

**REPORT OF THE AUDIT OF THE
BARREN RIVER AREA DEVELOPMENT
DISTRICT**

**For The Year Ended
June 30, 2021**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the fiduciary type activities, and each major fund of the Barren River Area Development District (BRADD), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BRADD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Board of Directors
Barren River Area Development District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the fiduciary type activities, and each major fund of the BRADD as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, budgetary comparison information on pages 61 through 62, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 67, and Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 opinions on the financial statements as a whole that collectively comprise the BRADD's basic financial statements. The Detailed Balance Sheet By Grant Type - Special Revenue Fund, Detailed Statement of Revenues, Expenditures, And Changes In Fund Balances By Grant Type - Special Revenue Fund, Statement of Grant Activity, and Indirect Cost Distribution 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, 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* (Uniform Guidance) is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The Detailed Balance Sheet By Grant Type - Special Revenue Fund, Detailed Statement of Revenues, Expenditures, And Changes In Fund Balances By Grant Type - Special Revenue Fund, Statement of Grant Activity, Indirect Cost Distribution, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates 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.

To the Board of Directors
Barren River Area Development District

Other Matters (Continued)

Other Information (Continued)

In our opinion, The Detailed Balance Sheet By Grant Type - Special Revenue Fund, Detailed Statement of Revenues, Expenditures, And Changes In Fund Balances By Grant Type - Special Revenue Fund, Statement of Grant Activity, Indirect Cost Distribution 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 6, 2021, on our consideration of BRADD's internal control over financial reporting and on our test 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 the effectiveness of BRADD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRADD's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Questioned Costs included herein, which discusses the following report comment:

2021-001 The Barren River Area Development District Failed To Implement Adequate Internal Controls Over Financial Statement Preparation And Presentation

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

December 6, 2021

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021**

This section of BRADD's report presents our discussion and analysis of BRADD's financial performance during the fiscal year that ended June 30, 2021. Please read it in conjunction with BRADD's financial statements and notes to the financial statements, which follow this section.

As management of the Barren River Area Development District (BRADD), we offer readers of BRADD's financial statements this narrative overview and analysis of the financial activities of BRADD for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

BRADD MAJOR PROGRAMS AND SERVICES

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

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

Financial Highlights

- Net position for governmental activities is (\$384,532) and (\$170,640) as of June 30, 2020 and 2021, respectively. The FY21 amount includes \$787,525 invested in capital assets, \$774,047 restricted for grant programs, \$115,612 restricted for building maintenance, and (\$1,847,824) is unrestricted. The change is primarily due to pension related activities.
- For governmental activities, revenues are \$11,201,568 for the year ended June 30, 2021. For the year ended June 30, 2020, revenues were \$10,223,632. The increase of \$977,936 from 2020 to 2021 is primarily attributable to the additional CARES funds received because of the Covid-19 pandemic.

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**

Financial Highlights (Continued)

- The net increase in fund balances for all funds during the year ended June 30, 2021 is \$379,022, which is primarily attributable to the growth of the PDS program and the additional CARES dollars for a new RLF program. Fund balances increased for the Special Revenue Funds by \$402,042 and decreased for the General Fund by \$23,020.
- Barren River Local Officials Organization (BRLOO) is a blended component unit of the District and is shown as an enterprise fund on the District's financial statements. BRLOO's purpose is to promote the economic development of the District and to acquire and lease transit vehicles for local service agencies. BRLOO's net position is \$80,286 and \$55,747 as of June 30, 2020 and 2021, respectively.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of BRADD's finances, in a manner similar to private-sector business. These statements report information about the BRADD using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is paid or received.

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

The Statement of Activities presents information showing how BRADD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**

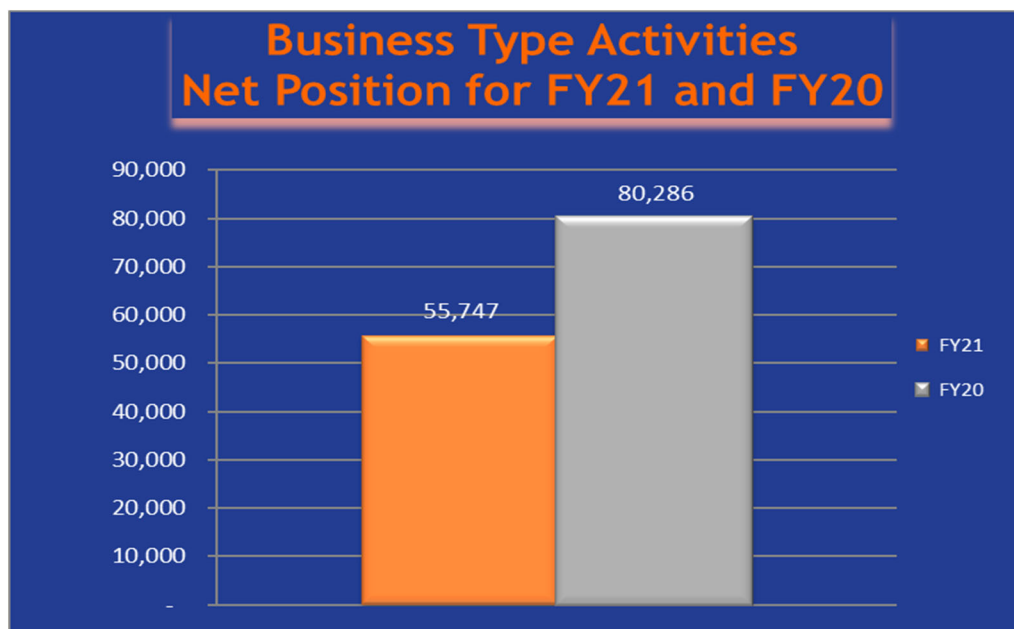
Fund Financial Statements

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

Business Type Activities

Net Position for June 30, 2021 and June 30, 2020

	FY21	FY20	Percentage Change
Cash and Investments	28,114	28,934	-2.83%
Capital Assets, net	27,633	51,352	-46.19%
Total Assets	55,747	80,286	-30.56%
Unearned Revenue	-	-	
Total Liabilities	-	-	
Investment in Capital Assets	27,633	51,352	-46.19%
Unrestricted Funds	28,114	28,934	-2.83%
Total Net Position	55,747	80,286	-30.56%



* At year-end assets exceeded liabilities by \$55,747 with a net change of \$24,539 or 30.56%.

