries	64,470	29,712	88,134	16,977	16,990	7,687	223,970
Employee burden	40,846	14,961	63,820	3,656	9,346	4,578	137,207
Annual leave	5,426	1,402	8,878	428	1,239	603	17,976
Travel	2,746	757	1,189	6	247	0	4,945
Other	7,694	919	4,720	454	462	9	14,258
Contract Costs	0	0	0	0	0	0	0
Total direct costs	121,182	47,751	166,741	21,521	28,284	12,877	398,356
Indirect costs applied	40,286	17,089	58,126	7,893	10,074	4,692	138,160
Total expenditures	161,468	64,840	224,867	29,414	38,358	17,569	536,516
Revenues over (expenditures)	\$ (73,968)	\$ (25,363)	\$ (37,959)	\$ (29,414)	\$ (38,358)	\$ (792)	\$ (205,854)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF INDIRECT COSTS APPLIED
Year ended June 30, 2018

Salaries	\$ 486,434
Fringe benefits	347,819
Building usage and depreciation	232,688
Computer services	54,079
Equipment depreciation	47,423
Professional fees	38,600
Insurance	38,525
Dues, fees, subscriptions	26,854
Telephone and postage	24,766
Printing and publications	14,825
Meetings	13,648
Equipment rental	10,964
Legal fees	7,009
Other	5,179
Supplies	4,701
Travel, staff	3,837
Equipment Purchase	<u>3,360</u>
Total indirect costs applied	<u>\$ 1,360,712</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF AWARDS FROM THE COMMONWEALTH OF KENTUCKY
Year ended June 30, 2018

<u>Grantor Program Title</u>	<u>BGADD Grant Number</u>	<u>Grantor Contract Number</u>	<u>Grant Contract Period</u>	<u>Grant Contract Award</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Deferred</u>	<u>Receivable</u>
Cabinet for Health and Family Services:								
Homecare	40000	1700002627	07.2017-06.2018	1,884,806	1,812,041	1,812,041		386,016
Title III	42000-42050	1700002624	07.2017-06.2018	1,394,659	1,394,659	1,394,659		31,071
Consumer Directed Options	43500	N/A	07.2017-06.2018	16,398,671	16,398,671	16,398,671	182,532	744,937
Long Term Care Ombudsman	46010	1700002629	07.2017-06.2018	98,967	98,967	98,967		
Non-Medicaid ADRC	48020	1700002624,27,30	07.2017-06.2018	115,984	115,984	115,984		(41)
Aging ADRC	48030	1700002631	07.2017-06.2018	63,321	61,769	61,769		5,954
Aging Family Caregiver Support	49000, 49010	1700002624	07.2017-06.2018	33,436	34,409	34,409		202
Aging Grandparent	49020	1700002630	07.2017-06.2018	124,183	70,224	70,224		46,273
Governor's Office for Local Development								
Joint Funding Agreement	71200-71500	1800000286	07.2017-06.2018	210,211	130,693	180,211		32,673
Regional Assistance with KRS 65A	71000	1800000286	07.2017-06.2018	5,000	5,000	5,000		
Regional Assistance with KRS 65A	71000		07.2015-06.2017	11,777	11,777	11,777		
Kentucky Transportation Cabinet:								
Regional Transportation Program	30000	1700005059	07.2017-06.2018	105,503	105,503	105,503		18,260
Highway Inventory Data Collection Program	85090-85250	1800001813	10.2017-05.2018	7,600	7,032	7,032		0
Kentucky Infrastructure Authority:								
Water Resource Information System	22000, 88000	1800001068	07.2017-06.2018	111,927	111,927	111,927		55,964
				<u>\$ 20,566,046</u>	<u>\$ 20,358,657</u>	<u>\$ 20,408,175</u>	<u>\$ 182,532</u>	<u>\$ 1,321,309</u>

COST ALLOCATION POLICY

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
COST ALLOCATION POLICY
June 30, 2018

All funds expended by Bluegrass Area Development District, Inc. (the District) are charged either to a specific grant and/or program element as a Direct Charge or spread to all grants and/or program elements as a shared (indirect) cost in conformity with 2 CFR Part 225, formerly OMB Circular A-87. Direct charges are defined as those that can be identified specifically with a particular cost objective. Shared (indirect) costs are those incurred for a common or joint purposes benefiting more than one grant and/or program element and not readily assignable to the grant or program element specifically benefited. Shared costs are allocated to each program based upon direct labor and fringe charges to each program. Below is a listing of direct and shared costs as they are charged by the District.

Salary - Salaries of employees are charged as direct costs to the grants and/or program cost objective in which their work is attributable. These charges are based upon time sheets submitted by each employee. The salaries of those whose total time is not directly attributable to specific grant programs such as the Executive Director or Receptionist, will be charged to the indirect cost pool. Those employees whose time is partially direct and partially indirect will have their salaries pro-rated based upon their time sheets.

Employee Burden - Employee burden which can be specifically related to an employee whose salary is charged as a direct cost is also charged as a direct cost. Similarly, the employee burden of those persons whose salary is charged as an indirect cost will also be charged to the indirect cost pool

Consultant Contracts and Contractual Services - Consultant contracts and contractual services whose content can be directly attributed to a specific grant or program element are charged as direct costs to those programs. Other contracts, such as those for public information or secretarial services whose content cannot be directly attributed to a specific grant program, are charged as an indirect cost and allocated on the basis of total salary plus benefit dollars.

Printing - Printing costs, including copy machine costs that are readily identifiable and attributable to documents within a specific grant or cost objective are charged as direct costs. Those printing costs that are not identifiable as benefiting a specific grant program are charged as an indirect cost and are allocated on the basis of total salary plus benefit dollars.

