

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

**FINANCIAL STATEMENTS
June 30, 2019**

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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 the governmental activities, each major fund, and the aggregate remaining fund information of Bluegrass Area Development District, Inc. (the District) as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bluegrass Area Development District, Inc. as of June 30, 2019 and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Reporting Model

As discussed in Note 1 to the financial statements, effective July 1, 2018, the District changed its reporting model in order to better conform to the reporting requirements of the Governmental Accounting Standards Board (GASB). This change required a restatement of net position as of July 1, 2018. 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, budgetary comparison, the schedules of proportionate share of the net pension and OPEB liabilities and the schedules of contributions on pages 3-8 and 32-36 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 and the cost allocation policy 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 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019 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
November 27, 2019

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis As of and for the year ended June 30, 2019

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, 2019. 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, 2019, 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

This annual report consists of a series of financial statements. As described in Note 1 to the financial statements, the District changed reporting models during the year ended June 30, 2019 to the special purpose government – multi-program reporting model. The multi-program reporting model requires the presentation of both government-wide and fund financial statements. The government-wide statements start on page 9. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how the services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide detail financial information for the benefit of those outside of the government.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2019

Budgetary Highlights

In fiscal year (FY) 2019, BGADD had a budget of approximately \$29.6 million designating approximately \$23.7 million as pass-through expenses.

Capital Assets and Debt Administration

BGADD's capital assets consist of the building, building improvements, furnishings, security cameras, computer equipment, software and two vehicles. Capital assets have a total purchase cost of approximately \$3,376,363 with accumulated depreciation of approximately \$929,749. Net capital assets are approximately \$2,446,614.

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, \$1,680,300 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. In FY 2019 BGADD recorded a decreased liability by \$843,000 for its proportionate share of the underfunded pension liability of the cost-sharing plan. BGADD's net pension liability at June 30, 2019 was approximately \$7,368,000. 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 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. In 2019 BGADD recorded a decreased liability by \$672,000 for its proportionate share of the underfunded benefit liability. BGADD's net benefit liability at June 30, 2019 was \$2,148,100.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2019

Financial Analysis

I. Statement of Net Position

Table 1: Condensed Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 3,330,888	\$ 4,187,752	\$ (856,864)	-20.46%
Capital and noncurrent assets	2,446,614	2,429,589	17,025	0.70%
Total assets	<u>\$ 5,777,502</u>	<u>\$ 6,617,341</u>	<u>\$ (839,839)</u>	-12.69%
Deferred Outflows of Resources				
Deferred pension and OPEB outflows	\$ <u>2,072,688</u>	\$ <u>3,115,595</u>	\$ <u>(1,042,907)</u>	-33.47%
Liabilities				
Current liabilities	\$ 2,347,043	\$ 2,829,564	\$ (482,521)	-17.05%
Long-term liabilities	9,818,619	11,303,199	(1,484,580)	-13.13%
Total liabilities	<u>\$ 12,165,662</u>	<u>\$ 14,132,763</u>	<u>\$ (1,967,101)</u>	-13.92%
Deferred Inflows of Resources				
Deferred pension and OPEB inflows	\$ <u>2,112,399</u>	\$ <u>1,296,092</u>	\$ <u>816,307</u>	100.00%
Net position				
Investment in capital assets, net of related debt:	\$ 2,446,614	\$ 2,429,589	\$ 17,025	0.70%
Restricted:				
Aging programs	32,247	18,449	13,798	74.79%
Workforce investment act	7,215	1,821	5,394	296.21%
Unrestricted	(8,913,947)	(8,145,778)	(768,169)	-9.43%
Total net position	<u>\$ (6,427,871)</u>	<u>\$ (5,695,919)</u>	<u>\$ (731,952)</u>	-12.85%

At June 30, 2019, the BGADD's Net position was approximately (\$6,427,871). The FY 2019 amount includes a non-cash pension expense adjustment required by GASB 68 of \$110,359. It also includes a non-cash other post-employment benefits expense required by GASB 75 of \$233,807. The FY 2019 net position includes an accrued Workforce Development settlement cost of \$227,746 in addition to the FY 2017 accrual of \$87,254 for a total of \$315,000.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2019

II. Statement of Activities

Table 2: Condensed Statement of Activities

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Operating grants and contributions	\$ 27,919,287	\$ 27,893,177	\$ 26,110	0.09%
Charges for services	525,065	802,739	(277,674)	-34.59%
Dues	149,657	149,657	0	0.00%
Interest	24,652	14,063	10,589	75.30%
Rent	82,712	81,477	1,235	1.52%
Gain (loss) on purchase/sale of capital assets	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Total revenues	<u>28,701,373</u>	<u>28,941,113</u>	<u>(239,740)</u>	-0.83%
Expenses				
Consumer Directed Option	17,463,944	17,174,092	289,852	1.69%
Aging Programs	5,846,142	6,080,329	(234,187)	-3.85%
Workforce Development	4,191,367	4,772,440	(581,073)	-12.18%
Mapping/Geographic Information Systems	238,106	267,231	(29,125)	-10.90%
Regional Coordination, JFA	451,013	536,516	(85,503)	-15.94%
Community and Infrastructure Admin	19,523	56,195	(36,672)	-65.26%
Homeland Security	132,256	123,889	8,367	6.75%
Economic Development Planning and Tech. Asst.	97,817	143,811	(45,994)	-31.98%
Transportation Planning	126,687	129,463	(2,776)	-2.14%
Water and Sewer Planning and Tech. Asst.	72,479	82,106	(9,627)	-11.73%
Non-grant	143,037	408,027	(264,990)	-64.94%
Management Services	47,539	33,200	14,339	43.19%
Planning and Zoning Technical Assistance	<u>31,504</u>	<u>15,612</u>	<u>15,892</u>	101.79%
Total expenses	<u>28,861,414</u>	<u>29,822,911</u>	<u>(961,497)</u>	-3.22%
Non-Operating Expense				
WIOA/Aging services settlement	227,746	0	227,746	100.00%
Pension Expense	110,359	786,207	(675,848)	-85.96%
Insurance Expense	<u>233,807</u>	<u>140,973</u>	<u>92,834</u>	65.85%
Change in net position	\$ <u>(731,953)</u>	\$ <u>(1,808,978)</u>	\$ <u>1,077,025</u>	59.54%

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2019

BGADD recognized revenues of approximately \$28.7 million and \$28.9 million in FY 2019 and FY 2018, respectively. Significant changes in revenues are as follows:

- Consumer Direct Option - \$767,000 increase, reflecting program growth of 5%, decreasing from FY 2018 (6.6%). This is a result of a decrease in support broker's reimbursement rate for the entire FY.
- Workforce Development Program- \$581,513 decrease, a 12% decrease from FY 2018. 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 and an increase in spending in FY 2018. In FY19, the direct service provider, ResCare, had a decrease in spending of 3,165,096 and 4,006,248 in FY 2019 and FY 2018, respectively. This relates to a decrease in carry over funds from FY 2018.

Expenses for FY 2019 total \$29.4 million. FY 2018 expenses were \$30.75 million. This decrease of \$1,316,765 is attributed from decreases in spending from prior year carryover for WIOA Programs of \$581,073 as well decreases of the non-cash pension/benefit expense of \$583,014. Changes in expenses directly correlate with changes in revenues with the majority of funding designated for pass-through expenses.

Social programs represent 95% of all governmental activities, which slightly increased from the prior year of 94%. Program expenses as a percentage of total expenses are as follows:

Table 3: Program Expenses

	<u>2019</u>	<u>2018</u>
Program Expenses % of Total Expenses		
Consumer Directed Option	60.51%	57.59%
Aging Programs	20.26%	20.39%
Workforce Development	14.52%	16.00%
Regional Coordination, JFA	1.56%	1.80%
Non-grant	0.50%	1.37%
Mapping/Geographic Information Systems	0.82%	0.90%
Economic Dev. Planning and Tech. Asst.	0.34%	0.48%
Transportation Planning	0.44%	0.43%
Homeland Security	0.46%	0.42%
Water and Sewer Planning and Tech. Asst.	0.25%	0.28%
Community and Infrastructure Admin	0.07%	0.19%
Management Services	0.16%	0.11%
Planning and Zoning Technical Assistance	0.11%	0.05%
	<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, 2019

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 2019, BGADD changed health insurance coverage to Humana, increasing rates by 26% with less coverage comparable to FY 2018. To assist with 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 increased greatly in FY 2019. In FY 2018, the rate was 19.18% while in FY 2019 it was 21.84%. However, in FY 2020, the CERS non-hazardous rate will increase to 24.06%.

BGADD will be able to manage its programs even if the region faces budget cuts and/or shortfalls. Although the required pension liability adjustment and Workforce Settlement negatively impacted BGADD's financial statements in FY 2019, 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
STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 759,498
Investments	311,574
Accounts receivable	
Federal and state	2,018,217
Local	82,564
Other	108,961
Prepaid expenses	<u>50,074</u>
Total current assets	<u>3,330,888</u>
Non-current assets	
Property and equipment, net	<u>2,446,614</u>
Total assets	<u>5,777,502</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows - pension	1,465,960
Deferred outflows - OPEB	<u>606,728</u>
Total deferred outflows of resources	<u>2,072,688</u>
Total assets and deferred outflows of resources	<u>\$ 7,850,190</u>

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	\$ 586,782
Accrued expenses	1,512,651
Accrued annual leave	13,713
Unearned grant revenue	<u>233,897</u>
Total current liabilities	<u>2,347,043</u>
Long-term liabilities	
Tenant deposits	5,762
Accrued annual leave	296,463
Net pension liability	7,368,294
Net OPEB liability	<u>2,148,100</u>
Total long-term liabilities	<u>9,818,619</u>
Total liabilities	<u>12,165,662</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows - pension	1,423,893
Deferred inflows - OPEB	<u>688,506</u>
Total deferred inflows of resources	<u>2,112,399</u>