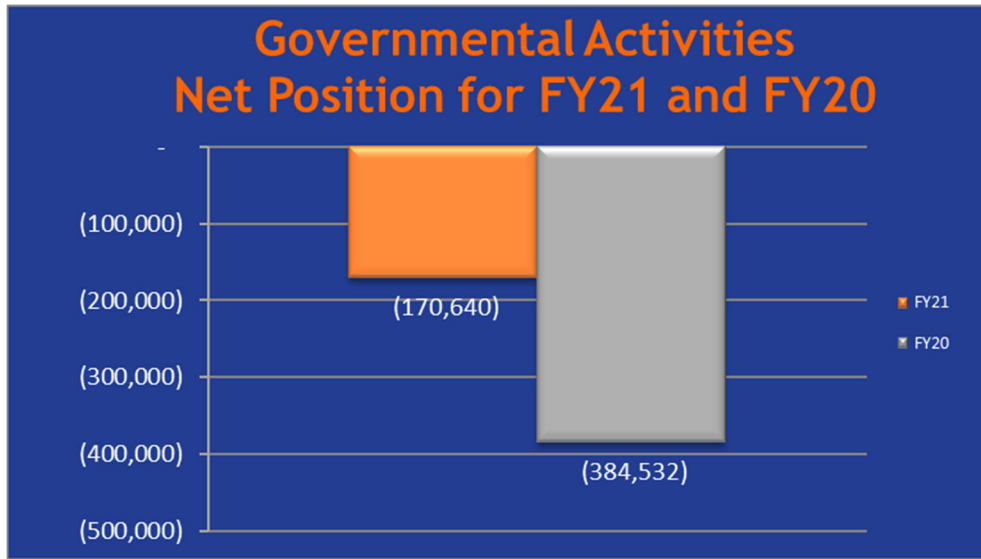
**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**

Governmental Activities

Net Position for June 30, 2021 and June 30, 2020

	FY21	FY20	Percentage Change
Cash and Investments	1,675,190	2,313,824	-27.60%
Grants Receivable	831,934	635,266	30.96%
Accounts Receivable	1,334,365	771,746	72.90%
Loans, net	519,462	184,939	180.88%
Other	49,016	30,306	61.74%
Capital Assets, net	787,525	723,618	8.83%
Total Assets	5,197,492	4,659,699	11.54%
OPEB Related	602,745	323,207	86.49%
Pension Related	837,166	785,636	6.56%
Total Deferred Outflows of Resources	1,439,911	1,108,843	29.86%
Accounts Payable	578,721	533,649	8.45%
Accrued Liabilities	287,338	290,521	-1.10%
Unearned Revenue	83,700	49,598	68.76%
Compensated Absences	103,725	84,852	22.24%
Net OPEB Liability	1,269,019	851,439	49.04%
Net Pension Liability	4,032,075	3,561,182	13.22%
Total Liabilities	6,354,578	5,371,241	18.31%
OPEB Related	309,367	391,532	-20.99%
Pension Related	144,098	390,301	-63.08%
Total Deferred Inflows of Resources	453,465	781,833	-42.00%
Investment in Capital Assets	787,525	723,618	8.83%
Restricted for Grant Programs	774,047	529,157	46.28%
Restricted for Building Maintenance	115,612	189,266	-38.92%
Unrestricted Funds	(1,847,824)	(1,826,573)	1.16%
Total Net Position	(170,640)	(384,532)	-55.62%

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**



* At year-end liabilities exceeded assets by \$170,640 with a net change of \$213,892 or 55.62%.

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**

EXPENSES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, expenses are \$10,987,676 for the year ended June 30, 2021, representing an increase of \$924,119 or 9.18% from \$10,063,557 for the year ended June 30, 2020. Object expenses as a percentage of total expenses for both years are as follows:

	2021 Expense \$	2021 Expense %	2020 Expense \$	2020 Expense %	Change in \$	Change in %
Governmental Activities						
Object Expenses:						
Program Services	7,784,789	70.85%	7,426,304	73.79%	358,485	4.83%
Personnel	2,670,995	24.31%	2,159,011	21.45%	511,984	23.71%
Contractual Services	9,425	0.09%	11,458	0.11%	(2,033)	-17.74%
Travel	7,212	0.07%	43,891	0.44%	(36,679)	-83.57%
Repairs and Maintenance	91,203	0.83%	34,811	0.35%	56,392	161.99%
Insurance	41,504	0.38%	37,407	0.37%	4,097	10.95%
Audit & Legal Fees	42,657	0.39%	34,494	0.34%	8,163	23.66%
Telephone	21,568	0.20%	7,528	0.07%	14,040	186.50%
Office Supplies	25,076	0.23%	21,107	0.21%	3,969	18.80%
Postage	14,481	0.13%	9,670	0.10%	4,811	49.75%
Printing	13,716	0.12%	11,189	0.11%	2,527	22.58%
Pension Management	2,795	0.03%	3,261	0.03%	(466)	-14.29%
Miscellaneous	1,194	0.01%	10,866	0.11%	(9,672)	-89.01%
Staff Training	12,317	0.11%	27,815	0.28%	(15,498)	-55.72%
Provision for Loan Losses	17,606	0.16%	44,165	0.44%	(26,559)	-60.14%
Meeting	7,139	0.06%	6,904	0.07%	235	3.40%
Utilities	23,438	0.21%	24,688	0.25%	(1,250)	-5.06%
Depreciation	71,717	0.65%	60,126	0.60%	11,591	19.28%
Computer Support & Maintenance	70,052	0.64%	36,635	0.36%	33,417	91.22%
Marketing & Advertising	19,963	0.18%	9,952	0.10%	10,011	100.59%
Janitorial	14,162	0.13%	14,162	0.14%	-	0.00%
Dues & Subscriptions	24,667	0.22%	28,113	0.28%	(3,446)	-12.26%
Total Expenses	10,987,676		10,063,557		924,119	9.18%

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**

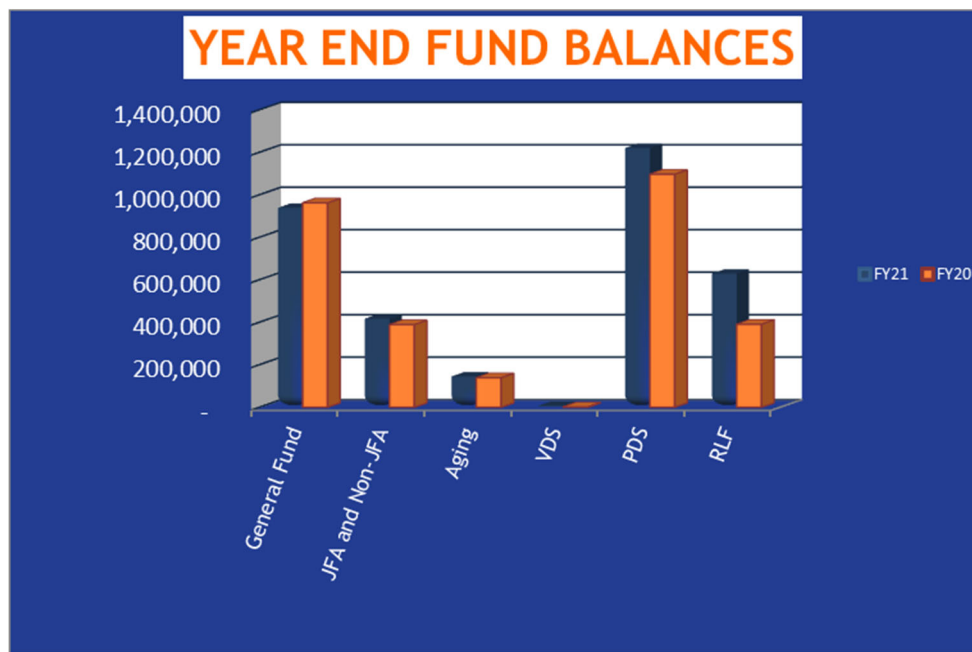
REVENUES FOR GOVERNMENTAL ACTIVITIES

For governmental activities, revenues are \$11,201,568 for the year ended June 30, 2021, representing an increase of \$977,936 or 9.57% from \$10,223,632 for the year ended June 30, 2020.

