

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

**FINANCIAL STATEMENTS
June 30, 2020**

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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, 2020 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, 2020 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison, the schedules of proportionate share of the net pension and OPEB liabilities and the schedules of contributions on pages 3-8 and 31-35 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 December 3, 2020 on our consideration of Bluegrass Area Development District, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bluegrass Area Development District, Inc.'s internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
December 3, 2020

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis As of and for the year ended June 30, 2020

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, 2020. 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, 2020, 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

Government-Wide Financial Statements

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.

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

Statement of Activities - The statement of activities identifies the revenues generated and the expenses incurred during the fiscal year, classified by program.

Fund Financial Statements

Fund financial statements include a balance sheet and statement of revenues, expenditures and changes in fund balance. 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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2020

Budgetary Highlights

In fiscal year (FY) 2020, BGADD had a budget of approximately \$30.5 million designating approximately \$25.2 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 \$3,396,000 with accumulated depreciation of approximately \$1,028,000. Net capital assets are approximately \$2,368,000.

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. BGADD's net pension liability at June 30, 2016 was \$6,787,500. BGADD's net pension liability at June 30, 2017 was \$8,467,800. 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. In FY 2020 BGADD recorded a decreased liability by \$72,917 for its proportionate share of the underfunded pension liability of the cost-sharing plan. BGADD's net pension liability at June 30, 2020 was approximately \$7,295,000. 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 benefit liability at June 30, 2018 was \$2,820,188. BGADD's net benefit liability at June 30, 2019 was \$2,148,100. In 2020 BGADD recorded a decreased liability by \$403,660 for its proportionate share of the underfunded benefit liability. BGADD's net benefit liability at June 30, 2020 was approximately \$1,744,400.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2020

Financial Analysis

I. Statement of Net Position

Table 1: Condensed Statement of Net Position

	2020	2019	\$ Change	% Change
Assets				
Current assets	\$ 3,744,376	\$ 3,330,888	\$ 413,488	12.41%
Capital and noncurrent assets	2,368,680	2,446,614	(77,934)	-3.19%
Total assets	<u>\$ 6,113,056</u>	<u>\$ 5,777,502</u>	<u>\$ 335,554</u>	5.81%
Deferred Outflows of Resources				
Deferred pension and OPEB outflows	\$ 2,131,852	\$ 2,072,688	\$ 59,164	2.85%
Liabilities				
Current liabilities	\$ 2,545,043	\$ 2,347,043	\$ 198,000	8.44%
Long-term liabilities	9,350,537	9,818,619	(468,082)	-4.77%
Total liabilities	<u>\$ 11,895,580</u>	<u>\$ 12,165,662</u>	<u>\$ (270,082)</u>	-2.22%
Deferred Inflows of Resources				
Deferred pension and OPEB inflows	\$ 2,482,837	\$ 2,112,399	\$ 370,438	100.00%
Net position				
Net investment in capital assets	\$ 2,368,680	\$ 2,446,614	\$ (77,934)	-3.19%
Restricted:				
Aging programs	38,644	32,247	6,397	19.84%
Workforce investment act	6,245	7,215	(970)	-13.44%
Bluegrass Cat Project	30,468	0	30,468	0.00%
Unrestricted	(8,577,546)	(8,913,947)	336,401	3.77%
Total net position	<u>\$ (6,133,509)</u>	<u>\$ (6,427,871)</u>	<u>\$ 294,362</u>	4.58%

At June 30, 2020, the BGADD's Net position was approximately (\$6,133,500). The FY 2020 amount includes a non-cash pension expense adjustment required by GASB 68 of (\$96,088). It also includes a non-cash other post-employment benefits expense required by GASB 75 of (\$69,215). 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. The Workforce settlement was accepted in October 2020.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis
As of and for the year ended June 30, 2020

II. Statement of Activities

Table 2: Condensed Statement of Activities

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Operating grants and contributions	\$ 29,943,506	\$ 27,919,287	\$ 2,024,219	7.25%
Charges for services	681,944	674,722	7,222	1.07%
Interest	21,567	24,652	(3,085)	-12.51%
Rent	82,712	82,712	0	100.00%
Gain (loss) on purchase/sale of capital assets	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Total revenues	<u>30,729,729</u>	<u>28,701,373</u>	<u>2,028,356</u>	7.07%
Expenses				
Participant Directed Services	18,614,967	17,463,944	1,151,023	6.59%
Aging Programs	7,000,543	5,846,142	1,154,401	19.75%
Workforce Development	3,669,393	4,191,367	(521,974)	-12.45%
Mapping/Geographic Information Systems	184,290	238,106	(53,817)	-22.60%
Regional Coordination, JFA	504,136	451,013	53,123	11.78%
Community and Infrastructure Admin	16,831	19,523	(2,692)	-13.79%
Homeland Security	22,501	132,256	(109,755)	-82.99%
Economic Development Planning and Tech. Asst.	82,551	97,817	(15,266)	-15.61%
Transportation Planning	121,033	126,687	(5,654)	-4.46%
Water and Sewer Planning and Tech. Asst.	79,856	72,479	7,377	10.18%
Non-grant	90,132	143,037	(52,905)	-36.99%
Bluegrass Cat Project	115,906	0	115,906	0.00%
Management Services	55,455	47,539	7,916	16.65%
Planning and Zoning Technical Assistance	<u>43,077</u>	<u>31,504</u>	<u>11,573</u>	36.74%
Total expenses	<u>30,600,670</u>	<u>28,861,414</u>	<u>1,739,256</u>	6.03%
Non-Operating Expense				
WIOA/Aging services settlement	0	227,746	(227,746)	100.00%
Pension Expense	(96,088)	110,359	(373,201)	-338.17%
OPEB (Insurance) Expense	<u>(69,215)</u>	<u>233,807</u>	<u>(136,268)</u>	-58.28%
Change in net position	\$ <u>294,362</u>	\$ <u>(731,953)</u>	\$ <u>1,026,315</u>	140.22%

BGADD recognized revenues of approximately \$30.7 million and \$28.7 million in FY 2020 and FY 2019, respectively. Significant changes in revenues are as follows:

- Participant Directed Services - \$1.4 million increase, reflecting program growth of 8%, increasing from FY 2019 (5%). The increase in pass through expenses is based on the needs of participants in their established plan of care.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

Management’s Discussion and Analysis
As of and for the year ended June 30, 2020

- Workforce Development Program- \$521,228 decrease, a 14% decrease from FY 2019. In FY20, the direct service provider, ResCare, had a decrease in spending of \$2,662,989 and \$3,165,096 in FY 2020 and FY 2019, respectively. There was an intentional effort to place participants in internships and on the job trainings rather than Occupational Skills Training (at a 2-year school). This lessened the participant cost. Furthermore, costs also decreased due to COVID-19, whereas career centers and businesses closed to the public in March 2020. Although enrollments increased, adults and dislocated workers were unable to enroll in training, on the job training and internships due to COVID-19 restrictions.
- Aging Programs-\$1.1 million increase, a 20% increase from FY 2019. This is additional funding for Title III B Support Services, Congregate Meals, Home Delivered Meals and National Family Caregiver Services from COVID-19 and CARES Act Provider Relief Funds due to the COVID19 pandemic. Senior Centers closed due to COVID-19 restrictions, however there was a strategic effort to continue providing meals and services, just in a different capacity.

Expenses for FY 2020 total \$30.4 million. FY 2019 expenses were \$29.4 million. This increase of \$1,002,041 is attributed mainly from increases in spending from the COVID19 pandemic. Changes in expenses directly correlate with changes in revenues; with most of the funding designated for pass-through expenses.

Social programs represent 95.7% of all governmental activities, which slightly increased from the prior year of 95%. Program expenses as a percentage of total expenses are as follows:

Table 3: Program Expenses

	<u>2020</u>	<u>2019</u>
Program Expenses % of Total Expenses		
Participant Directed Services	60.83%	60.51%
Aging Programs	22.88%	20.26%
Workforce Development	11.99%	14.52%
Regional Coordination, JFA	1.65%	1.56%
Mapping/Geographic Information Systems	0.60%	0.82%
Transportation Planning	0.40%	0.44%
Bluegrass Cat Project Services	0.38%	0.00%
Non-grant	0.29%	0.50%
Economic Dev. Planning and Tech. Asst.	0.27%	0.34%
Water and Sewer Planning and Tech. Asst.	0.26%	0.25%
Management Services	0.18%	0.16%
Planning and Zoning Technical Assistance	0.14%	0.11%
Homeland Security	0.07%	0.46%
Community and Infrastructure Admin	0.06%	0.07%
	<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, 2020

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. This is apparent as we continue to meet the needs of the community during the COVID-19 pandemic.

Concerns for BGADD are rising health insurance costs along with increases in pension rates and its impact on employer burden as well as COVID-19 and its impact. In FY 2020, BGADD maintained health insurance coverage with Humana, increasing rates by 30% with less coverage comparable to FY 2019. 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 2020. In FY 2019, the rate was 21.48% while in FY 2020 it was 24.06%. FY 2021, the CERS non-hazardous rate will maintain at 24.06%.