Net position	
Net investment in capital assets	2,446,614
Restricted:	
Aging	32,247
Workforce	7,215
Unrestricted	<u>(8,913,947)</u>
Total net position	<u>(6,427,871)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,850,190</u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Change in Net Position	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:						
Community and Infrastructure						
Development Grants Administration	\$ 15,610	\$ 5,513	\$ 10,704	\$ -	\$ -	\$ (10,419)
Mapping/Geographic Information Systems	189,010	67,355	114,345	112,260	-	(29,761)
Aging Programs	5,663,942	245,798	51,443	5,796,028	-	(62,269)
Participant Directed Service	17,072,972	527,742	189,444	17,153,712	-	(257,558)
Workforce Development	4,008,261	248,420	1,943	4,189,424	-	(65,314)
Planning and Zoning Technical Assistance	24,873	9,134	22,310	-	-	(11,697)
Water and Sewer Planning and						
Technical Assistance	57,495	20,410	18,955	65,366	-	6,416
Transportation Planning	100,624	35,818	-	105,503	-	(30,939)
Homeland Security	132,256	-	-	132,256	-	-
Economic Development Planning and						
Technical Assistance	79,091	26,236	77,700	-	-	(27,627)
Management Services	37,702	13,626	38,222	-	-	(13,106)
Non-Grant	361,526	5,948	-	-	-	(367,474)
Regional Coordination, JF/	<u>357,290</u>	<u>126,674</u>	<u>-</u>	<u>364,738</u>	<u>-</u>	<u>(119,226)</u>
Total governmental activities:	<u>\$ 28,100,652</u>	<u>\$ 1,332,674</u>	<u>\$ 525,065</u>	<u>\$ 27,919,287</u>	<u>\$ -</u>	<u>(988,973)</u>
General revenues:						
Dues						149,657
Rent						82,712
Interest income						<u>24,652</u>
Total general revenues:						<u>257,021</u>
Change in net position						(731,952)
Net position, beginning of year						<u>(5,695,919)</u>
Net position, end of year						<u>\$ (6,427,871)</u>

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

**BLUEGRASS AREA DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 241,537	\$ 517,961	\$ 759,498
Investments	311,574	-	311,574
Accounts receivable			
Federal and state	-	2,018,217	2,018,217
Local	-	82,564	82,564
Other	108,961	-	108,961
Prepaid expenses	-	50,074	50,074
Total current assets	<u>\$ 662,072</u>	<u>\$ 2,668,816</u>	<u>\$ 3,330,888</u>
 LIABILITIES AND FUND BALANCE			
Current liabilities			
Accounts payable	\$ 370,291	\$ 216,491	\$ 586,782
Accrued expenses	-	1,512,651	1,512,651
Unearned grant revenue	-	233,897	233,897
Total liabilities	<u>370,291</u>	<u>1,963,039</u>	<u>2,333,330</u>
Fund balance			
Nonspendable	-	50,074	50,074
Restricted for programs	-	655,703	655,703
Unassigned	291,781	-	291,781
Total net position	<u>291,781</u>	<u>705,777</u>	<u>997,558</u>
Total liabilities and fund balance	<u>\$ 662,072</u>	<u>\$ 2,668,816</u>	<u>\$ 3,330,888</u>
Total government fund balance			\$ 997,558
Amount reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds, net of accumulated depreciation			2,446,614
Long-term liabilities and related pension and OPEB deferred inflows/outflows, are not due and payable in the current period and therefore are not reported in the funds			<u>(9,872,043)</u>
Net position of governmental activities			<u>\$ (6,427,871)</u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Federal and Commonwealth of Kentucky grants	\$ -	\$ 27,919,287	\$ 27,919,287
Local service fees	-	525,065	525,065
Local annual contributions	149,657	-	149,657
Rental income	82,712	-	82,712
Interest and other income	24,652	-	24,652
	<u>257,021</u>	<u>28,444,352</u>	<u>28,701,373</u>
Expenditures			
Current			
Community and Infrastructure Development Grants Administ	-	19,523	19,523
Mapping/Geographic Information Systems	-	238,106	238,106
Aging Programs	-	5,846,142	5,846,142
Participant Directed Service	-	17,463,943	17,463,943
Workforce Development	-	4,191,367	4,191,367
Planning and Zoning Technical Assistance	-	31,504	31,504
Water and Sewer Planning and Technical Assistance	-	72,479	72,479
Transportation Planning	-	126,687	126,687
Homeland Security	-	132,256	132,256
Economic Development Planning and Technical Assistance	-	97,817	97,817
Management Services	-	47,539	47,539
Non-Grant	154,191	40,272	194,463
Regional Coordination, JFA	-	451,013	451,013
Capital outlay	160,771	-	160,771
	<u>314,962</u>	<u>28,758,648</u>	<u>29,073,610</u>
Total expenditure:	<u>314,962</u>	<u>28,758,648</u>	<u>29,073,610</u>
Net change in fund balance	(57,941)	(314,296)	(372,237)
Net position, beginning of year, restated	<u>349,722</u>	<u>1,020,073</u>	<u>1,369,795</u>
Net position, end of year	<u>\$ 291,781</u>	<u>\$ 705,777</u>	<u>\$ 997,558</u>
Net change in fund balance - total governmental fund			\$ (372,237)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense:			
Capital outlay			160,771
Depreciation expense			(113,620)
Loss on disposal of assets			(30,125)
Change in accrued annual leave			(32,574)
Change in the net pension and OPEB liabilities and related deferred inflows and outflows			(344,167)
Change in net position of governmental activities			<u>\$ (731,952)</u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, among other criteria.

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 the 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 home-delivered and congregate 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.

Participant Directed Services - The Participant Directed Services (PDS) Medicaid Waiver program (formerly 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 PDS 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, 2019

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 within the region.

Planning and Zoning Technical Assistance - BGADD provides professional planning and support for local planning commissions 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, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

During the year ended June 30, 2019, the District's management completed an assessment of the District's operations and determined that a change in reporting model should be made to better conform to the reporting requirements established by GASB.

The following is a summary of the basis of presentation:

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support. The District does not currently have any business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following funds:

Government Fund Types

- The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use, unless otherwise noted. This is always a major fund of the District.

- The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources that are restricted to disbursements for specified purposes. The Special Revenue Fund includes JFA (Joint Funding Agreement), Transportation, Aging, Workforce, Participant Directed Services (PDS) and other grant programs. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

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.

Accrual - The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Revenue Recognition Policies - 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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fund Balance

GASB provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent. In the fund financial statements, governmental fund balances can be presented in five possible categories:

Nonspendable - resources which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, governmental laws regulations or imposed by law through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitations the District imposes on itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned - resources neither restricted nor committed for which a government has a stated intended use as established by the governing body or by an official to which the governing body delegates authority.

Unassigned - amounts that are available for any purpose. The General Fund is the only fund that can report an unassigned fund balance amount.

When restricted, committed, assigned and unrestricted or unassigned resources are available for use, it is the District's policy to use restricted resources first, then use committed, then use assigned and then use unassigned or unrestricted resources as needed.

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

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.

Income Taxes - The District is a governmental non-profit organization exempt from income taxes under Internal Revenue Code, 501(c)(3) as determined by the IRS. The District is generally no longer subject to income tax examinations by tax authorities for years before 2015.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 totaled \$310,176 at June 30, 2019.

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.

Management's Review of Subsequent Events - The District has evaluated and considered the need to recognize or disclose subsequent events through November 27, 2019, 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, 2019, have not been evaluated by the District.

2. DEPOSITS

KRS 66.480 authorizes the District to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which have a physical presence in Kentucky and are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4). The Statute also authorizes investment in mutual funds, exchange traded funds, individual equity securities and high-quality corporate bonds that are managed by a professional investment manager and subject to additional requirements outlined in KRS 66.480.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

2. DEPOSITS (CONTINUED)

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, 2019, BGADD's investment bank balances totaled \$311,574; \$250,000 was secured by FDIC insurance and \$61,574 was collateralized. As of June 30, 2019, BGADD's cash bank balances totaled \$954,815; \$259,204 was secured by FDIC insurance and \$695,611 was collateralized.

Investments at June 30, 2019:

	Amortized Cost	Fair Value	Maturity
Certificate of Deposit	\$ 311,574	\$ 311,574	1 year or less

Interest at a rate of 2.469%.

3. GRANTS RECEIVABLE

Federal, state and local grants receivable consist of the following at June 30, 2019:

Federal receivable	\$ 1,246,039
State receivable	801,678
Local receivable	82,564
Other receivable	<u>108,961</u>
Total grant receivable	2,239,242
Less: allowance for bad debt	<u>(29,500)</u>
Net grant receivable	<u>\$ 2,209,742</u>

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 \$113,620 for the year ended June 30, 2019.

The following summarizes the changes in fixed assets during the year ended June 30, 2019:

	6/30/2018 Balance	Additions	Disposals	6/30/2019 Balance
Land	\$ 521,394	\$ -	\$ -	\$ 521,394
Building and Improvements	2,271,303	160,771	(286,876)	2,145,198
Equipment	800,146	-	(90,375)	709,771
Accumulated depreciation	<u>(1,163,255)</u>	<u>(113,620)</u>	<u>347,126</u>	<u>(929,749)</u>
Net	<u>\$ 2,429,588</u>	<u>\$ 47,151</u>	<u>\$ (30,125)</u>	<u>\$ 2,446,614</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, 2019:

Grant Name	
Pre-FY 16 programs (federal)	\$ 572
FY 16 Aging program (federal)	21
FY 17 CMS SHIP (federal)	218
FY 18 Aging (federal)	1
FY 19 WIOA (federal)	21
FY 19 CP ARC (federal)	4,460
FY 19 WIOA (federal)	<u>28</u>
Total Federal	<u>5,321</u>
FY 08 CDO (state)	182,532
FY 13 Aging program (state)	500
FY 16 Aging program (state)	<u>6,246</u>
Total State	<u>189,278</u>
Various local grants	<u>39,298</u>
Total	<u>\$ 233,897</u>

6. ACCRUED ANNUAL LEAVE

Activity for accrued annual leave for the year ended June 30, 2019 is as follows:

	6/30/18	Additions	Payments	6/30/2019	Current
Accrued annual leave	<u>\$ 277,602</u>	<u>\$ 395,200</u>	<u>\$ (362,626)</u>	<u>\$ 310,176</u>	<u>\$ 13,713</u>

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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. RETIREMENT PLAN (CONTINUED)

Contributions – For the year ended June 30, 2019, 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 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers are 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, 2019, participating employers contributed 21.48% 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 16.22% 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, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. 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. The employer pay credit represents a portion of the employer contribution.

The District contributed \$584,241 for the year ended June 30, 2019, or 100% of the required contribution. The contribution was allocated \$441,173 to the CERS pension fund and \$143,068 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.