	2021 Revenue \$	2021 Revenue %	2020 Revenue \$	2020 Revenue %	Change in \$	Change in %
Program Revenues:						
Charges for Services	119,200	1.06%	117,841	1.15%	1,359	1.15%
Operating Grants and Contributions	11,060,570	98.74%	10,090,265	98.70%	970,305	9.62%
Total program revenues	11,179,770		10,208,106		971,664	
General Revenues:						
Investment Income	21,798	0.19%	15,526	0.15%	6,272	40.40%
Gain on Disposal of Fixed Asset		0.00%		0.00%	-	
Total Revenues	11,201,568		10,223,632		977,936	9.57%

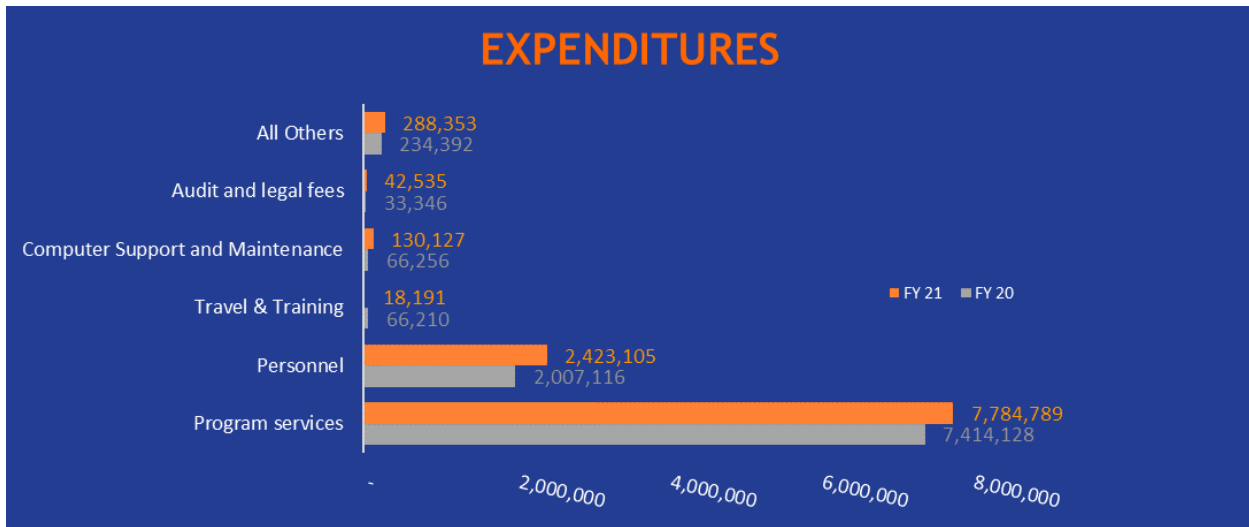
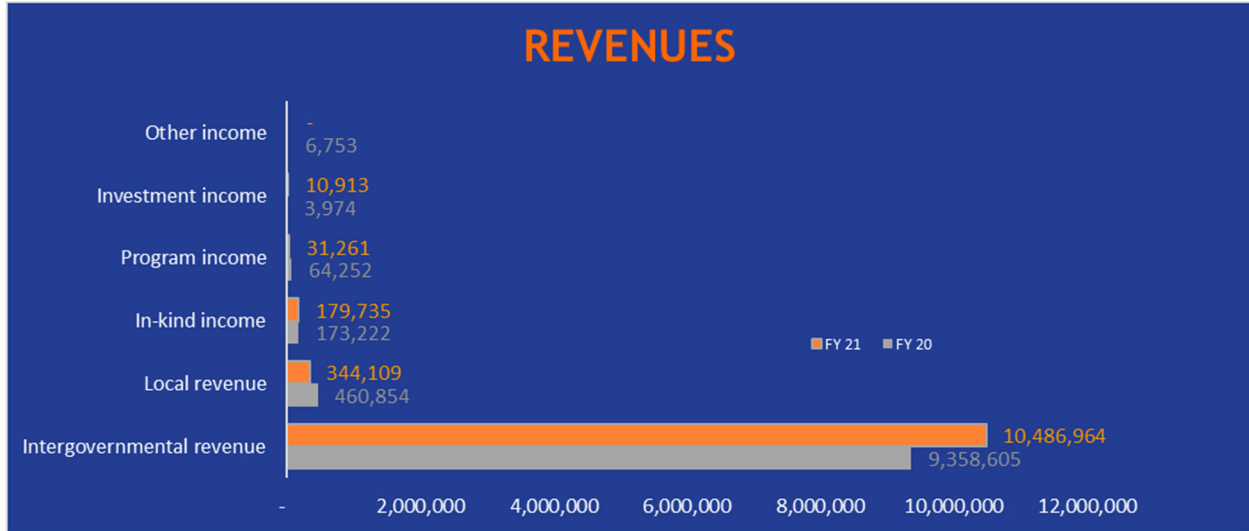
FUND BALANCES

Fund balances overall increased \$379,022 or 12.73% from \$2,977,461 to \$3,356,483 between FY 20 and FY 21.



**Barren River Area Development District
Management’s Discussion and Analysis
June 30, 2021
(Continued)**

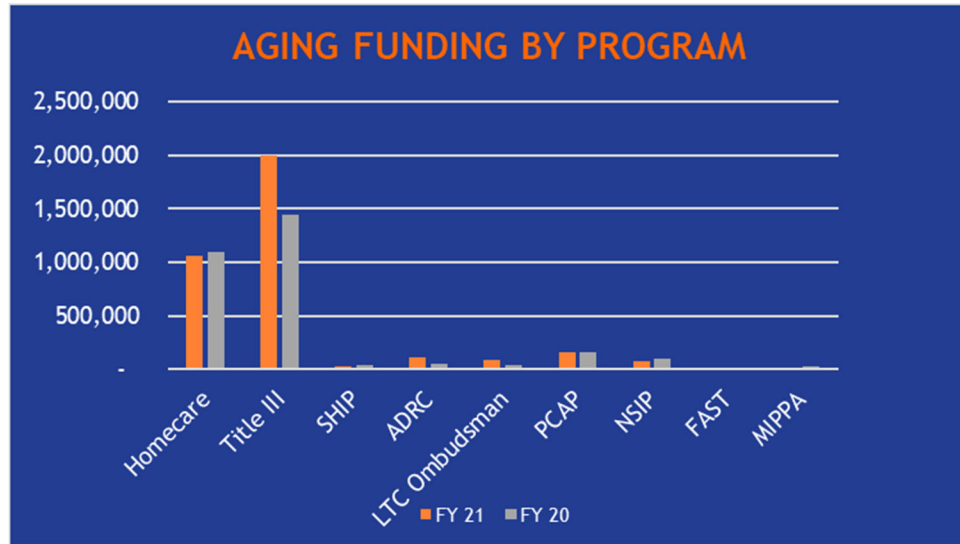
REVENUES VS EXPENDITURES: SPECIAL REVENUE FUNDS



- Total revenues increased \$985,322 or 9.79% from FY 20 to FY 21.
- Total expenditures increased \$865,652 or 8.81% from FY 20 to FY 21.
- Intergovernmental revenue accounts for 95% of total revenues while program services accounts for 73% of total expenditures.
- Examples of other expenditures are insurance, utilities, and repairs and maintenance.