BGADD will be able to manage its programs even if the region faces budget cuts and/or shortfalls. The required pension and benefit liability adjustment positively impacted BGADD's financial statements in FY 2020, therefore its cash position remains stable. BGADD can 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, 2020

ASSETS

Current assets	
Cash and cash equivalents	\$ 816,418
Investments	318,481
Accounts receivable	
Federal and state	2,361,469
Local	59,086
Other	144,620
Prepaid expenses	<u>44,302</u>
Total current assets	<u>3,744,376</u>
Non-current assets	
Property and equipment, net	<u>2,368,680</u>
Total assets	<u>6,113,056</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows - pension	1,448,902
Deferred outflows - OPEB	<u>682,950</u>
Total deferred outflows of resources	<u>2,131,852</u>
Total assets and deferred outflows of resources	<u>\$ 8,244,908</u>

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	\$ 314,007
Accrued expenses	1,928,828
Accrued annual leave	46,940
Unearned grant revenue	<u>255,268</u>
Total current liabilities	<u>2,545,043</u>
Long-term liabilities	
Tenant deposits	5,762
Accrued annual leave	304,958
Net pension liability	7,295,377
Net OPEB liability	<u>1,744,440</u>
Total long-term liabilities	<u>9,350,537</u>
Total liabilities	<u>11,895,580</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows - pension	1,383,664
Deferred inflows - OPEB	<u>1,099,173</u>
Total deferred inflows of resources	<u>2,482,837</u>

Net position	
Net investment in capital assets	2,368,680
Restricted:	
Aging	38,644
Workforce	6,245
Bluegrass CAT project	30,468
Unrestricted	<u>(8,577,546)</u>
Total net position	<u>(6,133,509)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,244,908</u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

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	\$ 12,160	\$ 4,671	\$ 38,145	\$ -	\$ -	\$ 21,314
Mapping/Geographic Information Systems	133,578	50,712	86,268	84,600	-	(13,422)
Aging Programs	6,756,114	244,429	11,278	6,988,829	-	(436)
Participant Directed Service	18,076,089	538,878	94,091	18,639,501	-	118,625
Workforce Development	3,439,651	229,742	693	3,668,700	-	-
Planning and Zoning Technical Assistance	30,945	12,132	46,322	-	-	3,245
Water and Sewer Planning and					-	
Technical Assistance	57,810	22,046	12,594	67,000	-	(262)
Transportation Planning	87,442	33,591	-	105,503	-	(15,530)
Homeland Security	22,501	-	501	22,000	-	-
Economic Development Planning and						
Technical Assistance	60,752	21,799	60,450	-	-	(22,101)
Management Services	40,194	15,261	64,322	-	-	8,867
Bluegrass Cat Project	115,906	-	115,906			-
Non-Grant	(77,617)	2,445	-	-	-	75,172
Regional Coordination, JFA	<u>367,920</u>	<u>136,216</u>	<u>-</u>	<u>367,373</u>	<u>-</u>	<u>(136,763)</u>
Total governmental activities	<u>\$ 29,123,445</u>	<u>\$ 1,311,922</u>	<u>\$ 530,570</u>	<u>\$29,943,506</u>	<u>\$ -</u>	<u>38,709</u>
General revenues:						
Dues						151,374
Rent						82,712
Interest income						<u>21,567</u>
Total general revenues						<u>255,653</u>
Change in net position						294,362
Net position, beginning of year						<u>(6,427,871)</u>
Net position, end of year						<u>\$ (6,133,509)</u>

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

**BLUEGRASS AREA DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 362,069	\$ 454,349	\$ 816,418
Investments	318,481	-	318,481
Accounts receivable			
Federal and state	-	2,361,469	2,361,469
Local	-	59,086	59,086
Other	-	144,620	144,620
Prepaid expenses	-	44,302	44,302
Total current assets	<u>\$ 680,550</u>	<u>\$ 3,063,826</u>	<u>\$ 3,744,376</u>
 LIABILITIES AND FUND BALANCE			
Current liabilities			
Accounts payable	\$ 135,700	\$ 178,307	\$ 314,007
Accrued expenses	-	1,928,828	1,928,828
Unearned grant revenue	-	255,268	255,268
Total liabilities	<u>135,700</u>	<u>2,362,403</u>	<u>2,498,103</u>
Fund balance			
Nonspendable	-	44,302	44,302
Restricted for programs	-	278,129	278,129
Unassigned	<u>544,850</u>	<u>378,992</u>	<u>923,842</u>
Total net position	<u>544,850</u>	<u>701,423</u>	<u>1,246,273</u>
Total liabilities and fund balance	<u>\$ 680,550</u>	<u>\$ 3,063,826</u>	<u>\$ 3,744,376</u>
Total government fund balance			\$ 1,246,273
Amounts 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			2,368,680
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>(9,748,462)</u>
Net position of governmental activities			<u>\$ (6,133,509)</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, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Federal and Commonwealth of Kentucky grants	\$ -	\$ 29,894,896	\$ 29,894,896
Local service fees and contributions	-	579,180	579,180
Local annual contributions	151,374	-	151,374
Rental income	82,712	-	82,712
Interest and other income	21,567	-	21,567
	<u>255,653</u>	<u>30,474,076</u>	<u>30,729,729</u>
Total revenues			
Expenditures			
Current			
Community and Infrastructure Development Grants Administration	-	16,831	16,831
Mapping/Geographic Information Systems	-	184,290	184,290
Aging Programs	-	7,000,543	7,000,543
Participant Directed Service	-	18,614,967	18,614,967
Workforce Development	-	3,669,393	3,669,393
Planning and Zoning Technical Assistance	-	43,077	43,077
Water and Sewer Planning and Technical Assistance	-	79,856	79,856
Transportation Planning	-	121,033	121,033
Homeland Security	-	22,501	22,501
Economic Development Planning and Technical Assistance	-	82,551	82,551
Management Services	-	55,455	55,455
Blugrass CAT Project	-	115,906	115,906
Non-Grant	(17,873)	(32,109)	(49,982)
Regional Coordination, JFA	-	504,136	504,136
Capital outlay	20,457	-	20,457
	<u>2,584</u>	<u>30,478,430</u>	<u>30,481,014</u>
Total expenditures			
Net change in fund balance	253,069	(4,354)	248,715
Net position, beginning of year	<u>291,781</u>	<u>705,777</u>	<u>997,558</u>
Net position, end of year	<u>\$ 544,850</u>	<u>\$ 701,423</u>	<u>\$ 1,246,273</u>
Net change in fund balance - total governmental funds			\$ 248,715
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			20,457
Depreciation expense			(98,391)
Change in accrued annual leave			(41,722)
Change in the net pension and OPEB liabilities and related deferred inflows and outflows			165,303
Change in net position of governmental activities			<u>\$ 294,362</u>

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 caregivers. 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, 2020

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 receive 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.

Bluegrass Cat Project - This is a special project to help fund spay and neuter services through local veterinary clinics.

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, CDBGs 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, 2020

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.

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, 2020

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, 2020

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 balance 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 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 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 2016.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 \$351,898 at June 30, 2020.

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 December 3, 2020, 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, 2020, 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, 2020

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, 2020, BGADD's investment bank balances totaled \$318,481; \$250,000 was secured by FDIC insurance and \$68,481 was collateralized by investments held in the District's name. As of June 30, 2020, BGADD's cash bank balances totaled \$970,059; \$259,211 was secured by FDIC insurance and \$710,848 was collateralized.

Investments at June 30, 2020:

	Amortized Cost	Maturity
Certificate of Deposit	<u>\$ 318,481</u>	1 year or less

Interest at a rate of 1.784%.

3. GRANTS RECEIVABLE

Federal, state and local grants receivable consist of the following at June 30, 2020:

Federal receivable	\$ 1,826,544
State receivable	615,175
Local receivable	74,267
Other receivable	<u>224,812</u>
 Total grant receivable	 2,740,798
Less: allowance for bad debt	<u>(175,623)</u>
 Net grant receivable	 <u>\$ 2,565,175</u>

4. FIXED ASSETS

The District maintains property and equipment used in its operations. 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 \$98,391 for the year ended June 30, 2020.

The following summarizes the changes in fixed assets during the year ended June 30, 2020:

	6/30/2019 Balance	Additions	Disposals	6/30/2020 Balance
Land, not depreciated	\$ 521,394	\$ -	\$ -	\$ 521,394
Building and improvements	2,341,697	17,100	-	2,358,797
Equipment	513,272	3,357	-	516,629
Accumulated depreciation	<u>(929,749)</u>	<u>(98,391)</u>	-	<u>(1,028,140)</u>
 Net	 <u>\$ 2,446,614</u>	 <u>\$ (77,934)</u>	 <u>\$ -</u>	 <u>\$ 2,368,680</u>

Balances at June 30, 2019 of buildings and improvements and equipment, were reclassified to fit the current year presentation. Buildings and improvements increased by \$196,499 and equipment decreased by the same amount.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020:

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)	<u>21</u>
Total Federal	<u>833</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>65,157</u>
Total	<u>\$ 255,268</u>

6. ACCRUED ANNUAL LEAVE

Activity for accrued annual leave for the year ended June 30, 2020 is as follows:

	6/30/19	Additions	Payments	6/30/2020	Current
Accrued annual leave	<u>\$ 310,176</u>	<u>\$ 420,705</u>	<u>\$ (378,983)</u>	<u>\$ 351,898</u>	<u>\$ 46,940</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, 2020

7. RETIREMENT PLAN (CONTINUED)

Contributions – For the year ended June 30, 2020, plan members were required to contribute 5% of wages for non-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, 2020, participating employers contributed 24.06% 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 19.30% 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 \$653,552 for the year ended June 30, 2020, or 100% of the required contribution. The contribution was allocated \$524,254 to the CERS pension fund and \$129,298 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, 2020

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, 2020, the District reported a liability for its proportionate share of the net pension liability as follows:

**Total Net
Pension Liability**

\$ 7,295,377

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was rolled forward from an actuarial valuation as of June 30, 2018. 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, 2019 was as follows:

Non-hazardous

.1037%

The proportionate share at June 30, 2019 decreased .0173% compared to the proportionate share as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$411,390. At June 30, 2020, 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	\$ 186,273	\$ 30,825
Changes of assumptions	738,375	-
Net difference between projected and actual earnings on Plan Investments		117,604
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,235,235
District contributions subsequent to the measurement date	<u>524,254</u>	<u>-</u>
Total	<u>\$ 1,448,902</u>	<u>\$ 1,383,664</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

7. RETIREMENT PLAN (CONTINUED)

The \$524,254 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, 2021. 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,

2021	\$	(219,572)
2022	\$	(212,761)
2023	\$	(35,028)
2024	\$	8,345

Actuarial Assumptions – The total pension liability reported at June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.30% to 10.30%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019.