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. RETIREMENT PLAN (CONTINUED)

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, 2019, the District reported a liability for its proportionate share of the net pension liability as follows:

**Total Net
Pension Liability**

\$ 7,368,294

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2018 was as follows:

Non-hazardous

.120984%

The proportionate share at June 30, 2018 decreased .0193% compared to the proportionate share as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$713,860. At June 30, 2019, 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	\$ 240,333	\$ 107,856
Changes of assumptions	720,097	-
Net difference between projected and actual earnings on Plan Investments		88,350
Changes in proportion and differences between District contributions and proportionate share of contributions	64,357	1,227,687
District contributions subsequent to the measurement date	<u>441,173</u>	<u>-</u>
Total	<u>\$ 1,465,960</u>	<u>\$ 1,423,893</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. RETIREMENT PLAN (CONTINUED)

The \$441,173 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, 2020. 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,

2020	\$	12,165
2021	\$	(162,083)
2022	\$	(209,642)
2023	\$	(39,546)

Actuarial Assumptions – The total pension liability in the June 30, 2018 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 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 pension liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018.

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. RETIREMENT PLAN (CONTINUED)

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	17.50%	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	4.50%
Non-U.S. Equity	17.50%	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.0%	8.50%
Private Equity	10.0%	6.50%
Real Estate	5.0%	9.00%
Absolute Return	10.0%	5.00%
Real Return	10.0%	7.00%
Cash Equivalent	<u>2.0%</u>	<u>1.50%</u>
	100%	6.09%

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 25-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%	\$ 9,275,919
Current discount rate	6.25%	\$ 7,368,294
1% increase	7.25%	\$ 5,770,039

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. RETIREMENT PLAN (CONTINUED)

Payable to the Pension Plan – At June 30, 2019, the District reported a payable of \$62,651 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019. The payable includes only the pension contribution allocation.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 7, the District 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, 2019, the employer's contribution was 5.26% 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, 2019, the District contributed \$143,068, 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, 2019

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

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the District reported a liability for its proportionate share of the net OPEB liability as follows:

**Total Net
OPEB Liability**

\$ 2,148,100

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of 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, 2018 was as follows:

Non-hazardous

.120987%

For the year ended June 30, 2019, the District recognized OPEB expense of \$219,989. At June 30, 2019, 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	\$ -	\$ 250,333
Changes of assumptions	429,007	4,963
Net difference between projected and actual earnings on Plan investments	-	147,962
Changes in proportion and differences between District contributions and proportionate share of contributions	-	285,248
City contributions subsequent to the measurement date	<u>177,721</u>	<u>-</u>
Total	<u>\$ 606,728</u>	<u>\$ 688,506</u>

The \$177,721 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, 2020. This includes an adjustment of \$34,653 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,	
2020	\$ (46,414)
2021	\$ (46,414)
2022	\$ (46,414)
2023	\$ (17,677)
2024	\$ (72,595)
2025	\$ (29,985)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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:

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 7.0% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
	Post – 65: Initial trend starting at 5.0% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 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, net OPEB liability, and sensitivity information as of June 30, 2018 was based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018.

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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	17.50%	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	4.50%
Non-U.S. Equity	17.50%	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.0%	8.50%
Private Equity	10.0%	6.50%
Real Estate	5.0%	9.00%
Absolute Return	10.0%	5.00%
Real Return	10.0%	7.00%
Cash Equivalent	<u>2.0%</u>	<u>1.50%</u>
	100%	6.09%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.85% 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 25-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 3.62%, 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:

	Discount rate	District’s proportionate share of net OPEB liability
1% decrease	4.85%	\$ 2,790,038
Current discount rate	5.85%	\$ 2,148,100
1% increase	6.85%	\$ 1,601,287

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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:

	District's proportionate share of net OPEB liability
1% decrease	\$ 1,599,282
Current trend rate	\$ 2,148,100
1% increase	\$ 2,794,999

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, 2019, the District reported a payable of \$20,317 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019. The payable includes only the insurance contribution allocation.

9. CONCENTRATIONS

BGADD's receivables are due primarily from federal, state and local governments. During the year ended June 30, 2019, BGADD received approximately 97% 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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, 2019 may be impaired. Based on prior experience, management believes that BGADD will not incur significant losses from possible grant disallowances.

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 was \$898,525. The District (BGADD) appealed this Final Determination through state administrative appeal proceedings. On May 22, 2019, BGADD renewed a line of credit with Citizens Commerce National Bank in the amount of \$900,000 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 will expire on May 22, 2020. 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. These legal expenses were charged to non-program dollars. A negotiated settlement was reached in May 2019. BGADD agreed to pay \$315,000 as satisfaction of all claims of disallowed costs. This amount is recorded in accounts payable at June 30, 2019.

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 77. 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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

13. RESTATEMENT OF NET POSITION

As described in Note 1 to the financial statements, the District changed reporting models during the year ended June 30, 2019. The change in reporting model requires the use of fund financial statements that are presented on the modified accrual basis of accounting. The following table reconciles the District's net position as of June 30, 2018 to the beginning governmental funds – fund balance:

Total net position, as of June 30, 2018	\$ (5,695,919)
Less: capital assets, net	(2,429,589)
Long-term liabilities and related pension and OPEB deferred inflows/outflows	<u>9,495,303</u>
Beginning fund balance – governmental funds	<u>\$ 1,369,795</u>
Beginning fund balance – general fund	\$ 349,722
Beginning fund balance – special revenue fund	<u>1,020,073</u>
Beginning fund balance – governmental funds	<u>\$ 1,369,795</u>

REQUIRED SUPPLEMENTARY INFORMATION

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
Year ended June 30, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Community Planning	\$ 1,271,029	\$ 1,271,029	\$ 1,062,358	\$ (208,671)
Aging	22,760,027	22,760,027	23,190,627	430,600
Workforce Investment Act	5,339,859	5,339,859	4,191,367	(1,148,492)
Other	222,664	222,664	257,021	34,357
	<u>29,593,579</u>	<u>29,593,579</u>	<u>28,701,373</u>	<u>(892,206)</u>
Expenses:				
Contracts	9,595,307	9,595,307	8,460,039	(1,135,268)
Salaries, PDS program	13,325,000	13,325,000	14,180,913	855,913
Burden, PDS employees	840,000	840,000	891,622	51,622
Salaries	2,973,805	2,973,805	2,426,166	(547,638)
Burden, employees	1,535,680	1,535,680	1,842,147	306,467
Leave	130,768	130,768	123,268	(7,500)
Depreciation, building and improvements	116,512	116,512	127,579	11,067
Audit expense	40,000	40,000	40,440	440
Bad debts	226,746	226,746	293,743	66,997
Board and committee training	16,000	16,000	11,510	(4,490)
Building costs	175,547	175,547	187,892	12,346
Computer costs	102,000	102,000	80,731	(21,269)
Debt service	17,000	17,000	253,371	236,371
Depreciation, equipment and software	55,200	55,200	16,166	(39,034)
Dues, fees and subscriptions	75,000	75,000	82,480	7,480
Equipment purchase	9,000	9,000	15,503	6,503
Equipment rent	14,000	14,000	10,320	(3,680)
Insurance expense	40,000	40,000	40,002	2
Legal Fees	17,000	17,000	9,615	(7,385)
Meeting expense	24,697	24,697	19,760	(4,937)
Miscellaneous expense	28,595	28,595	21,785	(6,810)
Postage	28,100	28,100	26,896	(1,204)
Printing and publishing	40,000	40,000	44,214	4,214
Supplies	29,750	29,750	20,283	(9,467)
Telephone	77,500	77,500	57,369	(20,131)
Temporary services	10,000	10,000	40,163	30,163
Travel	139,701	139,701	109,349	(30,352)
	<u>29,682,907</u>	<u>29,682,907</u>	<u>29,433,326</u>	<u>(249,581)</u>
Net income (loss)	<u>\$ (89,328)</u>	<u>\$ (89,328)</u>	<u>\$ (731,953)</u>	<u>\$ (642,625)</u>

Note: The District's budget is based on full accrual accounting. Capital outlay is not included but depreciation expense is included.

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

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.1210%	0.1403%	0.1720%	0.1579%	0.0600%
District's proportionate share of the net pension liability (asset)	\$ 7,368,294	\$ 8,211,254	\$ 8,467,821	\$ 6,787,528	\$ 4,975,195
District's covered employee payroll	\$ 3,104,894	\$ 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	237.31%	241.15%	205.41%	177.34%	134.67%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.32%	55.50%	59.97%	66.80%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current year.

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 Five Fiscal Years

	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 441,173	\$ 449,589	\$ 485,867	\$ 511,997	\$ 469,614
Contributions relative to contractually required employer contribution	<u>441,173</u>	<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>	<u>\$ -</u>
District's covered employee payroll	\$ 2,719,932	\$ 3,104,894	\$ 3,405,015	\$ 4,122,360	\$ 3,827,396
Employer contributions as a percentage of covered-employee payroll	16.22%	14.48%	14.27%	12.42%	12.27%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current year.

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 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 Three Fiscal Years**

	2019	2018	2017
District's proportion of the net OPEB liability	0.1210%	0.1403%	0.1720%
District's proportionate share of the net OPEB liability (asset)	\$ 2,148,100	\$ 2,820,188	\$ 2,212,072
District's covered employee payroll	\$ 3,104,894	\$ 3,405,015	\$ 4,122,360
District's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	69.18%	82.82%	53.66%
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.39%	55.50%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

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 Five Fiscal Years

	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 143,068	\$ 145,930	\$ 164,742	\$ 191,278	\$ 181,216
Contributions relative to contractually required employer contribution	<u>143,068</u>	<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>	<u>\$ -</u>
District's covered employee payroll	\$ 2,719,932	\$ 3,104,894	\$ 3,405,015	\$ 4,122,360	\$ 3,827,396
Employer contributions as a percentage of covered-employee payroll	5.26%	4.70%	4.84%	4.64%	4.73%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current year.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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
November 27, 2019



**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, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit 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. We did not identify any deficiencies that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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