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**

SPECIAL REVENUE FUNDS BY GRANT TYPES



- Overall Intergovernmental Aging funding increased approximately \$620,000 during FY 21 due to Covid-19 pandemic and increased funds to serve the elderly.
- Examples of aging services include case management, home delivered meals and legal assistance.

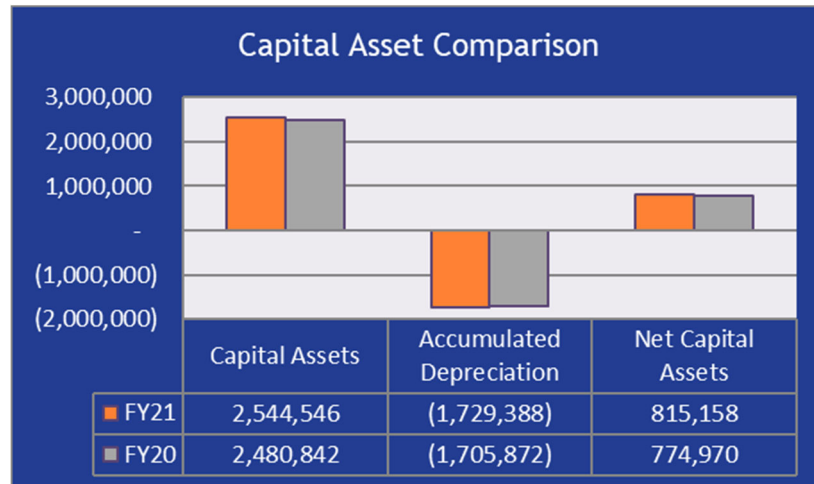
ADDITIONAL SPECIAL REVENUE FUNDS

- Revolving Loan Fund (RLF) fund balance increased due to a new pot of funds specifically for RLF CARES loans.
- Participant Directed Services (PDS) fund balance increased due to the growth of the program.
- Veteran's Directed Services (VDS) fund balance increased due to a small growth in the program and this being its third year.
- General Fund balance decreased due to more match dollars needed for CARES grants.
- JFA and Non-JFA fund balance increased due to performance-based agreements.

**Barren River Area Development District
Management's Discussion and Analysis
June 30, 2021
(Continued)**

CAPITAL ASSETS

At June 30, 2021, BRADD and its component units had invested \$2,544,546 in capital assets, consisting of land, building, furniture, equipment, and vehicles. The accumulated depreciation on those assets is \$1,729,388; therefore, net capital assets are \$815,158. This is an increase of \$40,188 or 5.19% of net capital assets from FY 20.



OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the BRADD is continued adequate funding from federal and state grantor agencies. Since mandated special programs remain underfunded and must be supplemented with local funds, increases from locally generated funds must be sought. BRADD will continue to operate conservatively to assure that a deficit does not occur due to federal and state under-funding. In addition, BRADD will continue to utilize financial funds from federal, state, and local agencies to provide beneficial services to the cities and counties in the region. BRADD will continue efforts to generate new program opportunities and funding sources as a top priority.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
BASIC FINANCIAL STATEMENTS**

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BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,675,190	\$ 28,114	\$ 1,703,304
Grants Receivable	831,934		831,934
Accounts Receivable	1,334,365		1,334,365
Loans, Net	519,462		519,462
Other	49,016		49,016
Nondepreciable Capital Assets	71,133		71,133
Depreciable Capital Assets	2,059,257	414,156	2,473,413
Less: Accumulated Depreciation	(1,342,865)	(386,523)	(1,729,388)
Total Assets	<u>5,197,492</u>	<u>55,747</u>	<u>5,253,239</u>
Deferred Outflows of Resources			
OPEB Related	602,745		602,745
Pension Related	837,166		837,166
Total Deferred Outflows of Resources	<u>1,439,911</u>		<u>1,439,911</u>
LIABILITIES			
Accounts Payable	578,721		578,721
Accrued Liabilities	287,338		287,338
Unearned Revenue	83,700		83,700
Compensated Absences	103,725		103,725
Net OPEB Liability	1,269,019		1,269,019
Net Pension Liability	4,032,075		4,032,075
Total Liabilities	<u>6,354,578</u>		<u>6,354,578</u>
Deferred Inflows of Resources			
OPEB Related	309,367		309,367
Pension Related	144,098		144,098
Total Deferred Inflows of Resources	<u>453,465</u>		<u>453,465</u>
NET POSITION (Deficit)			
Invested in Capital Assets, Net	\$ 787,525	\$ 27,633	\$ 815,158
Restricted For:			
Grant Programs	774,047		774,047
Building Maintenance	115,612		115,612
Unrestricted	(1,847,824)	28,114	(1,819,710)
Total Net Position (Deficit)	<u>\$ (170,640)</u>	<u>\$ 55,747</u>	<u>\$ (114,893)</u>

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Program Services	\$ 7,784,789	\$ 119,200	\$ 8,040,419	\$
Personnel	2,670,995		2,441,958	
Contractual Services	9,425		9,425	
Travel	7,212		7,212	
Repairs and Maintenance	91,203		165,762	
Insurance	41,504		41,504	
Audit and Legal Fees	42,657		42,657	
Telephone	21,568		21,568	
Office Supplies	25,076		25,076	
Postage	14,481		14,481	
Provision for Loan Losses	17,606			
Printing	13,716		13,716	
Pension Management	2,795		2,795	
Miscellaneous	1,194		1,194	
Staff Training	12,317		12,317	
Depreciation - Unallocated	71,717			
Utilities	23,438		23,438	
Computer Support and Maintenance	70,052		131,117	
Marketing and Advertising	19,963		19,963	
Dues and Subscriptions	24,667		24,667	
Janitorial	14,162		14,162	
Meeting	7,139		7,139	
Total Governmental Activities	<u>10,987,676</u>	<u>119,200</u>	<u>11,060,570</u>	
Business-type Activities:				
Audit and Legal Fees	820			
Depreciation Expense	23,719			
Total Business-type Activities	<u>24,539</u>			
Total Primary Government	<u>\$ 11,012,215</u>	<u>\$ 119,200</u>	<u>\$ 11,060,570</u>	<u>\$ 0</u>

General Revenues:

Investment Income

Total General Revenues

Change in Net Position

Net Position (deficit) - Beginning of year

Net Position (deficit) - End of year

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021
(Continued)

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ 374,830		\$ 374,830
(229,037)		(229,037)
-		-
-		-
74,559		74,559
-		-
-		-
-		-
-		-
(17,606)		(17,606)
-		-
-		-
-		-
-		-
(71,717)		(71,717)
-		-
61,065		61,065
-		-
-		-
-		-
-		-
192,094		192,094
	(820)	(820)
	(23,719)	(23,719)
	(24,539)	(24,539)
192,094	(24,539)	167,555
21,798		21,798
21,798		21,798
213,892	(24,539)	189,353
(384,532)	80,286	(304,246)
\$ (170,640)	\$ 55,747	\$ (114,893)