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.

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 Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.30%
Non-US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Special credit/high yield	15.00%	2.60%
Liquidity	14.50%	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	23.00%	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	6.25%

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

7. RETIREMENT PLAN (CONTINUED)

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 24-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%	\$ 9,124,448
Current discount rate	6.25%	\$ 7,295,377
1% increase	7.25%	\$ 5,770,865

Payable to the Pension Plan – At June 30, 2020, the District reported a payable of \$79,152 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020. 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, 2020, the employer's contribution was 4.76% 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, 2020, the District contributed \$129,298, or 100% of the required contribution for non-hazardous job classifications.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

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

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2020, the District reported a liability for its proportionate share of the net OPEB liability as follows:

**Total Net
OPEB Liability**

\$ 1,744,440

The net OPEB liability was measured as of June 30, 2019, 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, 2019 was as follows:

Non-hazardous

.1037%

The proportionate share at June 30, 2019 decreased .0173% compared to the proportionate share as of June 30, 2018.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$87,798. At June 30, 2020, 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	\$ -	\$ 526,338
Changes of assumptions	516,196	3,452
Net difference between projected and actual earnings on Plan investments	-	77,481
Changes in proportion and differences between District contributions and proportionate share of contributions	-	491,902
District contributions subsequent to the measurement date	<u>166,754</u>	<u>-</u>
Total	<u>\$ 682,950</u>	<u>\$ 1,099,173</u>

The \$166,754 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, 2021. This includes an adjustment of \$37,456 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,

2021	\$ (116,510)
2022	\$ (116,510)
2023	\$ (91,876)
2024	\$ (138,827)
2025	\$ (99,846)
2026	\$ (19,408)

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.30% to 10.30%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend Pre – 65:	Initial trend starting at 7.00% 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 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

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

The actuarial assumption used in the June 30, 2018, valuation was based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.30%
Non-US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Special credit/high yield	15.00%	2.60%
Liquidity	14.50%	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	23.00%	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	6.25%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.68% for non-hazardous classifications. 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 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 28, 2019. 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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

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	4.68%	\$	2,336,831
Current discount rate	5.68%	\$	1,744,440
1% increase	6.68%	\$	1,256,348

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	\$	1,297,349
Current trend rate	\$	1,744,440
1% increase	\$	2,286,590

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, 2020, the District reported a payable of \$19,521 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020. 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, 2020, BGADD received approximately 97% of its revenues from federal and state grants.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

10. INSURANCE COVERAGE

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

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

11. CONTINGENCIES

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

BGADD participates in numerous state and federal grant programs which are governed by various rules and regulations of the funding agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the funding agencies. Therefore, to the extent that BGADD has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any accounts receivable for government grants at June 30, 2020 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 2020 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. 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 was recorded in accounts payable at June 30, 2019. Payment was made in FY 20 and accepted by EWDC in October 2020.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 is included as supplementary information. The District is in conformity with 2 CFR Part 225. The independent auditors conducted an audit in accordance with the Uniform Guidance and have issued an unmodified opinion thereon. As part of this audit, they examined indirect costs in accordance with the OMB Compliance Supplement.

13. COVID-19 PANDEMIC

In early 2020, various restrictions were placed on travel and business across the United States in response to the COVID-19 pandemic. The duration and pervasiveness of these restrictions are uncertain as of the date of these financial statements. The District is evaluating the impact of COVID-19 and related responses on the operations and finances of the District. Restrictions placed on the District could negatively impact the District's revenue and expenses for an unknown period of time. At this time, a specific estimate of the impact could not reasonably be determined due to a number of unknown factors regarding the severity and duration of the event.

REQUIRED SUPPLEMENTARY INFORMATION

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
Year ended June 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Community Planning	\$ 1,143,338	\$ 960,754	\$ 955,077	\$ (5,677)
Aging	23,682,535	25,536,531	25,733,699	197,168
Workforce Investment Act	5,028,885	3,663,230	3,669,393	6,163
Other	254,169	367,669	371,560	3,891
	<u>30,108,927</u>	<u>30,528,184</u>	<u>30,729,729</u>	<u>201,545</u>
Expenses:				
Contracts	9,110,166	8,611,289	9,042,085	430,796
Salaries, PDS program	14,250,000	15,772,251	15,490,652	(281,599)
Burden, PDS employees	912,000	900,744	892,603	(8,141)
Salaries	2,876,112	2,437,889	2,493,586	55,697
Burden, employees	1,633,492	1,504,363	1,334,742	(169,621)
Leave	132,462	129,827	136,906	7,079
Depreciation, building and improvements	104,512	94,438	94,391	(47)
Audit expense	42,000	42,600	43,020	420
Bad debts	318,812	153,532	116,159	(37,373)
Board and committee training	16,000	4,652	4,094	(558)
Building costs	186,530	166,136	166,248	112
Computer costs	120,500	125,207	132,053	6,846
Debt service	16,000	25,000	19,100	(5,900)
Depreciation, equipment and software	10,000	3,969	4,000	31
Dues, fees and subscriptions	51,500	45,447	40,005	(5,442)
Equipment purchase	12,000	36,865	41,027	4,162
Equipment rent	14,000	10,374	10,374	(0)
Insurance expense	40,000	38,668	38,668	(0)
Legal fees	5,000	29,000	31,579	2,579
Meeting expense	26,500	20,667	16,746	(3,921)
Miscellaneous expense	27,001	23,445	22,600	(845)
Postage	28,100	23,879	24,971	1,092
Printing and publishing	48,500	39,820	38,465	(1,355)
Supplies	20,250	16,828	25,177	8,349
Telephone	70,500	61,772	61,830	58
Temporary services	48,000	37,781	41,143	3,362
Travel	134,650	78,596	73,143	(5,453)
	<u>30,254,587</u>	<u>30,435,039</u>	<u>30,435,367</u>	<u>328</u>
Net income (loss)	<u>\$ (145,660)</u>	<u>\$ 93,145</u>	<u>\$ 294,362</u>	<u>\$ 201,217</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
for the year ended June 30, 2020

Reporting Fiscal Year (Measurement Date)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)
District's proportion of the net pension liability	0.0600%	0.1579%	0.1720%	0.1403%	0.1210%	0.1037%
District's proportionate share of the net pension liability (asset)	\$ 4,975,195	\$ 6,787,528	\$ 8,467,821	\$ 8,211,254	\$ 7,368,294	\$ 7,295,377
District's covered employee payroll	\$ 3,694,293	\$ 3,827,396	\$ 4,122,360	\$ 3,405,015	\$ 3,104,894	\$ 2,719,932
District's share of the net pension liability (asset) as a percentage of its covered employee payroll	134.67%	177.34%	205.41%	241.15%	237.31%	268.22%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%

Note:

The above schedule will present 10 years of historical data, once available.

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

	2015	2016	2017	2018	2019	2020
Contractually required employer contribution	\$ 469,614	\$ 511,997	\$ 485,867	\$ 449,589	\$ 441,173	\$ 524,254
Contributions relative to contractually required employer contribution	<u>469,614</u>	<u>511,997</u>	<u>485,867</u>	<u>449,589</u>	<u>441,173</u>	<u>524,254</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,827,396	\$ 4,122,360	\$ 3,405,015	\$ 3,104,894	\$ 2,719,932	\$ 2,716,341
Employer contributions as a percentage of covered-employee payroll	12.27%	12.42%	14.27%	14.48%	16.22%	19.30%

Note:

The above schedule will present 10 years of historical data, once available.

**BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
 REQUIRED SUPPLEMENTARY SCHEDULE OF
 PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 for the year ended June 30, 2020**

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)
District's proportion of the net OPEB liability	0.1720%	0.1403%	0.1210%	0.1037%
District's proportionate share of the net OPEB liability (asset)	\$ 2,212,072	\$ 2,820,188	\$ 2,148,100	\$ 1,744,440
District's covered employee payroll	\$ 4,122,360	\$ 3,405,015	\$ 3,104,894	\$ 2,719,932
District's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	53.66%	82.82%	69.18%	64.14%
Plan fiduciary net position as a percentage of the total OPEB liability	55.50%	52.39%	57.62%	60.44%

Note:

The above schedule will present 10 years of historical data, once available.

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

	2015	2016	2017	2018	2019	2020
Contractually required employer contribution	\$ 181,216	\$ 191,278	\$ 164,742	\$ 145,930	\$ 143,068	\$ 129,298
Contributions relative to contractually required employer contribution	<u>181,216</u>	<u>191,278</u>	<u>164,742</u>	<u>145,930</u>	<u>143,068</u>	<u>129,298</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,827,396	\$ 4,122,360	\$ 3,405,015	\$ 3,104,894	\$ 2,719,932	\$ 2,716,341
Employer contributions as a percentage of covered-employee payroll	4.73%	4.64%	4.84%	4.70%	5.26%	4.76%

Note:

The above schedule will present 10 years of historical data, once available.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

1. GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

2. CHANGES OF ASSUMPTIONS

June 30, 2019 – Pension and OPEB

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average.

June 30, 2018 – Pension and OPEB

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either pension or OPEB.

June 30, 2017 - Pension

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%

June 30, 2016 - Pension

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- 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 assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

BLUEGRASS AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

2. CHANGES OF ASSUMPTIONS (CONTINUED)

June 30, 2015 - Pension

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015.

June 30, 2014 - Pension

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2014:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.
- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.



**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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RFH

RFH, PLLC
Lexington, Kentucky
December 3, 2020



**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, 2020. 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, 2020.