RFH

RFH, PLLC
Lexington, Kentucky
November 27, 2019

SUPPLEMENTARY INFORMATION

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2018	Receivable at 06.30.2018	2019 Federal Expenditures	2019 Federal Receipts	Deferred at 06.30.2019	Receivable at 06.30.2019	Passed Through to Subrecipients
U.S. Department of Labor												
Passed through Commonwealth of Kentucky Cabinet for Health and Family Services												
Trade Adjustment Assistance												
Trade Training	51180	17.245	205BE16	\$ 131,414	10.2015-09.2018	\$ 0	\$ 101,198	\$ 81,294	\$ 182,492	\$ 0	\$ 0	\$ 81,294
Trade Training	51190	17.245	205BE17	89,680	10.2016-09.2019	0	0	89,680	56,172	0	33,508	89,680
Trade Training	51110	17.245	205BE18	145,714	10.2016-09.2019	0	0	20,808	15,995	0	4,813	20,808
				<u>366,808</u>		<u>0</u>	<u>101,198</u>	<u>191,782</u>	<u>254,659</u>	<u>0</u>	<u>38,321</u>	<u>191,782</u>
Workforce Innovation and Opportunity Act Cluster												
WIOA Adult Program												
Adult	53070/53170	17.258	273AD16	0	10.2015-06.2017	0	6,414	0	6,414	0	0	0
Adult	53080/53180	17.258	270AD17	98,994	07.2016-06.2018	0	80,612	0	80,612	0	0	0
Adult	53010/53110	17.258	273AD17	667,617	10.2016-06.2018	0	5,778	0	5,778	0	0	0
Adult	53011/53111	17.258	273AD18	351,179	10.2017-06.2019	0	466,008	351,179	817,187	0	0	210,440
Adult	53020/53120	17.258	270AD18	139,574	07.2017-06.2019	0	83,157	0	83,157	0	0	0
Adult	53041/53141	17.258	273AD19	854,513	10.2018-06.2020	0	0	428,324	257,816	0	170,508	333,902
Adult	53031/53131	17.258	270AD19	160,771	07.2018-06.2020	0	0	160,771	160,771	0	0	144,416
WIOA Youth												
Youth	56020/56120/57120	17.259	274YT15	0	04.2014-06.2018	0	0	0	21	21	0	0
Youth	56030/56130/57130	17.259	274YT16	0	04.2015-06.2017	0	(44,480)	0	(44,480)	0	0	0
Youth	56040/56140/57140	17.259	274YT17	1,217,462	04.2016-06.2018	0	333,742	0	333,742	0	0	0
Youth	56050/56150/57150	17.259	274YT18	825,341	04.2017-06.2019	0	292,989	825,341	1,118,329	0	0	623,723
Youth	56060/56160/57160	17.259	274YT19	1,119,793	04.2018-06.2020	0	0	673,167	325,433	0	347,734	572,790
Incentive	50020	17.259	274SR16	0	04.2015-06.2017	0	44,480	0	44,480	0	0	0
WIOA Dislocated Worker Formula Grants												
Dislocated Worker	54060/54160/53190	17.278	271DW16	0	10.2015-06.2017	0	14,790	0	14,790	0	0	0
Dislocated Worker	54080/54180/53140	17.278	271DW17	1,254,719	10.2016-06.2018	0	212,657	0	212,657	0	0	0
Dislocated Worker	54010/54110/53121	17.278	271DW18	1,148,943	10.2017-06.2019	0	26,012	1,148,943	1,026,991	0	147,964	781,441
Dislocated Worker	54090/54190	17.278	272DW18	22,053	07.2017-06.2019	0	198,473	22,053	220,525	0	0	533
Dislocated Worker	54011/54111	17.278	271DW19	1,333,864	10.2018-06.2020	0	0	134,641	26,601	0	108,039	134,630
Dislocated Worker	54020/54120	17.278	272DW19	281,359	07.2018-06.2020	0	0	253,223	215,613	0	37,610	171,439
Passed through Kentuckiana Works												
Rapid Response	59010	17.278	271RRW5	0	10.2013-06.2017	28	0	0	0	28	0	0
			Total Workforce Investment Act Cluster	<u>9,476,181</u>		<u>28</u>	<u>1,720,631</u>	<u>3,997,641</u>	<u>4,906,437</u>	<u>48</u>	<u>811,856</u>	<u>2,973,314</u>
WIOA National Emergency Grants												
Medicaid IT Support	59020	17.277	258MC18	40,000	08.2017-06.2018	0	900	0	900	0	0	0
SNAP Employ & Training	59021	17.277	258MC18	99,018	01.2018-06.2018	0	33,528	0	33,528	0	0	0
			Total	<u>139,018</u>		<u>0</u>	<u>34,428</u>	<u>0</u>	<u>34,428</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total U.S. Department of Labor \$				<u>9,982,008</u>		<u>\$ 28</u>	<u>\$ 1,856,256</u>	<u>\$ 4,189,423</u>	<u>\$ 5,195,523</u>	<u>\$ 48</u>	<u>\$ 850,177</u>	<u>\$ 3,165,096</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2018	Receivable at 06.30.2018	2019 Federal Expenditures	2019 Federal Receipts	Deferred at 06.30.2019	Receivable at 06.30.2019	Passed Through to Subrecipients
<u>U.S. Department of Health and Human Services</u>												
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	1900001251	\$ 191,250	07.2018-06.2019	\$ 0	\$ 28,253	\$ 189,902	\$ 176,305	\$ 0	\$ 41,850	\$ 0
Title III - SS	42000/48020	93.044	1900001251	718,155	07.2018-06.2019	0	6,104	715,802	691,714	0	30,192	605,613
Title III - Ombudsman	42060	93.044	1900001251	29,000	07.2018-06.2019	0	0	29,000	29,000	0	0	29,000
				938,405		0	34,357	934,703	897,019	0	72,042	634,613
<u>Special Programs for the Aging - Title III, Part C - Nutrition Services</u>												
Title III Congregate Meals Admin	42030	93.045	1900001251	4,000	07.2018-06.2019	0	0	3,699	2,838	0	861	0
Title III Congregate Meals	42030	93.045	1900001251	468,208	07.2018-06.2019	0	10,754	468,208	435,011	0	43,951	468,208
Title III Home Delivered Meals Admin	42040	93.045	1900001251	4,000	07.2018-06.2019	0	7	3,680	2,683	0	1,004	0
Title III Home Delivered Meals	42040	93.045	1900001251	550,271	07.2018-06.2019	0	25,914	548,300	477,806	0	96,407	548,300
				1,026,479		0	36,674	1,023,887	918,339	0	142,223	1,016,508
<u>Nutrition Services Incentive Program</u>												
NSIP	47000	93.053	1900000884	205,540	10.2018-9.2019			205,540	205,540	0		205,540
			Total Aging Cluster	2,170,424		0	71,031	2,164,131	2,020,898	0	214,265	1,856,661
<u>Medical Assistance Program</u>												
Aging ADRC	48030	93.778	1900000816	33,642	07.2018-06.2019	0	5,994	31,674	32,538	0	5,130	0
<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	1900001218	10,327	07.2018-06.2019	0	0	10,327	10,327	0	0	10,327
<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	1900001218	19,144	07.2018-06.2019	0	0	19,144	19,144	0	0	19,144
<u>Department for Aging and Independent Living</u>												
Title III D Preventative Health	42050	93.043	1900001251	62,445	07.2018-06.2019	0	4,486	50,047	50,668	0	3,865	42,577
Aging Alzheimer's	48060	93.051	1400001205	0	07.2015-06.2016	17	0	0	(17)	0	0	0
Medicare Improvements for Patients and Providers (MIPPA) - SHIP	48100	93.071	1800000579	9,727	07.2018-09.29.2018	0	3,243	9,727	12,970	0	0	9,727
Medicare Improvements for Patients and Providers (MIPPA) - SHIP	48100	93.071	1900001159	37,511	10.2018-09.2019	0	0	28,134	21,882	0	6,252	28,134
MIPPA-AAA	48110	93.071	1800000579	4,186	07.2018-09.29.2018	0	1,395	4,186	5,581	0	0	4,186
MIPPA-AAA	48110	93.071	1900001159	14,221	9.30.2018-09.29.2019	0	0	10,665	8,295	0	2,370	10,665
MIPPA-ADRC	48120	93.071	1800000579	1,903	07.2018-09.29.2018	0	1,078	1,500	2,579	1	0	0
MIPPA-ADRC	48120	93.071	1900001159	5,573	9.30.2018-09.29.2019	0	0	2,623	2,161	0	461	0
Functional Assessment Service Teams	48050	93.069	1900000533	1,000	07.2018-06.2019	0	735	998	735	0	998	0
Improving Arthritis Outcomes	48080	93.945	1700002633	0	07.2017-06.2018	0	300	0	300	0	0	0
			Total	136,566		17	11,237	107,879	105,155	1	13,946	95,289
<u>Department for Aging and Independent Living</u>												
Passed through Purchase Area Development District												
Title III D Preventative Health	42070	93.043	1900001251	3,892	07.2018-06.2019	0	0	3,892	0	0	3,892	0
<u>National Family Caregiver Support Title II, Part E</u>												
Aging Family Caregiver Support	49000/48020	93.052	1900001251	366,501	07.2018-06.2019	226	52,831	349,400	313,806	0	88,200	0
<u>Communities Putting Prevention to Work</u>												
Chronic Diseases and Self Management	48000/48010	93.725		0	07.2015-08.2015	3	0	0	(3)	0	0	0
<u>Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluations</u>												
CMS-SHIP	42400	93.324	1900001119	56,923	07.2018-06.2019	218	23,976	56,923	75,980	0	4,701	56,923
CMS-SHIP SE4A	42411	93.324	1900001119	5,750	07.2018-06.2019			3,300	3,300			
			Total	62,673		218	23,976	60,223	79,280	0	4,701	56,923
Total U.S. Department of Health and Human Services				\$ 2,803,169		\$ 465	\$ 165,070	\$ 2,746,670	\$ 2,581,144	\$ 1	\$ 330,133	\$ 2,038,344