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 794,439	\$ 880,751	\$ 1,675,190
Due From Other Funds	179,780	16,559	196,339
Grants Receivable		831,934	831,934
Accounts Receivable	20,200	1,314,165	1,334,365
Loans, net		519,462	519,462
Other		49,016	49,016
Total Assets	<u>994,419</u>	<u>3,611,887</u>	<u>4,606,306</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due To Other Funds	16,559	179,780	196,339
Accounts Payable	-	578,721	578,721
Accrued Payroll and Taxes		287,338	287,338
Unearned Revenue	39,212	44,488	83,700
Compensated Absences		103,725	103,725
Total Liabilities	<u>55,771</u>	<u>1,194,052</u>	<u>1,249,823</u>
FUND BALANCES			
Nonspendable		49,016	49,016
Restricted	115,612	774,047	889,659
Assigned		1,594,772	1,594,772
Unassigned	<u>823,036</u>		<u>823,036</u>
Total Fund Balances	<u>\$ 938,648</u>	<u>\$ 2,417,835</u>	<u>\$ 3,356,483</u>
Total Liabilities and Fund Balances	<u>\$ 994,419</u>	<u>\$ 3,611,887</u>	<u>\$ 4,606,306</u>

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

**BARREN RIVER AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Total Fund Balances - Governmental Funds	\$ 3,356,483
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	2,130,390
Accumulated Depreciation	(1,342,865)
Deferred Outflows and Inflows Of Resources Related To Pensions Are Applicable To Future Periods And Therefore Are Not Reported In The Funds.	
Pension Related -Deferred Outflows	837,166
Pension Related -Deferred Inflows	(144,098)
Deferred Outflows and Inflows Of Resources Related To OPEB Are Applicable To Future Periods And Therefore Are Not Reported In The Funds.	
OPEB Related -Deferred Outflows	602,745
OPEB Related -Deferred Inflows	(309,367)
Long-term Liabilities, Including Net Pension And Net OPEB Liabilities, Are Not Due And Payable In The Current Period And, Therefore, Are Not Reported As Liabilities In Governmental Funds. Long-Term Liabilities At Year-End Consist Of:	
Net OPEB Liability	(1,269,019)
Net Pension Liability	(4,032,075)
Net Position Of Governmental Activities	<u>\$ (170,640)</u>

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2021

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Intergovernmental	\$	\$ 10,486,964	\$ 10,486,964
Local Revenue	137,701	344,109	481,810
In-Kind Income		179,735	179,735
Program Income		31,261	31,261
Investment Income	10,885	10,913	21,798
Total Revenues	<u>148,586</u>	<u>11,052,982</u>	<u>11,201,568</u>
EXPENDITURES			
Program Services		7,784,789	7,784,789
Personnel	18,853	2,423,105	2,441,958
Contractual Services	8,805	620	9,425
Travel	712	6,500	7,212
Repairs and Maintenance	76,107	89,655	165,762
Insurance	1,543	39,961	41,504
Audit and Legal Fees	122	42,535	42,657
Telephone	144	21,424	21,568
Office Supplies	365	24,711	25,076
Postage	201	14,280	14,481
Provision for Loan Losses		17,606	17,606
Printing	251	13,465	13,716
Pension Management	21	2,774	2,795
Miscellaneous		1,194	1,194
Staff Training	626	11,691	12,317
Utilities	179	23,259	23,438
Computer Support and Maintenance	990	130,127	131,117
Marketing and Advertising	313	19,650	19,963
Dues and Subscriptions	19,581	5,086	24,667
Janitorial	108	14,054	14,162
Meeting	6,525	614	7,139
Total Expenditures	<u>135,446</u>	<u>10,687,100</u>	<u>10,822,546</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>13,140</u>	<u>365,882</u>	<u>379,022</u>
Other Financing Sources (Uses)			
Operating Transfers In (Out)	<u>(36,160)</u>	<u>36,160</u>	
Total Other Financing Sources (Uses)	<u>(36,160)</u>	<u>36,160</u>	
Net Change in Fund Balances	(23,020)	402,042	379,022
Fund Balances - Beginning of year	961,668	2,015,793	2,977,461
Fund Balances - End of year	<u>\$ 938,648</u>	<u>\$ 2,417,835</u>	<u>\$ 3,356,483</u>

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

**BARREN RIVER AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021**

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - Total Governmental Funds \$ 379,022

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	135,624
Depreciation Expense	(71,717)
Assets disposed of, net book value	<u>63,907</u>

Governmental Funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (173,160)

Governmental Funds report district OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense. (55,877)

Change in Net Position of Governmental Activities \$ 213,892

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
June 30, 2021

	Business-Type Activities - Proprietary Fund <hr/> Barren River Local Officials Organization <hr/>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 28,114
Total Current Assets	<hr/> 28,114 <hr/>
Noncurrent Assets:	
Capital Assets:	
Fixed Assets - Net	27,633
Total Noncurrent Assets	<hr/> 27,633 <hr/>
Total Assets	<hr/> 55,747 <hr/>
 Liabilities and Net Position	
Net Position	
Invested in Capital Assets, Net of Related Debt	27,633
Unrestricted	28,114
Total Liabilities and Net Position	<hr/> \$ 55,747 <hr/>

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

**BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
For The Year Ended June 30, 2021**

	<u>Business-Type Activities - Proprietary Fund</u>
	<u>Barren River Local Officials Organization</u>
Operating Expenses	
Audit and Legal Fees	\$ 820
Depreciation Expense	23,719
Total Operating Expenses	<u>24,539</u>
Operating Income (Loss)	<u>(24,539)</u>
Change In Net Position	(24,539)
Total Net Position - Beginning	<u>80,286</u>
Total Net Position - Ending	<u>\$ 55,747</u>

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

**BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For The Year Ended June 30, 2021**

	<u>Business-Type Activities - Proprietary Fund</u>
	<u>Barren River Local Officials Organization</u>
Cash Flows From Operating Activities	
Cash Payments From Other Operating Expenses	\$ (820)
Net Cash Provided (Used) By Operating Activities	<u>(820)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(820)
Cash and Cash Equivalents - Beginning of year	<u>28,934</u>
Cash and Cash Equivalents - end of year	<u>\$ 28,114</u>
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (24,539)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities	
Depreciation Expense	<u>23,719</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (820)</u>

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
June 30, 2021

	Custodial Fund
	South Central Kentucky Small Business Development Center (SBDC)
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 74,886
Total Assets	74,886
 Net Position	
Restricted	74,886
Total Net Position	\$ 74,886

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For The Year Ended June 30, 2021

	Custodial Fund
	South Central Kentucky Small Business Development Center (SBDC)
Additions	
Contributions	\$ 46,580
Total Additions	46,580
Deductions	
Administrative Salaries	29,422
Total Deductions	29,422
Change In Net Position	17,158
Net Position - beginning of year as previously reported	0
Effect of adoption of GASB 84	57,728
Net Position - beginning of year as restated	57,728
Net Position - end of year	\$ 74,886

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

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

Note 1. Nature Of Operations And Reporting Entity

A. Reporting Entity

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

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

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

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

Blended Component Unit

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

Note 2. Summary of Significant Accounting Policies

A. Basis of Presentation

1. Government-Wide Financial Statements

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of BRADD'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 BRADD, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of BRADD.