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
December 3, 2020

SUPPLEMENTARY INFORMATION

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2019	Receivable at 06.30.2019	2020 Federal Expenditures	2020 Federal Receipts	Deferred at 06.30.2020	Receivable at 06.30.2020	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	51190	17.245	205BE17	\$ 0	10.2017-09.2019	\$ 0	\$ 33,508	\$ 0	\$ 33,508	\$ 0	\$ 0	\$ 0
Trade Training	51110	17.245	205BE18	124,906	07.2018-09.2020	0	4,813	124,906	91,741	0	37,977	124,906
Trade Training	51120	17.245	205BE19	77,486	10.2018-06.2021	0	0	41,796	29,233	0	12,563	41,796
				<u>202,392</u>		<u>0</u>	<u>38,321</u>	<u>166,702</u>	<u>154,482</u>	<u>0</u>	<u>50,540</u>	<u>166,702</u>
Workforce Innovation and Opportunity Act Cluster												
WIOA Adult Program												
Adult	53041/53141	17.258	273AD19	428,760	10.2018-06.2020	0	170,508	428,760	599,268	0	0	273,381
Adult	53051/53151	17.258	270AD20	148,311	07.2019-06.2021	0	0	111,351	14,216	0	97,135	96,520
Adult	53061/53161	17.258	273AD20	744,546	10.2019-06.2021	0	0	74,455	71,458	0	2,997	3,908
WIOA Youth												
Youth	56020/56120/57120	17.259	274YT15	0	04.2014-06.2018	21	0	0	0	21	0	0
Youth	56060/56160/57160	17.259	274YT19	529,523	04.2018-06.2021	0	347,734	529,523	772,856	0	104,401	298,967
Youth	56070/56170/57170	17.259	274YT20	1,011,606	04.2019-06.2021	0	0	592,596	571,145	0	21,451	482,809
Incentive	50030	17.259	270SR18	100,000	07.2017-06.2020	0	0	37,159	37,159	0	0	0
WIOA Dislocated Worker Formula Grants												
Dislocated Worker	54010/54110/53121	17.278	271DW18	0	10.2017-06.2019	0	147,964	0	147,964	0	0	0
Dislocated Worker	54011/54111/53171	17.278	271DW19	1,635,034	10.2018-06.2021	0	108,039	1,553,926	1,496,904	0	165,062	1,194,812
Dislocated Worker	54020/54120	17.278	272DW19	28,136	07.2018-06.2020	0	37,610	28,136	65,746	0	0	0
Dislocated Worker	54021/54121	17.278	272DW20	515,673	07.2019-06.2021	0	0	146,092	10,442	0	135,650	145,890
				<u>5,141,589</u>		<u>21</u>	<u>811,855</u>	<u>3,501,998</u>	<u>3,787,158</u>	<u>21</u>	<u>526,696</u>	<u>2,496,287</u>
				Total U.S. Department of Labor \$ 5,343,981		\$ 21	\$ 850,176	\$ 3,668,700	\$ 3,941,640	\$ 21	\$ 577,236	\$ 2,662,989

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2019	Receivable at 06.30.2019	2020 Federal Expenditures	2020 Federal Receipts	Deferred at 06.30.2020	Receivable at 06.30.2020	Passed Through to Subrecipients
U.S. Department of Health and Human Services												
Passed through Commonwealth of Kentucky												
Cabinet for Health and Family Services												
<u>Aging Cluster</u>												
<u>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers</u>												
Title III- Admin	42000	93.044	200000214	\$ 192,149	07.2019-06.2020	\$ 0	\$ 41,850	\$ 192,149	\$ 154,307	\$ 0	\$ 79,691	\$ 0
Title III - SS	42000/48020	93.044	200000214	756,092	07.2019-06.2020	0	30,192	749,094	731,144	0	48,142	678,061
Title III - SS CARES	42000	93.044	200000214	418,170	07.2019-06.2020	0	0	270,701	156,337	0	114,365	270,522
Title III - Ombudsman	42060	93.044	200000214	29,000	07.2019-06.2020	0	0	29,000	29,000	0	0	29,000
				1,395,411		0	72,042	1,240,944	1,070,788	0	242,198	977,583
<u>Special Programs for the Aging - Title III, Part C - Nutrition Services</u>												
Title III Congregate Meals Admin	42030	93.045	200000214	4,563	07.2019-06.2020	0	861	4,563	5,015	0	408	0
Title III Congregate Meals	42030	93.045	200000214	443,959	07.2019-06.2020	0	43,951	443,959	419,619	0	68,291	443,959
Title III Congregate Meals COVID19	42030	93.045	200000214	167,268	07.2019-06.2020	0	0	167,267	0	0	167,268	167,268
Title III Home Delivered Meals Admin	42040	93.045	200000214	4,278	07.2019-06.2020	0	1,004	4,278	4,943	0	338	0
Title III Home Delivered Meals	42040	93.045	200000214	549,654	07.2019-06.2020	0	96,407	549,654	417,019	0	229,042	549,654
Title III Home Delivered Meals COVID19	42040	93.045	200000214	334,537	07.2019-06.2020	0	0	302,265	0	0	302,265	302,265
Title III Home Delivered Meals CARES	42040	93.045	200000214	1,003,607	07.2019-06.2020	0	0	103,933	0	0	103,934	103,934
				2,507,866		0	142,223	1,575,919	846,596	0	871,546	1,567,080
<u>Nutrition Services Incentive Program</u>												
NSIP	47000	93.053	190000884	201,085	10.2019-9.2020	0	0	201,085	201,085	0	0	201,085
			Total Aging Cluster	4,104,362		0	214,265	3,017,948	2,118,469	0	1,113,744	2,745,748
<u>Medical Assistance Program</u>												
Aging ADRC	48030	93.778	190000816	34,200	07.2019-06.2020	0	5,130	29,160	30,600	0	3,690	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	1900004491	10,375	07.2019-06.2020	0	0	10,375	10,375	0	0	10,375
<u>Special Programs for the Aging - Title VIII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals</u>												
Title VII Ombudsman	46000	93.042	1900004491	18,205	07.2019-06.2020	0	0	18,205	18,205	0	0	18,205
<u>Department for Aging and Independent Living</u>												
Title III D Preventative Health	42050	93.043	200000214	51,773	07.2019-06.2020	0	3,865	29,245	39,249	0	(6,140)	25,764
Medicare Improvements for Patients and Providers (MIPPA) - SHIP	48100	93.071	1900001159	9,377	10.2018-09.2019	0	6,252	9,377	15,629	0	0	9,377
Medicare Improvements for Patients and Providers (MIPPA) - SHIP	48100	93.071	2000000094	32,743	10.2019-09.2020	0	0	24,561	19,103	0	5,458	24,561
MIPPA-AAA	48110	93.071	1900001159	3,556	10.2018-09.2019	0	2,370	3,556	5,926	0	0	3,556
MIPPA-AAA	48110	93.071	2000000094	22,580	10.2019-09.2020	0	0	16,938	13,174	0	3,764	16,938
MIPPA-ADRC	48120	93.071	1900001159	2,952	10.2018-09.2019	1	461	360	819	0	0	0
MIPPA-ADRC	48120	93.071	2000000094	5,687	10.2019-09.2020	0	0	1,663	1,276	0	387	0
Functional Assessment Service Teams	48050	93.069	1900000533	1,000	10.2019-06.2020	0	998	1,000	1,998	0	0	0
			Total	129,668		1	13,946	86,700	97,174	0	3,469	80,196
<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	3,892	0	3,892	0	0	0
<u>National Family Caregiver Support Title II, Part E</u>												
Aging Family Caregiver Support	49000/48020	93.052	200000214	572,189	07.2019-06.2020	0	88,200	350,772	333,301	0	105,672	0
<u>Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluations</u>												
CMS-SHIP	42400	93.324	1900001119	90,932	07.2019-06.2020	0	4,701	90,932	72,900	0	22,733	90,932
			Total	90,932		0	4,701	90,932	72,900	0	22,733	90,932
Total U.S. Department of Health and Human Services				\$ 4,963,823		\$ 1	\$ 330,134	\$ 3,604,092	\$ 2,684,916	\$ 0	\$ 1,249,308	\$ 2,945,456

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grantor/Program	Internal Grant Number	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2019	Receivable at 06.30.2019	2020 Federal Expenditures	2020 Federal Receipts	Deferred at 06.30.2020	Receivable at 06.30.2020	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	\$ 5,062	\$ 0	\$ 5,062	\$ 0	\$ 0	\$ 0
Program Assistance	71250	14.228	2000000185	28,896	07.2019-06.2020	0	0	28,896	28,896	0	0	0
Total U.S. Department of Housing and Urban Development				49,142		0	5,062	28,896	33,958	0	0	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	16,667	0	16,667	0	0	0
JFA Community and Economic Development	71200	11.302	2000000185	66,667	07.2019-06.2020	0	0	66,667	66,667	0	0	0
Total U.S. Department of Commerce				133,334		0	16,667	66,667	83,334	0	0	0
<u>Appalachian Local Development District Assistance</u>												
JFA ARC Planning and Assistance	71300	23.009	KY-702-C-C48-19	51,188	07.2019-12.2019	4,460	0	55,648	51,188	0	0	0
JFA ARC Planning and Assistance	71300	23.009	KY-702-C-C49-20	51,187	01.2020-12.2020	0	0	51,187	51,187	0	0	0
Total Appalachian Regional Commission				102,375		4,460	0	106,835	102,375	0	0	0
U.S. Department of Homeland Security												
Passed through Commonwealth of Kentucky												
Department of Military Affairs												
<u>Homeland Security</u>												
KOHS Harrison	21696	97.067	1800003685	44,000	03.2018-06.2019	0	44,000	0	44,000	0	0	0
KOHS Mercer Co.	21697	97.067	1800003701	22,000	03.2018-11.2019	0	0	22,000	22,000	0	0	22,000
Total U.S. Department of Homeland Security				66,000		0	44,000	22,000	66,000	0	0	22,000
Subtotal				350,851		4,460	65,729	224,398	285,667	0	0	22,000
Total				\$ 10,658,655		\$ 4,482	\$ 1,246,039	\$ 7,497,190	\$ 6,912,223	\$ 21	\$ 1,826,544	\$ 5,630,445

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.