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2018	Receivable at 06.30.2018	2019 Federal Expenditures	2019 Federal Receipts	Deferred at 06.30.2019	Receivable at 06.30.2019	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development												
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	1900003295	\$ 20,246	07.2018-06.2019	\$ 0	\$ 4,935	\$ 20,246	\$ 20,119	\$ 0	\$ 5,062	\$ 0
Total U.S. Department of Housing and Urban Development				20,246		0	4,935	20,246	20,119	0	5,062	0
U.S. Department of Commerce												
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	1900003295	66,667	07.2018-06.2019	0	17,500	66,667	67,500	0	16,667	0
The SOAR Initiative												
	22750	11.307	04-79-06942	33,162	07.2014-07.2017	0	0	0	0	0	0	0
Total U.S. Department of Commerce				99,828		0	17,500	66,667	67,500	0	16,667	0
U.S. Department of Transportation												
Passed through Commonwealth of Kentucky Transportation Cabinet <u>Highway Planning and Construction</u>												
Highway Inventory Data Collection Program												
	85090-85250	20.205	1900000880	27,360	09.2018-05.2019	0	0	27,360	27,360	0	0	0
Total U.S. Department of Transportation				27,360		0	0	27,360	27,360	0	0	0
Appalachian Local Development District Assistance												
JFA ARC Planning and Assistance												
	71300	23.009	KY-702-C-C48-19	51,187	07.2018-06.2019	0	0	46,729	51,189	4,460	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 Appalachian Regional Commission				97,914		0	0	93,456	97,916	4,460	0	0
U.S. Department of Homeland Security												
Passed through Commonwealth of Kentucky Department of Military Affairs <u>Homeland Security</u>												
FEMA Hazard Mitigation												
	25110	97.047	1500000920	0	12.2014-09.2017	0	50,813	0	50,813	0	0	0
KOHs Crab Orchard Fire Dept.												
	21672	97.067	1800002415	16,000	12.2017-06.2019	0	16,000	0	16,000	0	0	0
KOHs Nicholas Co EMS												
	21673	97.067	1800002386	20,000	12.2017-06.2019	0	20,000	0	20,000	0	0	0
KOHs Revanna Police Dept.												
	21676	97.067	1800002392	3,800	12.2017-06.2019	0	3,436	0	3,436	0	0	0
KOHs Powell Co Law Enforcement												
	21675	97.067	1800002384	45,600	12.2017-06.2019	0	0	45,521	45,521	0	0	0
KOHs Harrison												
	21696	97.067	1800003685	44,000	03.2018-06.2019	0	0	44,000	0	0	44,000	0
KOHs Garrard												
	21698	97.067	1800003773	22,000	03.2018-11.2019	0	0	20,735	20,735	0	0	0
KOHs Boyle												
	21699	97.067	1800003722	22,000	03.2018-11.2019	0	0	22,000	22,000	0	0	0
Total U.S. Department of Homeland Security				173,400		0	90,249	132,256	178,505	0	44,000	0
Subtotal				418,748		0	112,683	339,985	391,400	4,460	65,728	0
Total				\$ 13,203,925		\$ 493	\$ 2,134,009	\$ 7,276,079	\$ 8,168,067	\$ 4,509	\$ 1,246,039	\$ 5,203,440

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bluegrass Area Development District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the basic financial statements may differ from these numbers.

\$ 1,246,039	FY19 A/R
(2,134,009)	Less FY18 A/R
493	FY18 Deferred
(4,509)	Less FY19 Deferred
<u>\$ 7,276,079</u>	Federal revenue per financial statements

Indirect Cost Rates

Bluegrass Area Development District did not elect to use the 10 percent *de minimis* cost rate as allowed under the Uniform Guidance.

**BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2019**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not considered to be material weaknesses __Yes XNone reported

Non-compliance material to financial statements noted __Yes XNo

Federal Awards:

Internal control over major programs:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not considered to be material weaknesses __Yes XNone 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 XNo

Major Programs:

CFDA Number

Name of Federal Program or Cluster

17.258, 17.259, 17.278

DOL Workforce Investment Act, Cluster

17.245

DOL Trade Adjustment Assistance

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

Auditee qualified as a low-risk auditee? XYes __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, 2019

	Community & Infrastructure Development	Mapping / GIS	Aging	PDS	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	\$ -	\$ 100,860	\$ 5,020,447	\$ 16,866,567	\$ 3,339,247	\$ -	\$ 65,366	\$ 86,642	\$ 88,256	\$ -	\$ -	\$ -	\$ 308,684	\$ 25,876,069
Receivable	-	11,400	775,581	287,145	850,177	-	-	18,861	44,000	-	-	-	60,550	2,047,714
Deferred	-	-	-	-	-	-	-	-	-	-	-	-	(4,496)	(4,496)
Local:														
Contributions	-	-	-	-	-	-	-	-	-	-	-	149,657	-	149,657
Rent	-	-	-	-	-	-	-	-	-	-	-	82,712	-	82,712
Interest	-	-	-	-	-	-	-	-	-	-	-	24,652	-	24,652
Matching/In-kind	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service fees	10,704	114,345	51,443	189,444	1,943	22,310	18,955	-	-	77,700	38,222	-	-	525,065
Total revenues	10,704	226,605	5,847,471	17,343,156	4,191,367	22,310	84,321	105,503	132,256	77,700	38,222	257,021	364,738	28,701,373
Expenditures														
Direct costs:														
Salaries	8,965	102,306	356,337	766,328	365,952	14,026	30,404	54,655	-	42,081	21,232	8,956	184,618	1,955,860
Employee burden	3,888	54,705	216,611	463,830	213,109	7,262	17,169	28,837	-	19,075	10,529	349,074	110,659	1,494,748
Annual leave	441	7,186	24,676	43,444	22,176	666	2,072	2,937	-	2,650	1,421	560	15,039	123,268
Travel	639	(2,910)	17,341	55,247	13,018	416	1,479	1,857	-	6,794	489	5,343	2,391	102,104
Legal	-	-	-	-	-	-	-	-	-	-	-	6,615	-	6,615
Bad debts	-	-	-	253,647	-	-	-	-	-	-	-	267,842	-	521,489
Recoupment	-	-	-	25,625	-	-	-	-	-	-	-	-	-	25,625
Other	77	9,464	65,654	113,848	62,332	-	945	2,583	-	981	242	70,611	11,632	338,369
Contract costs	-	-	4,919,725	15,214,232	3,266,360	-	-	-	132,256	-	-	-	-	23,532,573
Total direct costs	14,010	170,751	5,600,344	16,936,201	3,942,947	22,370	52,069	90,869	132,256	71,581	33,913	709,001	324,339	28,100,651
Indirect costs applied	5,513	67,355	245,798	527,742	248,420	9,134	20,410	35,818	-	26,236	13,626	5,948	126,674	1,332,674
Total expenditures	19,523	238,106	5,846,142	17,463,943	4,191,367	31,504	72,479	126,687	132,256	97,817	47,539	714,949	451,013	29,433,325
Revenues over (expenditures)	\$ (8,820)	\$ (11,502)	\$ 1,329	\$ (120,787)	\$ -	\$ (9,194)	\$ 11,842	\$ (21,184)	\$ -	\$ (20,117)	\$ (9,317)	\$ (457,928)	\$ (86,275)	\$ (731,952)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
KENTUCKY JOINT FUNDING ADMINISTRATION PROGRAM
Year ended June 30, 2019

	<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		\$ 180,368	\$ 180,368	\$ 134,079	\$ 46,289	\$ 180,368
State		<u>198,910</u>	<u>184,369</u>	<u>137,053</u>	<u>47,316</u>	<u>184,369</u>
Total revenues		<u>379,277</u>	<u>364,737</u>	<u>271,132</u>	<u>93,605</u>	<u>364,737</u>
Expenditures						
Community and Economic Development Community Development Block Grant Program Assistance	120	83,333	83,333	69,839	25,904	95,743
Appalachian Regional Commission Planning and Assistance	125	40,492	40,492	55,978	22,695	78,673
Management Assistance	130	186,910	186,910	135,767	52,360	188,127
Program Administration	140	41,125	32,401	31,496	13,012	44,508
	150	<u>27,417</u>	<u>21,600</u>	<u>30,437</u>	<u>12,350</u>	<u>42,787</u>
Total expenditures		<u>379,277</u>	<u>364,737</u>	<u>323,517</u>	<u>126,321</u>	<u>449,838</u>
Revenues over expenditures		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (52,385)</u>	<u>\$ (32,716)</u>	<u>\$ (85,101)</u>

*Amended budget includes a decrease in revenue of \$14,540.58.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2019

	21613 Clark CDBG <u>Sphar Building</u>	21616 Hustonville <u>CDBG Fire/EMS</u>	21633 Mercer Kennedy <u>Bridge CDBG</u>	21634 Wilmore WW <u>Treatment</u>	21641 Berea Fire <u>Municipal Ctr</u>	21663 Millersburg <u>Military CDBG</u>	21685 Bourbon <u>AgTech Scientific</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>(10,962)</u>	<u>6,803</u>	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>1,363</u>
Total revenues	<u>(10,962)</u>	<u>6,803</u>	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>1,363</u>
Expenditures							
Direct costs:							
Salaries	2,330	2,815	974	464	47	1,021	710
Employee burden	1,186	1,402	144	129	24	506	231
Annual leave	107	166	7	21	2	64	18
Travel	0	534	0	0	0	105	0
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	77	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	3,623	4,994	1,125	614	73	1,696	959
Indirect costs applied	<u>1,508</u>	<u>1,809</u>	<u>480</u>	<u>254</u>	<u>30</u>	<u>655</u>	<u>404</u>
Total expenditures	<u>5,131</u>	<u>6,803</u>	<u>1,605</u>	<u>868</u>	<u>103</u>	<u>2,351</u>	<u>1,363</u>
Revenues over expenditures	<u>\$ (16,093)</u>	<u>\$ 0</u>	<u>\$ 5,595</u>	<u>\$ (868)</u>	<u>\$ (103)</u>	<u>\$ 2,649</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2019

	21705	
	Berea Walnut	
	<u>Meadow Pump</u>	<u>Total</u>
Revenues		
Federal and state:		
Received	\$ 0	\$ 0
Receivable	0	0
Deferred	0	0
Local:		0
Service fees	<u>1,299</u>	<u>10,704</u>
Total revenues	<u>1,299</u>	<u>10,704</u>
Expenditures		
Direct costs:		
Salaries	604	8,965
Employee burden	266	3,888
Annual leave	56	441
Travel	0	639
Bad Debt Expense	0	0
Other	0	77
Contract costs	<u>0</u>	<u>0</u>
Total direct costs	926	14,010
Indirect costs applied	<u>373</u>	<u>5,513</u>
Total expenditures	<u>1,299</u>	<u>19,523</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ (8,820)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2019

	80010 Mapping Assistance	88000 KIA GIS	88100 Jessamine GIS T/A	82240 Anderson GPS E911	83030 Mercer 911 Map Update	83060 Madison PVA Mapping	83080 Frankfort E911 ESN
Revenues							
Federal and State:							
Received	\$ 0	\$ 46,634	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	1,194	0	16,491	5,000	5,525	21,835	18,646
Total revenues	1,194	46,634	16,491	5,000	5,525	21,835	18,646
Expenditures							
Direct costs:							
Salaries	506	16,975	6,766	3,268	2,330	9,658	8,445
Employee burden	254	12,792	3,418	1,674	1,069	4,879	4,069
Annual leave	35	1,637	423	211	153	580	529
Travel	112	890	349	119	210	180	579
Bad Debt Expense	0	0	0	0	0	0	0
Other	193	1,570	55	457	305	302	305
Contract costs	0	0	0	0	0	0	0
Total direct costs	1,100	33,864	11,011	5,729	4,067	15,599	13,927
Indirect costs applied	326	12,770	4,369	2,120	1,458	6,236	5,369
Total expenditures	1,426	46,634	15,380	7,849	5,525	21,835	19,296
Revenues over expenditures	\$ (232)	\$ 0	\$ 1,111	\$ (2,849)	\$ 0	\$ 0	\$ (650)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2019