2. Fund Financial Statements

Fund financial statements report detailed information about BRADD's funds. Separate statements for each fund category (governmental and proprietary) are presented. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

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

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

Fiduciary funds are reported using the economic resources measurement focus.

BRADD has the following funds:

Governmental Fund Types:

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

Special Revenue - JFA (Joint Funding Agreement) and non-JFA, aging, revolving loan fund (RLF), veteran directed services (VDS) and participant directed services (PDS) programs account for the activities of the special revenue fund that are restricted, committed, or assigned to expenditures in accordance with restrictions established by the various grantors (primarily the United States Government and the Commonwealth of Kentucky). The separate projects of federally funded grant programs are identified in the accompanying schedule of expenditures of federal awards. The special revenue fund is a major fund.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

Proprietary Fund Type:

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

To the proprietary activities, BRADD applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which GASB prevails.

Fiduciary Fund Type:

Fiduciary Funds account for assets held by BRADD in a trustee’s capacity or in a custodial capacity for others that cannot be used to support BRADD’s own programs.

Custodial Fund - Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds. The South Central Kentucky Small Business Development Center (SBDC) Consortium is a custodial fund with mission of providing regional small businesses and start-ups technical support and assistance.

B. Basis of Accounting

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

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting (Continued)

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

C. Investments

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

D. Loans

BRADD grants commercial loans to eligible borrowers, through the revolving loan fund (RLF) program. The ability of BRADD's debtors to honor their contracts is dependent upon the borrower's cash flows from their operations and general economic conditions in BRADD's area. The loans are unsecured.

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

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

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

E. Accounts and Grants Receivable

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

F. Allowance For Loan Losses

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

F. Allowance For Loan Losses (Continued)

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

G. Interfund Balances

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

H. Prepaid Items

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

I. Capital Assets

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

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

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

	<u>Governmental Activities Estimated Lives</u>
Computer Equipment	5 Years
Vehicles	6-8 Years
Audio-visual Equipment	7 Years
Furniture and fixtures	10 years
Building and improvements	7-40 Years

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

J. Deferred Inflows and Outflows of Resources – Pension Related

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

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

K. Deferred Inflows and Outflows of Resources – OPEB Related

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

L. Net Pension Liability

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

M. Net Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. BRADD's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value. Note 10 provides further detail on the net OPEB liability.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

N. Post-Employment Health Care Benefits

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

O. Unearned Revenues

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

P. Compensated Absences

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

Q. Accrued Liabilities and Long-Term Obligations

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

R. Net Position

BRADD classifies its net position into the following three categories:

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

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

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

R. Net Position (Continued)

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

S. Fund Balance Policies

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

T. Interfund Transactions

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

U. Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For BRADD, available means expected to be received within 60 days of the fiscal year-end. Non-exchange transactions, in which BRADD receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

V. Income Taxes

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

W. Estimates

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

X. Recent Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). BRADD is evaluating the requirements of this Statement.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). BRADD is evaluating the requirements of this Statement.

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

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency,

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

X. Recent Accounting Pronouncements (Continued)

and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. BRADD is evaluating the requirements of this Statement.

Note 3. Cash and Investments

Deposits

At June 30, 2021, the carrying amounts of BRADD's deposits, which include investments, were \$1,703,304 and the bank balances were \$1,827,132 of which \$1,827,132 was covered by federal depository insurance or by collateral held by the bank's agent in BRADD's name.

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

Custodial Credit Risk Deposits

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

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

As of June 30, 2021, BRADD's deposits were not exposed to custodial credit risk.

Interest Rate Risk

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

Credit Risk

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 4. Interfund Receivables and Payables

Interfund balances at June 30, 2021, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue - JFA	\$ 179,780
Special Revenue - JFA	General	<u>16,559</u>
Total		<u>\$ 196,339</u>

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

Note 5. Loans

At June 30, 2021, BRADD has outstanding loans made to local businesses that are funded through federal and local loan programs. Amounts are recorded in the revolving loan fund, with outstanding loans of \$519,462 at June 30, 2021, net of allowance for loan losses of \$27,340. BRADD had no loans on nonaccrual status at June 30, 2021.

An analysis of allowance for loan losses as of June 30, 2021 follows:

	<u>Amount</u>
Balance - beginning of year - July 1, 2020	\$ 9,734
Provision for loan losses	<u>17,606</u>
Balance - end of year - June 30, 2021	<u>\$ 27,340</u>

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2021 follows:

	Reporting Entity			Balance June 30, 2021
	Balance July 1, 2020	Additions	Deductions	
<u>Primary Government: Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 71,133	\$	\$	\$ 71,133
Total Capital Assets Not Being Depreciated	71,133			71,133
Depreciable Capital Assets				
Office Furniture and Equipment	360,349	135,624	(15,496)	480,477
Office Building	1,559,578		(56,424)	1,503,154
Vehicles	75,626			75,626
Total Depreciable Capital Assets	1,995,553	135,624	(71,920)	2,059,257
Total Capital Assets at Historical Cost	2,066,686	135,624	(71,920)	2,130,390
Less Accumulated Depreciation For:				
Office Furniture and Equipment	257,384	28,088	(15,496)	269,976
Office Building	1,052,386	37,109	(56,424)	1,033,071
Vehicles	33,298	6,520		39,818
Total Accumulated Depreciation	1,343,068	71,717	(71,920)	1,342,865
Total Capital Assets, Being Depreciated, Net	652,485	63,907		716,392
Governmental Activities Capital Assets, Net	<u>\$ 723,618</u>	<u>\$ 63,907</u>	<u>\$ 0</u>	<u>\$ 787,525</u>

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 6. Capital Assets (Continued)

<u>Business-Type Activities:</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Depreciable Capital Assets				
Vehicles	\$ 414,156	\$	\$	\$ 414,156
Totals at Historical Cost	<u>414,156</u>			<u>414,156</u>
Total Capital Assets at Historical Cost	<u>414,156</u>			<u>414,156</u>
Less Accumulated Depreciation For:				
Vehicles	<u>362,804</u>	<u>23,719</u>		<u>386,523</u>
Total Accumulated Depreciation	<u>362,804</u>	<u>23,719</u>		<u>386,523</u>
Depreciable Capital Assets, Net	<u>51,352</u>	<u>(23,719)</u>		<u>27,633</u>
Business-Type Activities Capital Assets, Net	<u>\$ 51,352</u>	<u>\$ (23,719)</u>	<u>\$ 0</u>	<u>\$ 27,633</u>

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

Note 7. Fund Balances

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

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At June 30, 2021, BRADD's special revenue funds had \$49,016 of prepaid amounts.

Restricted fund balances arise when constraints placed on use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. At June 30, 2021, BRADD's special revenue funds had \$774,047 restricted for grant programs and \$115,612 restricted for building repairs and maintenance costs in the general fund. Total restricted fund balance for the governmental funds was \$889,659 at June 30, 2021.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of BRADD's highest level of decision-making authority, which for BRADD is the Board of Directors. The Board of Directors must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. BRADD had no commitments at June 30, 2021.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 7. Fund Balances (Continued)

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. At June 30, 2021, BRADD's special revenue funds had \$1,220,188 in the PDS fund assigned for future Aging/PDS expenses, the VDS fund had \$6,588 assigned for future program expenditures and the JFA/Non-JFA fund had assigned fund balances of \$367,996 for future program expenditures. Total assigned fund balance in the special revenue funds was \$1,594,772 at June 30, 2021.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. Total unassigned fund balance in the general fund was \$823,036 at June 30, 2021.