\$ 1,826,544	FY20 A/R
(1,246,039)	Less FY19 A/R
4,482	FY19 Deferred
(21)	Less FY20 Deferred
<u>\$ 7,497,189</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, 2020**

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

93.044, 93.045, 93.053

Aging Cluster

93.052

National Caregiver Support Program

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

Auditee qualified as a low-risk auditee? __Yes XNo

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, 2020

	Community & Infrastructure Development	Mapping / GIS	Aging	PDS	Workforce Development	Planning & Zoning Assistance	Water & Sewer Planning	Transport. Planning	Homeland Security	Economic Development	Management Services	Bluegrass Cat Project	Non-Grant	Regional Coordinator JFA	Totals Programs
Revenues															
Federal and state:															
Received	\$ -	\$ 62,100	\$5,431,884	\$18,358,215	\$ 3,091,465	\$ -	\$ 33,500	\$ 86,640	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ 367,373	\$27,453,177
Receivable	-	22,500	1,508,335	281,286	577,235	-	33,500	18,863	-	-	-	-	-	-	2,441,719
Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local:															
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	151,374	-	151,374
Rent	-	-	-	-	-	-	-	-	-	-	-	-	82,712	-	82,712
Interest	-	-	-	-	-	-	-	-	-	-	-	-	21,567	-	21,567
Matching/In-kind	-	-	48,610	-	-	-	-	-	-	-	-	-	-	-	48,610
Service fees	38,145	86,268	11,278	94,091	693	46,322	12,594	-	501	60,450	64,322	115,906	-	-	530,570
Total revenues	38,145	170,868	7,000,107	18,733,592	3,669,393	46,322	79,594	105,503	22,501	60,450	64,322	115,906	255,653	367,373	30,729,729
Expenses															
Direct costs:															
Salaries	7,611	77,978	369,538	800,484	352,035	19,538	32,839	49,888	-	35,518	24,184	-	3,973	201,882	1,975,468
Employee burden	3,781	45,644	226,288	513,100	207,989	10,032	20,902	31,993	-	17,620	13,013	-	(163,315)	130,162	1,057,209
Annual leave	335	5,646	25,560	49,609	24,921	901	2,342	3,131	-	2,445	1,757	-	1,971	18,289	136,907
Travel	433	(3,328)	7,516	41,492	10,971	470	584	1,999	-	4,179	394	-	2,261	3,389	70,360
Legal	-	-	-	-	1,587	-	-	-	-	-	-	-	1,261	-	2,848
Bad debts	-	-	-	76,063	-	-	-	-	-	-	-	-	40,096	-	116,159
Recoupment	-	-	-	19,100	-	-	-	-	-	-	-	-	-	-	19,100
Other	-	5,170	87,634	136,552	36,949	4	1,143	431	-	990	846	-	36,136	14,198	320,053
Contract costs	-	2,468	6,039,578	16,439,689	2,805,199	-	-	-	22,501	-	-	115,906	-	-	25,425,341
Total direct costs	12,160	133,578	6,756,114	18,076,089	3,439,651	30,945	57,810	87,442	22,501	60,752	40,194	115,906	(77,617)	367,920	29,123,445
Indirect costs applied	4,671	50,712	244,429	538,878	229,742	12,132	22,046	33,591	-	21,799	15,261	-	2,445	136,216	1,311,922
Total expenses	16,831	184,290	7,000,543	18,614,967	3,669,393	43,077	79,856	121,033	22,501	82,551	55,455	115,906	(75,172)	504,136	30,435,367
Revenues over (expenses)	\$ 21,314	\$ (13,422)	\$ (436)	\$ 118,625	\$ -	\$ 3,245	\$ (262)	\$ (15,530)	\$ -	\$ (22,101)	\$ 8,867	\$ -	\$ 330,825	\$ (136,763)	\$ 294,362

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
KENTUCKY JOINT FUNDING ADMINISTRATION PROGRAM
Year ended June 30, 2020

	<u>Element No.</u>	<u>Budget</u>	<u>Actual Direct</u>	<u>Actual Indirect</u>	<u>Actual Total</u>
Revenues					
Federal		\$ 202,398	\$ 127,352	\$ 75,046	\$ 202,398
State		<u>164,975</u>	<u>103,805</u>	<u>61,170</u>	<u>164,975</u>
Total revenues		<u>367,373</u>	<u>231,157</u>	<u>136,216</u>	<u>367,373</u>
Expenses					
Community and Economic Development Community Development Block Grant Program Assistance	120	83,333	96,029	34,481	130,510
Appalachian Regional Commission Planning and Assistance	125	57,793	56,453	20,813	77,266
Management Assistance	130	213,670	174,393	64,826	239,219
Program Administration	140	7,546	11,181	4,368	15,548
	150	<u>5,031</u>	<u>29,864</u>	<u>11,728</u>	<u>41,592</u>
Total expenses		<u>367,373</u>	<u>367,920</u>	<u>136,216</u>	<u>504,136</u>
Revenues over (expenses)		<u>\$ 0</u>	<u>\$ (136,763)</u>	<u>\$ (0)</u>	<u>\$ (136,763)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2020

	21616 Hustonville <u>CDBG Fire/EMS</u>	21663 Millersburg <u>Military CDBG</u>	21684 Estill Mack <u>Theatre CDBG</u>	21685 Bourbon <u>AgTech Scientific</u>	21693 Stanton <u>CDBG/ARC I/I</u>	21695 Bourbon YMCA <u>Teen Act CDBG</u>	21705 Berea Walnut <u>Meadow Pump</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>15,197</u>	<u>10,000</u>	<u>1,976</u>	<u>1,043</u>	<u>2,598</u>	<u>5,400</u>	<u>1,278</u>
Total revenues	<u>15,197</u>	<u>10,000</u>	<u>1,976</u>	<u>1,043</u>	<u>2,598</u>	<u>5,400</u>	<u>1,278</u>
Expenses							
Direct costs:							
Salaries	533	1,127	998	596	1,116	2,404	546
Employee burden	291	622	332	138	642	1,299	297
Annual leave	33	66	25	8	52	102	32
Travel	79	78	76	0	67	76	57
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	936	1,893	1,431	742	1,877	3,881	932
Indirect costs applied	<u>337</u>	<u>717</u>	<u>545</u>	<u>301</u>	<u>721</u>	<u>1,519</u>	<u>346</u>
Total expenses	<u>1,273</u>	<u>2,610</u>	<u>1,976</u>	<u>1,043</u>	<u>2,598</u>	<u>5,400</u>	<u>1,278</u>
Revenues over (expenses)	<u>\$ 13,924</u>	<u>\$ 7,390</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
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2020

	21712 Lincoln SD CDBG	Total
	<u> </u>	<u> </u>
Revenues		
Federal and state:		
Received	\$ 0	\$ 0
Receivable	0	0
Deferred	0	0
Local:		
Service fees	<u>653</u>	<u>38,145</u>
Total revenues	<u>653</u>	<u>38,145</u>
Expenses		
Direct costs:		
Salaries	291	7,611
Employee burden	160	3,781
Annual leave	17	335
Travel	0	433
Bad debt expense	0	0
Other	0	0
Contract costs	<u>0</u>	<u>0</u>
Total direct costs	468	12,160
Indirect costs applied	<u>185</u>	<u>4,671</u>
Total expenses	<u>653</u>	<u>16,831</u>
Revenues over (expenses)	<u>\$ 0</u>	<u>\$ 21,314</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2020

	80010 Mapping Assistance	88000 KIA GIS	88100 Jessamine GIS T/A	82240 Anderson GPS E911	83030 Mercer 911 Map Update	83060 Madison PVA Mapping	85090 Local Roads Anderson
Revenues							
Federal and State:							
Received	\$ 0	\$ 22,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,455
Receivable	0	22,500	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	1,050	0	11,892	5,000	7,497	20,260	0
Total revenues	1,050	45,000	11,892	5,000	7,497	20,260	4,455
Expenses							
Direct costs:							
Salaries	455	22,133	5,288	3,256	4,546	8,944	1,971
Employee burden	185	16,106	3,022	1,727	2,356	5,009	1,045
Annual leave	32	1,899	354	216	303	583	136
Travel	0	437	465	170	432	0	27
Bad debt expense	0	0	0	0	0	0	0
Other	0	210	0	0	498	0	260
Contract costs	0	0	2,468	0	0	0	0
Total direct costs	672	40,785	11,597	5,369	8,135	14,536	3,439
Indirect costs applied	262	15,687	3,409	2,044	2,831	5,724	1,237
Total expenses	934	56,472	15,006	7,413	10,966	20,260	4,676
Revenues over (expenses)	\$ 116	\$ (11,472)	\$ (3,114)	\$ (2,413)	\$ (3,469)	\$ 0	\$ (221)

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2020

	85100 Local Roads Bourbon	85130 Local Roads Estill	85140 Local Roads Franklin	85150 Local Roads Garrard	85160 Local Roads Harrison	85170 Local Roads Jessamine	85180 Local Roads Lincoln
Revenues							
Federal and State:							
Received	\$ 203	\$ 3,723	\$ 1,678	\$ 4,774	\$ 610	\$ 8,020	\$ 2,276
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	203	3,723	1,678	4,774	610	8,020	2,276
Expenses							
Direct costs:							
Salaries	95	1,717	767	2,165	285	3,614	1,023
Employee burden	43	792	375	1,068	130	1,841	526
Annual leave	6	119	53	150	19	250	71
Travel	0	67	0	23	0	5	0
Bad debt expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	144	2,695	1,195	3,406	434	5,710	1,620
Indirect costs applied	57	1,029	468	1,326	170	2,238	636
Total expenses	201	3,724	1,663	4,732	604	7,948	2,256
Revenues over (expenses)	\$ 2	\$ (1)	\$ 15	\$ 42	\$ 6	\$ 72	\$ 20