	85020 Lawrenceburg/ Anderson Web	85090 Local Roads Anderson	85100 Local Roads Bourbon	85110 Local Roads Boyle	85120 Local Roads Clark	85130 Local Roads Estill	85140 Local Roads Franklin
Revenues							
Federal and State:							
Received	\$ 0	\$ 136	\$ 2,374	\$ 1,142	\$ 2,340	\$ 2,091	\$ 774
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	<u>1,750</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>1,750</u>	<u>136</u>	<u>2,374</u>	<u>1,142</u>	<u>2,340</u>	<u>2,091</u>	<u>774</u>
Expenditures							
Direct costs:							
Salaries	0	57	1,051	478	998	1,090	334
Employee burden	0	32	545	266	543	556	170
Annual leave	0	4	72	34	69	75	23
Travel	0	0	0	0	49	36	0
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	0	93	1,668	778	1,659	1,757	527
Indirect costs applied	<u>0</u>	<u>38</u>	<u>685</u>	<u>319</u>	<u>661</u>	<u>706</u>	<u>216</u>
Total expenditures	<u>0</u>	<u>131</u>	<u>2,353</u>	<u>1,097</u>	<u>2,320</u>	<u>2,463</u>	<u>743</u>
Revenues over expenditures	<u>\$ 1,750</u>	<u>\$ 5</u>	<u>\$ 21</u>	<u>\$ 45</u>	<u>\$ 20</u>	<u>\$ (372)</u>	<u>\$ 31</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2019

	85150 Local Roads Garrard	85160 Local Roads Harrison	85170 Local Roads Jessamine	85180 Local Roads Lincoln	85190 Local Roads Madison	85200 Local Roads Mercer	85210 Local Roads Nicholas
Revenues							
Federal and State:							
Received	\$ 1,031	\$ 3,871	\$ 6,756	\$ 2,314	\$ 2,767	\$ 3,086	\$ 1,658
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	1,031	3,871	6,756	2,314	2,767	3,086	1,658
Expenditures							
Direct costs:							
Salaries	446	1,573	2,940	1,180	1,261	1,314	733
Employee burden	226	872	1,572	641	648	704	381
Annual leave	30	109	203	81	87	91	51
Travel	0	22	45	77	17	84	0
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	213	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	702	2,789	4,760	1,979	2,013	2,193	1,165
Indirect costs applied	288	1,049	1,936	781	819	866	478
Total expenditures	990	3,838	6,696	2,760	2,832	3,059	1,643
Revenues over expenditures	\$ 41	\$ 33	\$ 60	\$ (446)	\$ (65)	\$ 27	\$ 15

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2019

	85220 Local Roads Powell	85230 Local Roads Scott	85240 Local Roads Woodford	85301 Lincoln PVA Building Footprint	85400 Snow Plow Tracking ADF	85401 Snow Plow Tracking Mercer	85402 Snow Plow Tracking Garrard
Revenues							
Federal and State:							
Received	\$ 2,578	\$ 653	\$ 629	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	3,000	(88)	(792)	0
Total revenues	<u>2,578</u>	<u>653</u>	<u>629</u>	<u>3,000</u>	<u>(88)</u>	<u>(792)</u>	<u>0</u>
Expenditures							
Direct costs:							
Salaries	1,117	273	1,103	1,141	0	0	73
Employee burden	599	152	596	583	0	0	37
Annual leave	77	20	76	78	0	0	4
Travel	26	0	36	0	0	0	23
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	(112)	(35)
Contract costs	0	0	0	0	0	0	0
Total direct costs	<u>1,819</u>	<u>445</u>	<u>1,811</u>	<u>1,802</u>	<u>0</u>	<u>(112)</u>	<u>102</u>
Indirect costs applied	736	182	729	739	0	0	47
Total expenditures	<u>2,555</u>	<u>627</u>	<u>2,540</u>	<u>2,541</u>	<u>0</u>	<u>(112)</u>	<u>149</u>
Revenues over expenditures	<u>\$ 23</u>	<u>\$ 26</u>	<u>\$ (1,911)</u>	<u>\$ 459</u>	<u>\$ (88)</u>	<u>\$ (680)</u>	<u>\$ (149)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2019

	85416 Lancaster Water Map	85417 Versailles Mapping	85418 Garrard Water Assoc Map	85420 Franklin Census	85422 Jessamine Att. Parolee	85423 Danville E911 Maps & Data Coll	85424 Nicholas/ Carlisle E911
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>600</u>	<u>263</u>	<u>500</u>	<u>2,000</u>	<u>2,350</u>	<u>10,000</u>	<u>5,000</u>
Total revenues	<u>600</u>	<u>263</u>	<u>500</u>	<u>2,000</u>	<u>2,350</u>	<u>10,000</u>	<u>5,000</u>
Expenditures							
Direct costs:							
Salaries	405	0	258	810	4,016	5,145	1,918
Employee burden	175	0	112	350	1,736	2,437	920
Annual leave	28	0	18	56	278	328	121
Travel	0	0	0	0	81	531	187
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	359	360
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	608	0	388	1,216	6,111	8,800	3,506
Indirect costs applied	<u>249</u>	<u>0</u>	<u>158</u>	<u>498</u>	<u>2,468</u>	<u>3,253</u>	<u>1,217</u>
Total expenditures	<u>857</u>	<u>0</u>	<u>546</u>	<u>1,714</u>	<u>8,579</u>	<u>12,053</u>	<u>4,723</u>
Revenues over expenditures	<u>\$ (257)</u>	<u>\$ 263</u>	<u>\$ (46)</u>	<u>\$ 286</u>	<u>\$ (6,229)</u>	<u>\$ (2,053)</u>	<u>\$ 277</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2019

	85425 Homeland Sec Geo Audits	85426 Franklin Co E Government	85427 Woodford GIS TA	85428 Garrard Co Snow Plow	21653 Boyle Co Planning & Zoning	39000 GIS Transportation	Total
Revenues							
Federal and State:							
Received	\$ 20,026	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,860
Receivable	11,400	0	0	0	0	0	11,400
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	12,000	500	552	786	0	114,345
Total revenues	31,426	12,000	500	552	786	0	226,605
Expenditures							
Direct costs:							
Salaries	10,040	7,415	258	0	550	0	102,306
Employee burden	4,900	3,695	112	0	0	0	54,705
Annual leave	632	545	18	0	0	0	7,186
Travel	3,432	49	0	0	0	(10,101)	(2,910)
Bad Debt Expense	0	0	0	0	0	0	0
Other	0	305	0	342	0	4,442	9,464
Contract costs	0	0	0	0	0	0	0
Total direct costs	19,004	12,009	388	342	550	(5,659)	170,751
Indirect costs applied	6,409	4,767	158	0	236	0	67,355
Total expenditures	25,413	16,776	546	342	786	(5,659)	238,106
Revenues over expenditures	\$ 6,013	\$ (4,776)	\$ (46)	\$ 210	\$ 0	\$ 5,659	\$ (11,502)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2019

	40000 Aging Homecare	42000 Aging Title III	42030 Aging Title III C1	42040 Aging Title III C2	42050 Aging Title III D	42060 Aging Title III B Ombuds	42070 Aging T-IIID Walk
Revenues							
Federal and State:							
Received	\$ 1,334,707	\$ 1,204,058	\$ 500,258	\$ 955,362	\$ 48,224	\$ 29,000	\$ 0
Receivable	426,305	76,280	45,001	99,079	11,782	0	3,892
Deferred	0	0	0	0	0	0	0
Local:							
In-kind	0	0	0	0	0	0	0
Service fees	50,236	0	0	0	0	0	0
Total revenues	1,811,248	1,280,338	545,259	1,054,441	60,006	29,000	3,892
Expenditures							
Direct costs:							
Salaries	88,946	99,047	2,241	2,228	6,306	0	0
Employee burden	53,824	58,980	1,136	1,137	3,364	0	0
Annual leave	8,999	6,170	135	130	331	0	0
Travel	1,993	7,634	0	0	2,149	0	0
Other	16,325	20,166	99	100	2,604	0	3,892
Contract costs	1,580,444	1,021,455	540,215	1,049,416	41,111	29,000	0
Total direct costs	1,750,531	1,213,452	543,826	1,053,011	55,865	29,000	3,892
Indirect costs applied	61,249	67,794	1,449	1,444	4,149	0	0
Total expenditures	1,811,780	1,281,246	545,275	1,054,455	60,014	29,000	3,892
Revenues over expenditures	\$ (532)	\$ (908)	\$ (16)	\$ (14)	\$ (8)	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2019

	42250 Aging <u>Title VII-Elder Abuse</u>	42400 Aging <u>CMS Ship</u>	42411 Aging <u>SHIP SE4A</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>
Revenues							
Federal and State:							
Received	\$ 10,327	\$ 52,222	\$ 3,300	\$ 19,144	\$ 98,402	\$ 205,540	\$ 140,466
Receivable	0	4,701	0	0	0	0	0
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>10,327</u>	<u>56,923</u>	<u>3,300</u>	<u>19,144</u>	<u>98,402</u>	<u>205,540</u>	<u>140,466</u>
Expenditures							
Direct costs:							
Salaries	0	0	0	0	0	0	49,659
Employee burden	0	0	0	0	0	0	39,312
Annual leave	0	0	0	0	0	0	2,929
Travel	0	0	0	0	0	0	4,025
Other	0	0	0	0	0	0	6,372
Contract costs	<u>10,327</u>	<u>56,923</u>	<u>3,300</u>	<u>19,144</u>	<u>98,402</u>	<u>205,540</u>	<u>0</u>
Total direct costs	10,327	56,923	3,300	19,144	98,402	205,540	102,297
Indirect costs applied	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>38,169</u>
Total expenditures	<u>10,327</u>	<u>56,923</u>	<u>3,300</u>	<u>19,144</u>	<u>98,402</u>	<u>205,540</u>	<u>140,466</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>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2019