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

Note 8. Operating Lease Commitments

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

Fiscal Year Ended June 30	Amount
2022	\$ 1,470
Total Minimum Lease Payments	<u>\$ 1,470</u>

Note 9. Retirement Plans

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

BRADD's employees share of funding under the County Employees Retirement System is equal to 5% (6% for new hires effective July 1, 2008) of the employee's covered salary. BRADD is required to contribute at an actuarially determined rate. The rate for CERS is 24.06%, 24.06%, and 21.48% for the years ended June 30, 2021, 2020 and 2019, respectively, of annual covered payroll. CERS provides retirement and disability benefits, annual cost-of-living adjustments if funding and legislation allows, and death benefits to plan members and beneficiaries.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 9. Retirement Plans (Continued)

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

BRADD's total contributions (pension and OPEB) to the Plans during the fiscal years ended June 30, 2021, 2020 and 2019 were:

Fiscal Year Ended June 30	2021	2020	2019
CERS ¹	\$ 392,427	\$ 331,565	\$ 274,992
401(k) Profit Sharing Match ¹	11,791	11,161	9,543

¹ Equal to required contributions for each year.

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

General Information About the CERS Pension Plan

A. Plan Description

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

B. Benefits Provided

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 9. Retirement Plans (Continued)

General Information About the CERS Pension Plan (Continued)

B. Benefits Provided (Continued)

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

Tier 2 - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420).

These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

C. Contributions

Employers participating in the CERS 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 KRS Board of Trustees on the basis of an annual valuation last preceding the July 1 of a new biennium. The KRS Board of Trustees may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board of Trustees. For the fiscal year ended June 30, 2021, participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year June 30, 2021 was 19.30%.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 9. Retirement Plans (Continued)

General Information About the CERS Pension Plan (Continued)

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

At June 30, 2021, BRADD reported a liability of \$4,032,075 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. BRADD's proportion of the net pension liability was based on BRADD's share of 2020 contributions to the pension plan relative to the 2020 contributions of all participating employers, actuarially determined. At June 30, 2020, BRADD's proportion was 0.052570%. For the year ended June 30, 2021, BRADD recognized pension expense of \$481,860. At June 30, 2021, BRADD 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
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 100,547	\$
Net difference between projected and actual earnings on pension plan investments	174,777	73,879
Changes of assumptions	157,446	
Changes in proportion and difference between employer contributions and proportionate share of contributions	89,670	70,219
BRADD contributions subsequent to the measurement date	<u>314,726</u>	
Total	<u>\$ 837,166</u>	<u>\$ 144,098</u>

\$314,726 reported as deferred outflows of resources related to pensions resulting from BRADD contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended		
June 30	<u> </u>	Amount
2021	\$	145,764
2022		137,374
2023		54,680
2024		<u>40,524</u>
Total	<u>\$</u>	<u>378,342</u>

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 9. Retirement Plans (Continued)

General Information About the CERS Pension Plan (Continued)

E. Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2019. The actuarial assumptions are:

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

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for 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.

F. Long-Term Expected Rate of Return

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 9. Retirement Plans (Continued)

General Information About the CERS Pension Plan (Continued)

F. Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Special Credit/High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Expected Real Return	100.00%	3.96%
Long Term Inflation Assumption		2.30%

G. Discount Rate

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 9. Retirement Plans (Continued)

General Information About the CERS Pension Plan (Continued)

H. Sensitivity of BRADD's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
BRADD's proportionate share of the net pension liability	\$ 4,972,426	\$ 4,032,075	\$ 3,253,429

I. Pension Plan Fiduciary Net Pension

Detailed information about the pension plan's fiduciary net position is available in the separately issued KRS ACFR.

Note 10. Postemployment Benefits Other Than Pensions (OPEB)

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

A. Plan Description

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

B. Benefits Provided

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 10. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

C. Contributions

Employers participating in the KRS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2021, the required contribution was 4.76% of each employee's covered payroll. Contributions from BRADD to the KRS Insurance Fund for the year ended June 30, 2021, were \$77,701. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

D. Implicit Subsidy

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2021, BRADD reported a liability of \$1,269,019 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. BRADD's proportion of the net OPEB liability was based on BRADD's share of 2020 contributions to the OPEB plan relative to the 2020 contributions of all participating employers, actuarially determined. At June 30, 2020 BRADD's proportion was 0.052554%.

For the year ended June 30, 2021, BRADD recognized OPEB expense of \$158,437.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 10. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

E. OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2021, BRADD 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
Difference between expected and actual experience	\$ 212,027	\$ 212,192
Net difference between projected and actual investment earnings on OPEB plan investments	68,074	25,894
Changes of assumptions	220,734	1,342
Changes in proportion and difference between employer contributions and proportionate share of contributions	24,209	69,939
BRADD contributions subsequent to the measurement date	<u>77,701</u>	
Total	<u>\$ 602,745</u>	<u>\$ 309,367</u>

For the year ended June 30, 2021, \$77,701 was reported as deferred outflows of resources related to OPEB resulting from BRADD contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Amount
2021	\$ 56,131
2022	68,614
2023	44,735
2024	50,883
2025	(4,686)
Total	<u>\$ 215,677</u>

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 10. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

F. Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ended June 30, 2020, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2019, which were used to determine the total OPEB liability as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 2.90% at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Mortality (Pre-retirement)	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Mortality (Post-retirement; non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Mortality (Post-retirement; disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

G. Long-Term Expected Rate of Return

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

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 10. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

G. Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Special Credit/High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Expected Real Return	100.00%	3.96%
Long Term Inflation Assumption		2.30%

Discount Rate

Single discount rates of 5.34% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2020. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of the cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 10. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

G. Long-Term Expected Rate of Return (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Except where noted below, the future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 legislative session. This includes the phase-in provisions from House Bill 362 (passed in 2018) that applies to the CERS Funds as well as the provisions from Senate Bill 249 (passed in 2020) which kept CERS contributions level for fiscal year ending 2021.

Sensitivity of BRADD's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents BRADD's proportionate share of the net OPEB liability as of June 30, 2021, calculated using the discount rate of 5.34%, as well as what BRADD's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
BRADD's proportionate share of the collective net OPEB liability	\$ 1,630,317	\$ 1,269,019	\$ 972,273

Sensitivity of BRADD's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Healthcare Rate	1% Increase
BRADD's proportionate share of the collective net OPEB liability	\$ 982,538	\$ 1,269,019	\$ 1,616,671

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS ACFR.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 11. Contingencies

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

In the event of termination of BRADD's grant program relating to loans ("revolving loan fund"), for cause or convenience, the grantor would recover its fair share of the revolving loan fund's assets consisting of cash, receivables, personal and real property and notes or other financial instruments developed through the use of the funds. The grantor's participation is 75% while BRADD's match is 25% of the program budget. The grantor's participation is 100% for loans in the RLF CARES program.