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2020

	85190 Local Roads Madison	85210 Local Roads Nicholas	85220 Local Roads Powell	85230 Local Roads Scott	85240 Local Roads Woodford	85407 Powell Clerks Web Map	85414 Parksville Web Map
Revenues							
Federal and State:							
Received	\$ 983	\$ 336	\$ 6,095	\$ 3,184	\$ 1,463	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	500	500
Total revenues	983	336	6,095	3,184	1,463	500	500
Expenses							
Direct costs:							
Salaries	399	141	2,473	1,427	702	0	0
Employee burden	251	89	1,606	741	320	0	0
Annual leave	28	10	171	99	50	0	0
Travel	29	(1)	119	0	0	0	0
Bad debt expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	707	239	4,369	2,267	1,072	0	0
Indirect costs applied	267	94	1,673	889	419	0	0
Total expenses	974	333	6,042	3,156	1,491	0	0
Revenues over (expenses)	\$ 9	\$ 3	\$ 53	\$ 28	\$ (28)	\$ 500	\$ 500

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2020

	85416 Lancaster Water Map	85423 Danville E911 Maps & Data Coll	85424 Nicholas/ Carlisle E911	85425 Homeland Sec Geo Audits	85426 Franklin Co E Government	85428 Garrard Co Snow Plow	85430 Anderson E911 Map book
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 1,800	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	600	10,000	5,000	1,878	10,600	944	2,000
Total revenues	<u>600</u>	<u>10,000</u>	<u>5,000</u>	<u>3,678</u>	<u>10,600</u>	<u>944</u>	<u>2,000</u>
Expenses							
Direct costs:							
Salaries	0	4,490	3,244	1,323	2,702	0	285
Employee burden	0	2,383	1,686	725	1,303	0	130
Annual leave	0	286	210	88	182	0	20
Travel	0	406	0	246	28	0	23
Bad debt expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	459	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	0	7,565	5,140	2,382	4,215	459	458
Indirect costs applied	0	2,819	2,023	840	1,643	0	170
Total expenses	<u>0</u>	<u>10,384</u>	<u>7,163</u>	<u>3,222</u>	<u>5,858</u>	<u>459</u>	<u>628</u>
Revenues over (expenses)	<u>\$ 600</u>	<u>\$ (384)</u>	<u>\$ (2,163)</u>	<u>\$ 456</u>	<u>\$ 4,742</u>	<u>\$ 485</u>	<u>\$ 1,372</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2020

	85431 Danville Boyle P&Z Mapping	85432 Cynthiana GPS	85433 Danville E911 TA	85434 Jessamine PVA Mapping	85435 Franklin Landfill VR Maint	85436 Jessamine Home Forcl Softw	85437 Estill 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	417	398	679	519	800	5,000	734
Total revenues	<u>417</u>	<u>398</u>	<u>679</u>	<u>519</u>	<u>800</u>	<u>5,000</u>	<u>734</u>
Expenses							
Direct costs:							
Salaries	176	161	314	231	379	2,950	322
Employee burden	111	91	153	127	173	1,347	183
Annual leave	12	11	21	14	27	204	22
Travel	0	31	0	0	0	10	0
Bad debt expense	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	299	294	488	372	579	4,511	527
Indirect costs applied	118	104	191	147	227	1,763	207
Total expenses	<u>417</u>	<u>398</u>	<u>679</u>	<u>519</u>	<u>806</u>	<u>6,274</u>	<u>734</u>
Revenues over (expenses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6)</u>	<u>\$ (1,274)</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2020

	39000 GIS		Total
	<u>Transportation</u>		<u>Total</u>
Revenues			
Federal and State:			
Received	\$ 0	\$	62,100
Receivable	0		22,500
Deferred	0		0
Local:			
Service fees	<u>0</u>		<u>86,268</u>
Total revenues	<u>0</u>		<u>170,868</u>
Expenses			
Direct costs:			
Salaries	0		77,978
Employee burden	0		45,644
Annual leave	0		5,646
Travel	(5,845)		(3,328)
Bad debt expense	0		0
Other	3,743		5,170
Contract costs	<u>0</u>		<u>2,468</u>
Total direct costs	(2,102)		133,578
Indirect costs applied	<u>0</u>		<u>50,712</u>
Total expenses	<u>(2,102)</u>		<u>184,290</u>
Revenues over (expenses)	<u>\$ 2,102</u>	\$	<u>(13,422)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2020

	40000 Aging <u>Homecare</u>	42000 Aging <u>Title III</u>	42000 Aging <u>Title III CARES</u>	42030 Aging <u>Title III C1</u>	42030 Aging <u>Title III C1 COVID</u>	42040 Aging <u>Title III C2</u>	42040 Aging <u>Title III C2 COVID</u>
Revenues							
Federal and State:							
Received	\$ 1,545,468	\$ 1,324,323	\$ 156,337	\$ 481,572	\$ 0	\$ 921,183	\$ 0
Receivable	202,959	139,686	114,365	69,025	167,268	234,725	302,265
Deferred	0	0	0	0	0	0	0
Local:							
In-kind	48,610	0	0	0	0	0	0
Service fees	2,199	0	0	0	0	0	0
Total revenues	<u>1,799,236</u>	<u>1,464,009</u>	<u>270,702</u>	<u>550,597</u>	<u>167,268</u>	<u>1,155,908</u>	<u>302,265</u>
Expenses							
Direct costs:							
Salaries	107,372	91,492	0	2,942	0	2,773	0
Employee burden	65,961	53,960	0	1,572	0	1,481	0
Annual leave	6,948	7,279	0	252	0	237	0
Travel	931	2,791	0	0	0	0	0
Other	15,425	40,602	1	36	0	35	0
Contract costs	<u>1,532,076</u>	<u>1,208,717</u>	<u>270,701</u>	<u>543,959</u>	<u>167,268</u>	<u>1,149,654</u>	<u>302,265</u>
Total direct costs	1,728,713	1,404,841	270,702	548,761	167,268	1,154,180	302,265
Indirect costs applied	<u>71,107</u>	<u>59,670</u>	<u>0</u>	<u>1,852</u>	<u>0</u>	<u>1,745</u>	<u>0</u>
Total expenses	<u>1,799,820</u>	<u>1,464,511</u>	<u>270,702</u>	<u>550,613</u>	<u>167,268</u>	<u>1,155,925</u>	<u>302,265</u>
Revenues over (expenses)	<u>\$ (584)</u>	<u>\$ (502)</u>	<u>\$ 0</u>	<u>\$ (16)</u>	<u>\$ 0</u>	<u>\$ (17)</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2020

	42040 Aging <u>Title III C2 CARES</u>	42050 Aging <u>Title III D</u>	42060 Aging <u>Title III B Ombuds</u>	42250 Aging <u>Title VII-Elder Abuse</u>	42400 Aging <u>CMS Ship</u>	46000 Aging <u>Title VII Ombuds</u>	46010 Aging <u>LTC Ombuds</u>
Revenues							
Federal and State:							
Received	\$ 0	\$ 38,185	\$ 29,000	\$ 10,375	\$ 68,199	\$ 18,205	\$ 99,721
Receivable	103,934	1,060	0	0	22,733	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>103,934</u>	<u>39,245</u>	<u>29,000</u>	<u>10,375</u>	<u>90,932</u>	<u>18,205</u>	<u>99,721</u>
Expenses							
Direct costs:							
Salaries	0	3,316	0	0	0	0	0
Employee burden	0	1,835	0	0	0	0	0
Annual leave	0	252	0	0	0	0	0
Travel	0	1,683	0	0	0	0	0
Other	0	4,302	0	0	0	0	0
Contract costs	<u>103,934</u>	<u>25,764</u>	<u>29,000</u>	<u>10,375</u>	<u>90,932</u>	<u>18,205</u>	<u>99,721</u>
Total direct costs	103,934	37,152	29,000	10,375	90,932	18,205	99,721
Indirect costs applied	<u>0</u>	<u>2,113</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>103,934</u>	<u>39,265</u>	<u>29,000</u>	<u>10,375</u>	<u>90,932</u>	<u>18,205</u>	<u>99,721</u>
Revenues over (expenses)	<u>\$ 0</u>	<u>\$ (20)</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, 2020

	47000 Aging <u>NSIP USDA</u>	48020 Non-Medicaid <u>ADRC</u>	48030 Aging <u>ADRC</u>	48050 Aging <u>FAST</u>	48100 Aging <u>MIPPA-SHIP</u>	48110 Aging <u>MIPPA-AAA</u>	48120 Aging MIPPA- <u>ADRC</u>
Revenues							
Federal and State:							
Received	\$ 201,085	\$ 151,334	\$ 73,550	\$ 1,000	\$ 28,480	\$ 16,730	\$ 1,636
Receivable	0	0	7,380	0	5,458	3,764	387
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>201,085</u>	<u>151,334</u>	<u>80,930</u>	<u>1,000</u>	<u>33,938</u>	<u>20,494</u>	<u>2,023</u>
Expenses							
Direct costs:							
Salaries	0	56,840	34,456	37	0	0	875
Employee burden	0	40,454	20,660	20	0	0	534
Annual leave	0	4,604	1,688	3	0	0	39
Travel	0	1,652	0	0	0	0	0
Other	0	7,871	0	0	0	0	0
Contract costs	201,085	0	0	916	33,938	20,494	0
Total direct costs	201,085	111,421	56,804	976	33,938	20,494	1,448
Indirect costs applied	0	39,913	22,611	24	0	0	578
Total expenses	<u>201,085</u>	<u>151,334</u>	<u>79,415</u>	<u>1,000</u>	<u>33,938</u>	<u>20,494</u>	<u>2,026</u>
Revenues over (expenses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,515</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3)</u>