Travel - Travel costs which are directly attributable to an employee whose salary is charged as a direct cost are also charged as direct costs. Staff travel costs are allocated to grants or program cost objectives according to the total time spent by an employee on a specific program element during the month in which the travel occurred. Travel costs which are administrative in nature and not attributable to a specific grant program, will be charged as an indirect cost and allocated on the basis of total salary plus benefit dollars. Mileage will be reimbursed at a rate less than the Federal rate per 41 CFR Part 301-10, for every business mile driven. Travel costs which exceed per diem rates as established by General Services Administration 41 CFR part 301-7 as revised are charged to local funds.

Vacation, Sick and Holiday Leave - Vacation, sick and holiday leave which can be specifically related to an employee whose salary is being charged as a direct cost is also charged as a direct cost. Leave which is related to an employee whose salary is being charged as an indirect cost is also charged as an indirect cost.

Audit Fees - Audit fees are charged as an indirect cost and are allocated based upon total salary and benefits.

Equipment Rental - Equipment rental related to specific identifiable programs will be charged as a direct cost to the benefiting grant. Equipment rental benefiting all grant programs will be charged as an indirect cost.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
COST ALLOCATION POLICY (CONTINUED)
June 30, 2017

Equipment Purchases - Equipment purchased specifically for a grant program will be expensed directly to the benefiting grant program in accordance with grantor instructions in the year acquired. Equipment purchases having a per unit acquisition cost of more than \$2,500 will be capitalized and depreciated over its estimated useful life. Equipment of a technological nature (such as computers) will be depreciated over three years using the straight-line method. Depreciation on equipment benefiting all grant programs will be charged as an indirect cost. No depreciation will be charged for equipment purchases previously expensed to a grant program. Equipment having a fair market value of less than \$5,000 will be disposed in accordance with 29 CFR Part 97 Section 32 when no longer needed. Online auctions will be used to dispose of surplus property where feasible. A physical inventory is taken annually of all equipment having a per unit acquisition cost of more than \$2,500.

Communications - Communication costs, including telephone, postage, and similar items are charged direct based upon detail analysis of usage for benefiting programs. Those communication costs that cannot be identified as direct charges will be charged as an indirect cost and allocated on the basis of salary plus benefit dollars.

Building Costs - Building depreciation, utilities, building repairs and maintenance, janitorial, personal property insurance and other space usage related costs are charged as an indirect cost and reside in cost pool II. These costs are eligible to be direct costs to grant programs; however, to charge them directly would require an extensive amount of record keeping.

Additional Costs - Additional costs which are not identified above may be charged as a direct or indirect cost, unless otherwise indicated by the Commonwealth of Kentucky, Governor's Department for Local Government or prohibited by Federal regulations.

Indirect Costs - The shared and indirect costs that are described above (with the exception of building costs), will be pooled (in a single pool) and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars) that are attributable to specific grant programs and documented by time sheets prepared by employees and approved by their supervisor. The shared and indirect costs are cumulative and allocated monthly.

The shared and indirect building costs will be pooled and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars of staff that are physically located at 699 Perimeter Drive) that are attributable to specific grant programs and documented by time sheets prepared by employees and approved by their supervisor. The shared and indirect costs in both pools are cumulative and allocated monthly.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
BUDGETARY COMPARISON SCHEDULE
Year ended June 30, 2018

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Community Planning	\$ 1,529,939	\$ 1,529,939	\$ 1,295,449	\$ (234,491)
Aging	22,023,867	22,023,867	22,646,092	622,225
Workforce Investment Act	5,904,786	5,904,786	4,772,880	(1,131,906)
Other	215,254	215,254	226,692	11,438
	<u>29,673,846</u>	<u>29,673,846</u>	<u>28,941,113</u>	<u>(732,734)</u>
Expenses:				
Contracts	9,908,687	9,908,687	9,595,509	313,178
Salaries, CDO program	12,376,000	12,376,000	13,159,515	(783,515)
Burden, CDO employees	858,000	858,000	788,974	69,026
Salaries	3,331,134	3,331,134	2,760,290	570,844
Burden, employees	1,745,676	1,745,676	1,631,149	114,526
Leave	153,759	153,759	140,131	13,627
Depreciation, building and improvements	100,269	100,269	98,265	2,003
Audit expense	40,000	40,000	38,600	1,400
Bad debts	138,536	138,536	514,789	(376,253)
Board and committee training	20,000	20,000	5,395	14,605
Building costs	145,150	145,150	155,855	(10,705)
Computer costs	117,500	117,500	84,308	33,192
Debt service	12,000	12,000	16,815	(4,815)
Depreciation, equipment and software	55,200	55,200	47,423	7,777
Dues, fees and subscriptions	73,000	73,000	131,844	(58,844)
Equipment purchase	7,000	7,000	8,985	(1,985)
Equipment rent	14,500	14,500	10,964	3,536
Insurance expense	42,000	42,000	38,525	3,475
Legal Fees	115,000	115,000	213,711	(98,711)
Meeting expense	31,700	31,700	25,067	6,633
Miscellaneous expense	16,764	16,764	19,536	(2,772)
Postage	26,600	26,600	26,565	35
Printing and publishing	57,500	57,500	35,821	21,679
Supplies	29,500	29,500	22,352	7,148
Telephone	65,250	65,250	71,075	(5,825)
Temporary services	16,000	16,000	41,436	(25,436)
Travel	151,481	151,481	140,013	11,468
	<u>29,648,204</u>	<u>29,648,204</u>	<u>29,822,913</u>	<u>(174,709)</u>
Net income (loss)	\$ 25,642	\$ 25,642	\$ (881,801)	\$ (907,442)
GASB 68 and 75 adjustments			<u>(927,177)</u>	
Loss per statement of revenues, expenses and changes in net position			<u>\$ (1,808,978)</u>	