	48030 Aging ADRC	48050 Aging FAST	48100 Aging MIPPA-SHIP	48110 Aging MIPPA-AAA	48120 Aging MIPPA- ADRC	49000 Aging Family Caregiver	49500 BMH Aging Coalition
Revenues							
Federal and State:							
Received	\$ 82,759	\$ 0	\$ 31,609	\$ 12,481	\$ 3,661	\$ 288,927	\$ 0
Receivable	10,260	998	6,252	2,370	461	88,200	0
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	1,207
Total revenues	93,019	998	37,861	14,851	4,122	377,127	1,207
Expenditures							
Direct costs:							
Salaries	39,427	249	0	0	1,752	66,482	0
Employee burden	22,071	120	0	0	1,082	35,585	0
Annual leave	1,851	15	0	0	82	4,034	0
Travel	0	0	0	0	0	1,540	0
Other	0	456	0	0	0	15,008	632
Contract costs	0	0	37,861	14,851	0	211,161	575
Total direct costs	63,349	840	37,861	14,851	2,916	333,810	1,207
Indirect costs applied	26,383	158	0	0	1,216	43,787	0
Total expenditures	89,732	998	37,861	14,851	4,132	377,597	1,207
Revenues over expenditures	\$ 3,287	\$ 0	\$ 0	\$ 0	\$ (10)	\$ (470)	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2019

	Total
Revenues	
Federal and State:	
Received	\$ 5,020,447
Receivable	775,581
Deferred	0
Local:	0
In-kind	0
Service fees	51,443
Total revenues	5,847,471
Expenditures	
Direct costs:	
Salaries	356,337
Employee burden	216,611
Annual leave	24,676
Travel	17,341
Other	65,654
Contract costs	4,919,725
Total direct costs	5,600,344
Indirect costs applied	245,798
Total expenditures	5,846,142
Revenues over expenditures	\$ 1,329

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
PARTICIPANT DIRECTED SERVICES
Year ended June 30, 2019

43500
Participant
Directed Services

Revenues

Federal and State:

Received	\$ 16,866,567
Receivable	287,145
Deferred	0

Local:

Service fees	<u>189,444</u>
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Total revenues	<u>17,343,156</u>
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Expenditures

Direct costs:

Salaries	766,328
Employee burden	463,830
Annual leave	43,444
Travel	55,247
Bad debt expense	253,647
Recoupment expense	25,625
Other	113,848
Contract costs	<u>15,214,232</u>

Total direct costs	16,936,201
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Indirect costs applied	<u>527,742</u>
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Total expenditures	<u>17,463,943</u>
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Revenues over expenditures	<u><u>\$ (120,787)</u></u>
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See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE

WORKFORCE DEVELOPMENT

Year ended June 30, 2019

	51180 Trade 205BE16	51190 Trade 205BE17	51110 Trade 205BE18	53011 Adult Admin 273AD18	53111 Adult Program 273AD18	53031 Adult Admin 270AD19	53131 Adult Program 270AD19
Revenues							
Federal and State:							
Received	\$ 81,294	\$ 56,172	\$ 15,995	\$ 54,386	\$ 296,793	\$ 16,077	\$ 144,694
Receivable	0	33,508	4,813	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	0
Total revenues	81,294	89,680	20,808	54,386	296,793	16,077	144,694
Expenditures							
Direct costs:							
Salaries	0	0	0	18,007	24,759	5,052	0
Employee burden	0	0	0	13,938	16,089	5,020	0
Annual leave	0	0	0	1,711	1,861	614	0
Travel	0	0	0	733	1,071	339	96
Legal Fees	0	0	0	0	0	0	0
Other	0	0	0	1,953	11,187	204	709
Contract costs	81,294	89,680	20,808	4,339	224,302	527	143,889
Total direct costs	81,294	89,680	20,808	40,681	279,269	11,756	144,694
Indirect costs applied	0	0	0	13,705	17,524	4,321	0
Total expenditures	81,294	89,680	20,808	54,386	296,793	16,077	144,694
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2019

	53041 Adult Admin 273AD19	53141 Adult Program 273AD19	54010 DW Admin 271DW18	54110 DW Program 271DW18	53121 Adult Program 271DW18	54111 DW Program 271DW19	54090 DW Admin 272DW18
Revenues							
Federal and State:							
Received	\$ 60,918	\$ 196,899	\$ 64,630	\$ 161,454	\$ 774,894	\$ 26,602	\$ 22,053
Receivable	0	170,508	52,858	0	95,106	108,039	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	1,197	0	0	0	0	0
Total revenues	60,918	368,604	117,488	161,454	870,000	134,641	22,053
Expenditures							
Direct costs:							
Salaries	24,448	8,022	50,678	25,208	60,729	0	9,465
Employee burden	16,123	6,927	27,184	14,021	36,260	0	4,689
Annual leave	1,066	802	2,303	1,518	4,331	0	436
Travel	419	337	275	1,094	3,232	0	387
Legal Fees	0	0	0	0	0	0	0
Other	773	1,972	255	7,063	10,978	11	470
Contract costs	684	344,131	3,390	95,721	712,861	134,630	534
Total direct costs	43,513	362,191	84,085	144,625	828,391	134,641	15,981
Indirect costs applied	17,405	6,413	33,403	16,829	41,609	0	6,072
Total expenditures	60,918	368,604	117,488	161,454	870,000	134,641	22,053
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2019

	54120 DW Program 272DW19	56050 Youth Admin 274YT18	56150 YOS Program 274YT18	57150 YIS Program 274YT18	56160 YOS Program 274YT19	57160 YIS Program 274YT19	58080 Wellcare Works
Revenues							
Federal and State:							
Received	\$ 215,613	\$ 112,753	\$ 702,797	\$ 9,791	\$ 315,373	\$ 10,059	\$ 0
Receivable	37,610	0	0	0	345,548	2,187	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	746
Total revenues	253,223	112,753	702,797	9,791	660,921	12,246	746
Expenditures							
Direct costs:							
Salaries	28,601	48,189	24,692	3,186	31,335	3,581	0
Employee burden	17,297	24,284	12,870	1,548	15,126	1,733	0
Annual leave	1,831	2,222	1,398	216	1,636	231	0
Travel	1,033	1,081	2,079	359	446	37	0
Legal Fees	0	0	0	0	0	0	0
Other	8,467	1,837	11,916	1,002	2,514	275	746
Contract costs	176,303	4,049	633,728	1,449	589,932	4,109	0
Total direct costs	233,532	81,662	686,683	7,760	640,989	9,966	746
Indirect costs applied	19,691	31,091	16,114	2,031	19,932	2,280	0
Total expenditures	253,223	112,753	702,797	9,791	660,921	12,246	746
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2019

	Total
Revenues	
Federal and State:	
Received	\$ 3,339,247
Receivable	850,177
Deferred	0
Local:	0
Service fees	1,943
Total revenues	4,191,367
Expenditures	
Direct costs:	
Salaries	365,952
Employee burden	213,109
Annual leave	22,176
Travel	13,018
Legal Fees	0
Other	62,332
Contract costs	3,266,360
Total direct costs	3,942,947
Indirect costs applied	248,420
Total expenditures	4,191,367
Revenues over expenditures	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
PLANNING AND ZONING TECHNICAL ASSISTANCE
Year ended June 30, 2019

	16060 Anderson/Law Planning TA	16063 Clark Fire Study Update	22400 Jessamine Plan & Zone TA	Total
Revenues				
Federal and State:				
Received	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0
Deferred	0	0	0	0
Local:				
Service fees	<u>8,568</u>	<u>4,761</u>	<u>8,981</u>	<u>22,310</u>
Total revenues	<u>8,568</u>	<u>4,761</u>	<u>8,981</u>	<u>22,310</u>
Expenditures				
Direct costs:				
Salaries	4,415	5,804	3,807	14,026
Employee burden	2,372	3,086	1,804	7,262
Annual leave	204	286	176	666
Travel	390	16	10	416
Other	0	0	0	0
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	7,381	9,192	5,797	22,370
Indirect costs applied	<u>2,913</u>	<u>3,814</u>	<u>2,407</u>	<u>9,134</u>
Total expenditures	<u>10,294</u>	<u>13,006</u>	<u>8,204</u>	<u>31,504</u>
Revenues over expenditures	<u>\$ (1,726)</u>	<u>\$ (8,245)</u>	<u>\$ 777</u>	<u>\$ (9,194)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2019

	22000 KIA 409 Council FY19	21607 KIA Harrison Sanitation	21628 Stanton Sewer Loan	21649 Alton Vacuum KIA Loan	21678 Bourbon Bedford Acres	23010 Berea KIA WX1040	Total
Revenues							
Federal and State:							
Received	\$ 65,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,366
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	5,955	2,358	9,588	1,032	22	18,955
Total revenues	65,366	5,955	2,358	9,588	1,032	22	84,321
Expenditures							
Direct costs:							
Salaries	26,666	1,011	1,492	564	671	0	30,404
Employee burden	16,187	494	156	281	51	0	17,169
Annual leave	1,969	67	3	33	0	0	2,072
Travel	1,215	168	0	74	0	22	1,479
Other	945	0	0	0	0	0	945
Contract costs	0	0	0	0	0	0	0
Total direct costs	46,982	1,740	1,651	952	722	22	52,069
Indirect costs applied	18,384	646	707	363	310	0	20,410
Total expenditures	65,366	2,386	2,358	1,315	1,032	22	72,479
Revenues over expenditures	\$ 0	\$ 3,569	\$ 0	\$ 8,273	\$ 0	\$ 0	\$ 11,842

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
TRANSPORTATION PLANNING
Year ended June 30, 2019

	<u>30000</u> Transportation
Revenues	
Federal and State:	
Received	\$ 86,642
Receivable	18,861
Deferred	0
Local:	
Service fees	<u>0</u>
Total revenues	<u>105,503</u>
Expenditures	
Direct costs:	
Salaries	54,655
Employee burden	28,837
Annual leave	2,937
Travel	1,857
Other	2,583
Contract costs	<u>0</u>
Total direct costs	90,869
Indirect costs applied	<u>35,818</u>
Total expenditures	<u>126,687</u>
Revenues over expenditures	<u><u>\$ (21,184)</u></u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
HOMELAND SECURITY
Year ended June 30, 2019