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2020

	49000 Aging Family Caregiver	49200 Aging CHFS Meals C1/C2	49640 Humana Emergency HDM	49650 Active Choice In-Kind	49700 PCHP Anthem MCO	Total
Revenues						
Federal and State:						
Received	\$ 265,501	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,431,884
Receivable	115,672	17,654	0	0	0	1,508,335
Deferred	0	0	0	0	0	0
Local:						
In-kind	0	0	0	0	0	48,610
Service fees	0	0	6,142	0	2,937	11,278
Total revenues	381,173	17,654	6,142	0	2,937	7,000,107
Expenses						
Direct costs:						
Salaries	67,994	0	0	109	1,332	369,538
Employee burden	39,068	0	0	59	684	226,288
Annual leave	4,156	0	0	8	94	25,560
Travel	459	0	0	0	0	7,516
Other	19,207	0	0	155	0	87,634
Contract costs	206,778	17,654	6,142	0	0	6,039,578
Total direct costs	337,662	17,654	6,142	331	2,110	6,756,114
Indirect costs applied	43,920	0	0	69	827	244,429
Total expenses	381,582	17,654	6,142	400	2,937	7,000,543
Revenues over (expenses)	\$ (409)	\$ 0	\$ 0	\$ (400)	\$ 0	\$ (436)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
PARTICIPANT DIRECTED SERVICES
Year ended June 30, 2020

	<u>43500 Participant Directed Services</u>
Revenues	
Federal and State:	
Received	\$ 18,358,215
Receivable	281,286
Deferred	0
Local:	
Service fees	<u>94,091</u>
Total revenues	<u>18,733,592</u>
Expenses	
Direct costs:	
Salaries	800,484
Employee burden	513,100
Annual leave	49,609
Travel	41,492
Bad debt expense	76,063
Recoupment expense	19,100
Other	136,552
Contract costs	<u>16,439,689</u>
Total direct costs	18,076,089
Indirect costs applied	<u>538,878</u>
Total expenses	<u>18,614,967</u>
Revenues over (expenses)	<u><u>\$ 118,625</u></u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT

Year ended June 30, 2020

	50030 Bluegrass Strat Plan 270SR18	51110 Trade 205BE18	51120 Trade 205BE19	53041 Adult Admin 273AD19	53141 Adult Program 273AD19	53051 Adult Admin 270AD20	53151 Adult Program 270AD20
Revenues							
Federal and State:							
Received	\$ 37,159	\$ 86,929	\$ 29,233	\$ 24,790	\$ 403,970	\$ 14,216	\$ 0
Receivable	0	37,977	12,563	0	0	615	96,520
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	0	0	0	0	0
Total revenues	37,159	124,906	41,796	24,790	403,970	14,831	96,520
Expenses							
Direct costs:							
Salaries	0	0	0	6,135	34,749	6,322	0
Employee burden	0	0	0	9,865	22,506	3,473	0
Annual leave	0	0	0	653	3,097	436	0
Travel	0	0	0	107	2,778	48	0
Legal fees	0	0	0	0	0	0	0
Other	0	0	0	267	9,274	534	0
Contract costs	37,159	124,906	41,796	1,199	308,078	0	96,520
Total direct costs	37,159	124,906	41,796	18,226	380,482	10,813	96,520
Indirect costs applied	0	0	0	6,564	23,488	4,018	0
Total expenses	37,159	124,906	41,796	24,790	403,970	14,831	96,520
Revenues over (expenses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2020

	53061 Adult Admin 273AD20	54011 DW Admin 271DW19	53171 Adult Program 271DW19	54111 DW Program 271DW19	54020 DW Admin 272DW19	54121 DW Program 272DW20	56060 Youth Admin 274YT19
Revenues							
Federal and State:							
Received	\$ 71,458	\$ 68,412	\$ 832,386	\$ 488,066	\$ 28,136	\$ 10,442	\$ 90,476
Receivable	2,997	27,448	137,614	0	0	135,650	11,318
Deferred	0	0	0	0	0	0	0
Local:							
Service fees	0	0	693	0	0	0	0
Total revenues	74,455	95,860	970,693	488,066	28,136	146,092	101,794
Expenses							
Direct costs:							
Salaries	29,601	40,215	43,949	57,077	12,431	0	40,226
Employee burden	16,527	23,756	27,422	30,615	6,675	0	22,767
Annual leave	2,570	3,565	2,568	4,289	738	0	2,267
Travel	687	193	1,302	866	21	0	967
Legal fees	715	110	0	0	0	0	762
Other	1,524	429	7,566	3,065	433	148	1,518
Contract costs	3,908	1,349	858,607	356,179	0	145,944	7,445
Total direct costs	55,532	69,617	941,414	452,091	20,298	146,092	75,952
Indirect costs applied	18,923	26,243	29,279	35,975	7,838	0	25,842
Total expenses	74,455	95,860	970,693	488,066	28,136	146,092	101,794
Revenues over (expenses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2020

	56160 YOS Program 274YT19	57160 YIS Program 274YT19	56170 YOS Program 274YT20	57170 YIS Program 274YT20	Total
Revenues					
Federal and State:					
Received	\$ 324,939	\$ 9,707	\$ 548,618	\$ 22,528	\$ 3,091,465
Receivable	93,082	0	16,481	4,970	577,235
Deferred	0	0	0	0	0
Local:					
Service fees	0	0	0	0	693
Total revenues	418,021	9,707	565,099	27,498	3,669,393
Expenses					
Direct costs:					
Salaries	36,949	3,715	30,656	10,010	352,035
Employee burden	19,660	1,949	16,998	5,776	207,989
Annual leave	2,047	234	1,868	589	24,921
Travel	2,411	276	1,291	24	10,971
Legal fees	0	0	0	0	1,587
Other	6,717	137	5,213	124	36,949
Contract costs	327,014	1,072	489,524	4,499	2,805,199
Total direct costs	394,798	7,383	545,550	21,022	3,439,651
Indirect costs applied	23,223	2,324	19,549	6,476	229,742
Total expenses	418,021	9,707	565,099	27,498	3,669,393
Revenues over (expenses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
PLANNING AND ZONING TECHNICAL ASSISTANCE
Year ended June 30, 2020

	16060 Anderson/Law Planning TA	16064 Winchester Clark Planning	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>3,060</u>	<u>14,613</u>	<u>28,649</u>	<u>46,322</u>
Total revenues	<u>3,060</u>	<u>14,613</u>	<u>28,649</u>	<u>46,322</u>
Expenses				
Direct costs:				
Salaries	1,351	6,113	12,074	19,538
Employee burden	696	3,148	6,188	10,032
Annual leave	62	282	557	901
Travel	0	302	168	470
Other	0	0	4	4
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	2,109	9,845	18,991	30,945
Indirect costs applied	<u>841</u>	<u>3,799</u>	<u>7,492</u>	<u>12,132</u>
Total expenses	<u>2,950</u>	<u>13,644</u>	<u>26,483</u>	<u>43,077</u>
Revenues over (expenses)	<u>\$ 110</u>	<u>\$ 969</u>	<u>\$ 2,166</u>	<u>\$ 3,245</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2020

	22000 KIA 409 Council FY19	21628 Stanton Sewer Loan	21651 Gtown/Scott Sewer KIA	21706 Stanton Water Improvements	21707 Estill ECWD KIA	Total
Revenues						
Federal and State:						
Received	\$ 33,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,500
Receivable	33,500	0	0	0	0	33,500
Deferred	0	0	0	0	0	0
Local:						
Service fees	0	9,641	267	2,553	133	12,594
Total revenues	67,000	9,641	267	2,553	133	79,594
Expenses						
Direct costs:						
Salaries	29,250	2,212	119	1,199	59	32,839
Employee burden	19,769	454	66	580	33	20,902
Annual leave	2,259	30	6	44	3	2,342
Travel	509	75	0	0	0	584
Other	1,143	0	0	0	0	1,143
Contract costs	0	0	0	0	0	0
Total direct costs	52,930	2,771	191	1,823	95	57,810
Indirect costs applied	20,109	1,093	76	730	38	22,046
Total expenses	73,039	3,864	267	2,553	133	79,856
Revenues over (expenses)	\$ <u>(6,039)</u>	\$ <u>5,777</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(262)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
TRANSPORTATION PLANNING
Year ended June 30, 2020

	30000
	Transportation
	<u> </u>
Revenues	
Federal and State:	
Received	\$ 86,640
Receivable	18,863
Deferred	0
Local:	
Service fees	<u> 0</u>
Total revenues	<u> 105,503</u>
Expenses	
Direct costs:	
Salaries	49,888
Employee burden	31,993
Annual leave	3,131
Travel	1,999
Other	431
Contract costs	<u> 0</u>
Total direct costs	87,442
Indirect costs applied	<u> 33,591</u>
Total expenses	<u> 121,033</u>
Revenues over (expenses)	<u><u> \$ (15,530)</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
HOMELAND SECURITY
Year ended June 30, 2020

	21697 KOHS Mercer
Revenues	
Federal and State:	
Received	\$ 22,000
Receivable	0
Deferred	0
Local:	
Service fees	501
Total revenues	22,501
Expenses	
Direct costs:	
Salaries	0
Employee burden	0
Annual leave	0
Travel	0
Other	0
Contract costs	22,501
Total direct costs	22,501
Indirect costs applied	0
Total expenses	22,501
Revenues over expenses	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
ECONOMIC DEVELOPMENT PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2020