	21675 KOHS Powell Law Enforcement	21696 KOHS Harrison	21698 KOHS Garrard	21699 KOHS Boyle	Total
Revenues					
Federal and State:					
Received	\$ 45,521	\$ 0	\$ 20,735	\$ 22,000	\$ 88,256
Receivable	0	44,000	0	0	44,000
Deferred	0	0	0	0	0
Local:					
Service fees	0	0	0	0	0
Total revenues	45,521	44,000	20,735	22,000	132,256
Expenditures					
Direct costs:					
Salaries	0	0	0	0	0
Employee burden	0	0	0	0	0
Annual leave	0	0	0	0	0
Travel	0	0	0	0	0
Other	0	0	0	0	0
Contract costs	45,521	44,000	20,735	22,000	132,256
Total direct costs	45,521	44,000	20,735	22,000	132,256
Indirect costs applied	0	0	0	0	0
Total expenditures	45,521	44,000	20,735	22,000	132,256
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
ECONOMIC DEVELOPMENT PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2019

	22600 Lawrenceburg/ Anderson EDA	22800 Lincoln Co IDA	Total
Revenues			
Federal and State:			
Received	\$ 0	\$ 0	\$ 0
Receivable	0	0	0
Deferred	0	0	0
Local:			
Service fees	<u>37,500</u>	<u>40,200</u>	<u>77,700</u>
Total revenues	<u>37,500</u>	<u>40,200</u>	<u>77,700</u>
Expenditures			
Direct costs:			
Salaries	19,886	22,195	42,081
Employee burden	9,011	10,064	19,075
Annual leave	1,249	1,401	2,650
Travel	1,036	5,758	6,794
Other	487	494	981
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	31,669	39,912	71,581
Indirect costs applied	<u>12,397</u>	<u>13,839</u>	<u>26,236</u>
Total expenditures	<u>44,066</u>	<u>53,751</u>	<u>97,817</u>
Revenues over expenditures	<u>\$ (6,566)</u>	<u>\$ (13,551)</u>	<u>\$ (20,117)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2019

	11200 Jessamine IT	11210 Scott IT	11220 Lake Village Water IT	12010 Nicholasville Video	12030 Flemingsburg Video	12040 Scott Video	12050 KRCC
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	6,842	9,783	280	3,300	600	600	3,825
Total revenues	6,842	9,783	280	3,300	600	600	3,825
Expenditures							
Direct costs:							
Salaries	3,136	4,958	119	1,885	386	653	4,541
Employee burden	1,579	2,738	56	887	182	307	2,136
Annual leave	178	376	8	131	26	46	314
Travel	365	0	0	0	0	0	0
Other	164	18	25	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	5,422	8,090	208	2,903	594	1,006	6,991
Indirect costs applied	2,024	3,303	75	1,188	244	412	2,864
Total expenditures	7,446	11,393	283	4,091	838	1,418	9,855
Revenues over expenditures	\$ <u>(604)</u>	\$ <u>(1,610)</u>	\$ <u>(3)</u>	\$ <u>(791)</u>	\$ <u>(238)</u>	\$ <u>(818)</u>	\$ <u>(6,030)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2019

	12060 Audiovisual Services	13010 Nicholasville PD Website	13011 Stan/Lin EDA Web Page	13012 Cynthiana Broadband Study	21614 Gtown/Scott Sewer HB265	21636 Stanford Annexation Study	21639 Judy Creek Trail RTP - Stanton
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	351	1,157	1,315	2,730	5,000	1,200	80
Total revenues	351	1,157	1,315	2,730	5,000	1,200	80
Expenditures							
Direct costs:							
Salaries	148	1,842	543	1,186	498	544	40
Employee burden	70	1,096	323	658	243	181	15
Annual leave	10	147	43	96	32	12	2
Travel	16	70	0	0	38	0	0
Other	0	0	35	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	244	3,155	944	1,940	811	737	57
Indirect costs applied	94	1,260	371	790	319	311	23
Total expenditures	338	4,415	1,315	2,730	1,130	1,048	80
Revenues over expenditures	\$ 13	\$ (3,258)	\$ 0	\$ 0	\$ 3,870	\$ 152	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2019

	21703 Mercer Co Pay Plan		Total
Revenues			
Federal and State:			
Received	\$ 0	\$	0
Receivable	0		0
Deferred	0		0
Local:			
Service fees	1,159		38,222
Total revenues	<u>1,159</u>		<u>38,222</u>
Expenditures			
Direct costs:			
Salaries	753		21,232
Employee burden	58		10,529
Annual leave	0		1,421
Travel	0		489
Other	0		242
Contract costs	<u>0</u>		<u>0</u>
Total direct costs	811		33,913
Indirect costs applied	<u>348</u>		<u>13,626</u>
Total expenditures	<u>1,159</u>		<u>47,539</u>
Revenues over expenditures	<u>\$ 0</u>	\$	<u>(9,317)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
NON-GRANT
Year ended June 30, 2019

	90000 Dental Office	91000 Non-Grant	92000 Non-Grant Comp Plan	Workforce Settlement Expense	FY19 Pension Expense	FY19 Insurance Expense	Total
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:							
Contributions	0	149,657	0	0	0	0	149,657
Rent	82,712	0	0	0	0	0	82,712
Interest	0	24,652	0	0	0	0	24,652
Total revenues	82,712	174,309	0	0	0	0	257,021
Expenditures							
Direct costs:							
Salaries	0	0	8,956	0	0	0	8,956
Employee burden	0	574	4,334	0	110,359	233,807	349,074
Annual leave	0	0	560	0	0	0	560
Travel	0	5,316	27	0	0	0	5,343
Legal Fees FY18	0	6,615	0	0	0	0	6,615
Bad debt/Recoupment	0	40,096	0	227,746	0	0	267,842
Other	26,631	43,980	0	0	0	0	70,611
Contract costs	0	0	0	0	0	0	0
Total direct costs	26,631	96,581	13,877	227,746	110,359	233,807	709,001
Indirect costs applied	0	246	5,702	0	0	0	5,948
Total expenditures	26,631	96,827	19,579	227,746	110,359	233,807	714,949
Revenues over expenditures	\$ 56,081	\$ 77,482	\$ (19,579)	\$ (227,746)	\$ (110,359)	\$ (233,807)	\$ (457,928)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
REGIONAL COORDINATION, JFA

Year ended June 30, 2019

	<u>71200</u> JFA COMM/ ECON DEV	<u>71250</u> JFA CDBG	<u>71300</u> JFA ARC PLAN/ASSIST	<u>71400</u> JFA MGMT ASSIST	<u>71500</u> JFA PRGM ADMIN	<u>71000</u> SPGE KRS 65A	<u>Total</u>
Revenues							
Federal and State:							
Received	\$ 62,500	\$ 30,369	\$ 168,043	\$ 28,663	\$ 19,109	\$ 0	\$ 308,684
Receivable	20,833	10,123	23,364	3,738	2,492	0	60,550
Deferred	0	0	(4,496)	0	0	0	(4,496)
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>83,333</u>	<u>40,492</u>	<u>186,911</u>	<u>32,401</u>	<u>21,601</u>	<u>0</u>	<u>364,738</u>
Expenditures							
Direct costs:							
Salaries	37,448	37,256	66,061	23,370	19,719	764	184,618
Employee burden	22,935	15,646	55,989	6,961	9,070	58	110,659
Annual leave	3,258	1,758	7,934	896	1,193	0	15,039
Travel	1,040	317	926	31	77	0	2,391
Other	5,158	1,001	4,857	238	378	0	11,632
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	69,839	55,978	135,767	31,496	30,437	822	324,339
Indirect costs applied	<u>25,904</u>	<u>22,695</u>	<u>52,360</u>	<u>13,012</u>	<u>12,350</u>	<u>353</u>	<u>126,674</u>
Total expenditures	<u>95,743</u>	<u>78,673</u>	<u>188,127</u>	<u>44,508</u>	<u>42,787</u>	<u>1,175</u>	<u>451,013</u>
Revenues over expenditures	\$ <u><u>(12,410)</u></u>	\$ <u><u>(38,181)</u></u>	\$ <u><u>(1,216)</u></u>	\$ <u><u>(12,107)</u></u>	\$ <u><u>(21,186)</u></u>	\$ <u><u>(1,175)</u></u>	\$ <u><u>(86,275)</u></u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF INDIRECT COSTS APPLIED
Year ended June 30, 2019

Salaries	\$ 470,305
Fringe benefits	347,401
Building usage and depreciation	258,715
Computer services	49,289
Equipment depreciation	16,166
Professional fees	40,440
Insurance	40,002
Dues, fees, subscriptions	33,403
Telephone and postage	24,491
Printing and publications	13,687
Meetings	12,709
Equipment rental	10,320
Legal Fees	3,000
Other	1,862
Supplies	3,663
Travel, staff	5,613
Equipment Purchase	0
Travel, board of directors	<u>1,607</u>
Total indirect costs applied	<u><u>\$ 1,332,674</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF AWARDS FROM THE COMMONWEALTH OF KENTUCKY
Year ended June 30, 2019

<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	40000/48020	1900000798	07.2018-06.2019	\$ 2,035,186	\$ 1,778,046	\$ 1,778,046	\$ 0	\$ 426,305
Title III	42000-42050	1900001251	07.2018-06.2019	1,070,595	1,070,595	1,070,595	0	14,012
Consumer Directed Options	43500	N/A	07.2018-06.2019	17,153,712	17,153,712	17,153,712	182,532	287,145
Long Term Care Ombudsman	46010	1900000876	07.2018-06.2019	98,402	98,402	98,402	0	0
Aging ADRC	48030	1900000816	07.2018-06.2019	33,642	33,318	33,318	0	5,130
Aging Family Caregiver Support	49000, 49010	1900001251	07.2018-06.2019	67,353	67,353	67,353	0	0
Governor's Office for Local Development								
Joint Funding Agreement	71200-71500	1900003295	07.2018-06.2019	184,369	184,369	184,369	0	38,822
Kentucky Transportation Cabinet:								
Regional Transportation Program	30000	1900000516	07.2018-06.2019	105,503	105,503	105,503	0	18,863
Highway Inventory Data Collection Program	85090-85250	1900000880	09.2018-05.2019	6,840	6,840	6,840	0	0
Kentucky Infrastructure Authority:								
Water Resource Information System	22000, 88000	1900002479	07.2018-06.2019	112,000	112,000	112,000	0	0
Kentucky 911 Services Board								
Geospatial Audits	85425	1900001654	07.2018-06.2020	100,000	31,426	25,413	0	11,400
				<u>\$ 20,967,602</u>	<u>\$ 20,641,565</u>	<u>\$ 20,635,551</u>	<u>\$ 182,532</u>	<u>\$ 801,678</u>

COST ALLOCATION POLICY

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
COST ALLOCATION POLICY
June 30, 2019

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)
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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.