	22600 Lawrenceburg/ Anderson EDA	22800 Lincoln Co IDA	22850 Clay City Ordiance	Total
Revenues				
Federal and State:				
Received	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0
Deferred	0	0	0	0
Local:				
Service fees	<u>18,750</u>	<u>40,200</u>	<u>1,500</u>	<u>60,450</u>
Total revenues	<u>18,750</u>	<u>40,200</u>	<u>1,500</u>	<u>60,450</u>
Expenses				
Direct costs:				
Salaries	9,126	25,756	636	35,518
Employee burden	4,525	12,767	328	17,620
Annual leave	632	1,784	29	2,445
Travel	387	3,792	0	4,179
Other	493	497	0	990
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	15,163	44,596	993	60,752
Indirect costs applied	<u>5,600</u>	<u>15,804</u>	<u>395</u>	<u>21,799</u>
Total expenses	<u>20,763</u>	<u>60,400</u>	<u>1,388</u>	<u>82,551</u>
Revenues over (expenses)	<u>\$ (2,013)</u>	<u>\$ (20,200)</u>	<u>\$ 112</u>	<u>\$ (22,101)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2020

	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	9,345	6,230	1,033	2,700	400	300	6,500
Total revenues	9,345	6,230	1,033	2,700	400	300	6,500
Expenses							
Direct costs:							
Salaries	3,820	3,181	346	1,987	290	275	3,424
Employee burden	2,107	2,046	188	1,027	150	142	1,768
Annual leave	235	252	20	139	20	20	237
Travel	318	0	0	0	0	0	0
Other	106	6	65	0	0	0	15
Contract costs	0	0	0	0	0	0	0
Total direct costs	6,586	5,485	619	3,153	460	437	5,444
Indirect costs applied	2,433	2,145	219	1,235	181	171	2,130
Total expenses	9,019	7,630	838	4,388	641	608	7,574
Revenues over (expenses)	\$ 326	\$ (1,400)	\$ 195	\$ (1,688)	\$ (241)	\$ (308)	\$ (1,074)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2020

	12060 Audiovisual Services	13010 Nicholasville PD Website	13011 Stan/Lin EDA Web Page	13012 Cynthiana Broadband Study	21614 Gtown/Scott Sewer HB265	21703 Mercer Co Pay Plan	21710 Harrison E Waste Stabilization
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	405	500	935	9,270	5,000	704	21,000
Total revenues	<u>405</u>	<u>500</u>	<u>935</u>	<u>9,270</u>	<u>5,000</u>	<u>704</u>	<u>21,000</u>
Expenses							
Direct costs:							
Salaries	183	0	206	5,409	546	454	4,063
Employee burden	95	0	138	3,076	301	35	1,940
Annual leave	13	0	16	398	32	0	375
Travel	0	0	0	0	76	0	0
Other	0	70	72	481	0	0	31
Contract costs	0	0	0	0	0	0	0
Total direct costs	291	70	432	9,364	955	489	6,409
Indirect costs applied	114	0	141	3,480	348	201	2,463
Total expenses	<u>405</u>	<u>70</u>	<u>573</u>	<u>12,844</u>	<u>1,303</u>	<u>690</u>	<u>8,872</u>
Revenues over (expenses)	<u>\$ 0</u>	<u>\$ 430</u>	<u>\$ 362</u>	<u>\$ (3,574)</u>	<u>\$ 3,697</u>	<u>\$ 14</u>	<u>\$ 12,128</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2020

	Total
Revenues	
Federal and State:	
Received	\$ 0
Receivable	0
Deferred	0
Local:	
Service fees	64,322
Total revenues	64,322
Expenses	
Direct costs:	
Salaries	24,184
Employee burden	13,013
Annual leave	1,757
Travel	394
Other	846
Contract costs	0
Total direct costs	40,194
Indirect costs applied	15,261
Total expenses	55,455
Revenues over (expenses)	\$ 8,867

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
BLUEGRASS CAT PROJECT
Year ended June 30, 2020

	<u>93000</u> <u>Bluegrass</u> <u>Cat Project</u>
Revenues	
Federal and State:	
Received	\$ 0
Receivable	0
Deferred	0
Local:	
Service fees	<u>115,906</u>
Total revenues	<u>115,906</u>
Expenses	
Direct costs:	
Salaries	0
Employee burden	0
Annual leave	0
Travel	0
Other	0
Contract costs	<u>115,906</u>
Total direct costs	115,906
Indirect costs applied	<u>0</u>
Total expenses	<u>115,906</u>
Revenues over (expenses)	<u><u>\$ 0</u></u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
NON-GRANT
Year ended June 30, 2020

	90000 Dental Office	91000 Non-Grant	92000 Non-Grant Comp Plan	94000 Families 1st Corona Act Leave	FY20 Pension Expense	FY20 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	1,717	0	0	151,374
Rent	82,712	0	0	0	0	0	82,712
Interest	0	21,567	0	0	0	0	21,567
Total revenues	82,712	171,224	0	1,717	0	0	255,653
Expenses							
Direct costs:							
Salaries	0	0	3,973	0	0	0	3,973
Employee burden	0	0	1,988	0	(96,088)	(69,215)	(163,315)
Annual leave	0	0	254	1,717	0	0	1,971
Travel	0	2,261	0	0	0	0	2,261
Legal fees FY18	0	1,261	0	0	0	0	1,261
Bad debt/Recoupment	0	40,096	0	0	0	0	40,096
Other	22,965	13,171	0	0	0	0	36,136
Contract costs	0	0	0	0	0	0	0
Total direct costs	22,965	56,789	6,215	1,717	(96,088)	(69,215)	(77,617)
Indirect costs applied	0	0	2,445	0	0	0	2,445
Total expenses	22,965	56,789	8,660	1,717	(96,088)	(69,215)	(75,172)
Revenues over (expenses)	\$ 59,747	\$ 114,435	\$ (8,660)	\$ 0	\$ 96,088	\$ 69,215	\$ 330,825

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
REGIONAL COORDINATION, JFA
Year ended June 30, 2020

	71200 JFA COMM/ ECON DEV	71250 JFA CDBG	71300 JFA ARC PLAN/ASSIST	71400 JFA MGMT ASSIST	71500 JFA PRGM ADMIN	Total
Revenues						
Federal and State:						
Received	\$ 83,333	\$ 57,793	\$ 213,670	\$ 7,546	\$ 5,031	\$ 367,373
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Service fees	0	0	0	0	0	0
Total revenues	83,333	57,793	213,670	7,546	5,031	367,373
Expenses						
Direct costs:						
Salaries	51,339	32,665	90,818	8,170	18,890	201,882
Employee burden	32,714	18,069	67,203	2,478	9,698	130,162
Annual leave	4,596	1,964	10,264	339	1,126	18,289
Travel	1,399	838	1,077	38	37	3,389
Other	5,981	2,917	5,031	156	113	14,198
Contract Costs	0	0	0	0	0	0
Total direct costs	96,029	56,453	174,393	11,181	29,864	367,920
Indirect costs applied	34,481	20,813	64,826	4,368	11,728	136,216
Total expenses	130,510	77,266	239,219	15,549	41,592	504,136
	\$ <u>(47,177)</u>	\$ <u>(19,473)</u>	\$ <u>(25,549)</u>	\$ <u>(8,003)</u>	\$ <u>(36,561)</u>	\$ <u>(136,763)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF INDIRECT COSTS APPLIED
Year ended June 30, 2020

Salaries	\$ 518,117
Fringe benefits	277,538
Building usage and depreciation	237,674
Computer services	54,264
Professional fees	43,020
Insurance	38,668
Dues, fees, subscriptions	31,003
Legal Fees	28,730
Telephone and postage	25,541
Printing and publications	13,851
Equipment rental	10,374
Meetings	9,933
Equipment Purchase	8,197
Supplies	6,867
Equipment depreciation	4,000
Other	2,757
Travel, staff	1,388
	<hr/>
Total indirect costs applied	\$ <u><u>1,311,922</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF AWARDS FROM THE COMMONWEALTH OF KENTUCKY
Year ended June 30, 2020

<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	40000/48020/48030	1900000798	07.2019-06.2020	\$ 1,779,739	\$ 1,779,739	\$ 1,779,739	0	\$ 202,959
Title III	42000-42050	2000000214	07.2019-06.2020	1,307,852	1,307,852	1,307,852	0	24,722
Participant Directed Services	43500	N/A	07.2019-06.2020	18,639,501	18,639,501	18,520,876	182,532	281,286
Long Term Care Ombudsman	46010	1900000876	07.2019-06.2020	99,721	99,721	99,721	0	0
Aging ADRC	48030	1900000816	07.2019-06.2020	34,200	29,160	29,160	0	3,690
Aging Family Caregiver Support	49000, 49010	2000000214	07.2019-06.2020	102,000	102,000	102,000	0	10,000
Aging CHFS Meals C1 &C2	49200	N/A	04.2020-06.2020	17,654	17,654	17,654	0	17,654
Governor's Office for Local Development								
Joint Funding Agreement	71200-71500	2000000185	07.2019-06.2020	164,975	164,975	164,975	0	0
Kentucky Transportation Cabinet:								
Regional Transportation Program	30000	1900002250	07.2019-06.2020	105,503	105,503	105,503	0	18,863
Highway Inventory Data Collection Program	85090-85250	2000000202	08.2019-06.2020	37,800	37,800	37,800	0	0
Kentucky Infrastructure Authority:								
Water Resource Information System	22000, 88000	1900005013	07.2019-06.2020	112,000	112,000	112,000	0	56,000
Kentucky 911 Services Board								
Geospatial Audits	85425	1900001654	07.2019-06.2020	1,800	1,800	1,800	0	0
				<u>\$ 22,402,744</u>	<u>\$ 22,397,704</u>	<u>\$ 22,279,080</u>	<u>\$ 182,532</u>	<u>\$ 615,175</u>

COST ALLOCATION POLICY

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
COST ALLOCATION POLICY
June 30, 2020

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. 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 purpose, benefiting more than one grant and/or program element and not readily assignable to the grant or program element specifically benefited. Shared costs are allocated to each program based upon direct labor and fringe charges to each program. Below is a listing of direct and shared costs as they are charged by the District.

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

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

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

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

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

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

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

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
COST ALLOCATION POLICY (CONTINUED)
June 30, 2020

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.