Note 12. Risk Management

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

BRADD provides, through a commercial insurance provider, a fully-insured health insurance plan for eligible employees. BRADD pays a percentage of its employees' insurance premiums.

During the fiscal year ended June 30, 2021, BRADD incurred a total expense of \$268,708 for health insurance premiums. BRADD also has a health reimbursement arrangement (HRA) and/or health savings account (HSA) which funds part of the qualified medical expenses.

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

Note 13. Fund Transfers

Fund transfers for the year ended June 30, 2021 consist of the following:

	<u>General Fund</u>	<u>Total Transfers In</u>	
Special Revenue Fund	\$ 36,160	\$ 36,160	Matching/Regional Support
Total Transfers Out	<u>\$ 36,160</u>	<u>\$ 36,160</u>	

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 14. Cost Allocation Plan (CAP)

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

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

Cost Allocation Policy

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

1. Salary - Work time of regular full-time, part-time, temporary, or seasonal staff is charged as a direct cost to the program element(s) in which they have assigned responsibilities or to which their work is deemed beneficial. Work time of employees that benefits more than one work element and the allocation of time to direct charge would require an inordinate amount of effort are charged to indirect costs.
2. Personnel Burden - All employees' benefit costs specifically related to an employee are charged in the same manner as that employee's salary, either direct or indirect. Some burden costs are general and cannot be specifically related and are charged as indirect.
3. Staff Travel/Training - The regular full-time, part-time, temporary, or seasonal staff charged directly to work element(s) will have their travel costs charged accordingly. Travel costs for indirect staff time will be charged to the indirect cost pool. Employee reimbursements for travel follow 200 KAR 2:006.
4. Board Training - Training recommended for Board to increase the knowledge of officials to further the goals of BRADD will be charged to the general fund. Mileage and per diem will be reimbursed following 200 KAR 2:006.
5. Other Travel - Costs or required reimbursements for other travel such as council members/other board members will be charged as a direct cost to the work element to which the activity is assigned.
6. Other - Other costs, including but not limited to: communications, printing, postage, equipment and supplies, will be charged as direct costs when possible. Other costs that cannot be readily identified to an individual program will be charged as indirect.
7. Building costs/Rent - Office space, equipment and furniture depreciation, building insurance, utilities and routine operational costs such as janitorial and general maintenance of the main office building will be charged as indirect.
8. Insurance - General and public officials' liabilities, workers compensation, bonding, and other exposures are considered indirect costs.
9. Services and fees - General services of benefit to all BRADD programs, such as indirect audit costs, general legal advice, office supplies, pension management fee, and staff development programs, are costs that are shared as an economical and rational management methodology.
10. Other In-Kind - In-kind contributions of services from outside agencies or personnel may be utilized as a match for certain programs provided that the value of the services is substantiated in an appropriate manner.

BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021
(Continued)

Note 14. Cost Allocation Plan (Continued)

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

Fiscal Year Ended June 30, 2021	<u>Indirect Cost</u>
Salaries and benefits	\$ 355,618
Travel	2,133
Audit and legal	42,862
Pension management	2,793
Telephone	18,583
Supplies	8,453
Insurance	40,074
Postage	2,310
Printing	613
Dues and subscriptions	506
Computer support and maintenance	33,380
Rent	4,568
Utilities	23,441
Building maintenance and janitorial	<u>99,281</u>
Total	<u>\$ 634,615</u>

Note 15. Uncertainty

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of BRADD. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis**

For The Year Ended June 30, 2021

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis**

For The Year Ended June 30, 2021

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Revenue	\$ 116,884	\$ 119,200	\$ 137,701	\$ 18,501
Other Local Revenue		21,439		(21,439)
Investment Income			10,885	10,885
Total Revenues	<u>116,884</u>	<u>140,639</u>	<u>148,586</u>	<u>7,947</u>
EXPENDITURES				
Program Services		70,000		70,000
Personnel	33,125	18,143	18,853	(710)
Contractual Services	4,000	4,000	8,805	(4,805)
Travel	5,124	1,920	712	1,208
Repairs and Maintenance	1,963	2,640	76,107	(73,467)
Insurance	1,653	1,689	1,543	146
Audit and Legal Fees	626	429	122	307
Telephone	217	372	144	228
Office Supplies	828	888	365	523
Postage	136	124	201	(77)
Printing	213	259	251	8
Pension Management	40	52	21	31
Staff Training	1,013	1,008	626	382
Utilities	322	321	179	142
Computer Support and Maintenance	470	572	990	(418)
Marketing and Advertising	200	300	313	(13)
Dues and Subscriptions	21,414	19,910	19,581	329
Janitorial	100	100	108	(8)
Meeting	8,539	6,000	6,525	(525)
Total Expenditures	<u>79,983</u>	<u>128,727</u>	<u>135,446</u>	<u>(6,719)</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>36,901</u>	<u>11,912</u>	<u>13,140</u>	<u>1,228</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	34,378	35,399	(36,160)	(71,559)
Total Other Financing Sources (Uses)	<u>34,378</u>	<u>35,399</u>	<u>(36,160)</u>	<u>(71,559)</u>
Net Changes in Fund Balance	71,279	47,311	(23,020)	(70,331)
Fund Balance - Beginning	<u>991,936</u>	<u>991,936</u>	<u>961,668</u>	<u>(30,268)</u>
Fund Balance - Ending	<u>\$ 1,063,215</u>	<u>\$ 1,039,247</u>	<u>\$ 938,648</u>	<u>\$ (100,599)</u>

**BARREN RIVER AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2021
(Continued)**

	SPECIAL REVENUE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 9,655,833	\$ 11,120,969	\$ 10,486,964	\$ (634,005)
Local Revenue	47,955	47,955	344,109	296,154
In-kind Income			179,735	179,735
Program Income			31,261	31,261
Investment Income			10,913	10,913
Other Income	527,117	531,789		(531,789)
Total Revenues	<u>10,230,905</u>	<u>11,700,713</u>	<u>11,052,982</u>	<u>(647,731)</u>
EXPENDITURES				
Program Services	7,271,500	8,225,341	7,784,789	440,552
Personnel	2,307,757	2,512,204	2,423,105	89,099
Contractual Services	11,443	7,579	620	6,959
Travel	51,460	51,303	6,500	44,803
Repairs and Maintenance	85,940	93,734	89,655	4,079
Insurance	39,432	43,444	39,961	3,483
Audit and Legal Fees	43,475	47,899	42,535	5,364
Telephone	8,295	8,537	21,424	(12,887)
Office Supplies	24,123	29,775	24,711	5,064
Postage	10,726	10,715	14,280	(3,565)
Provision for Loan Losses			17,606	(17,606)
Printing	14,950	14,977	13,465	1,512
Pension Management	2,760	3,041	2,774	267
Miscellaneous	1,000	1,000	1,194	(194)
Staff Training	31,871	30,978	11,691	19,287
Utilities	22,378	24,655	23,259	1,396
Computer Support and Maintenance	80,838	80,945	130,127	(49,182)
Marketing and Advertising	14,057	15,000	19,650	(4,650)
Dues and Subscriptions	7,292	8,086	5,086	3,000
Janitorial	14,060	14,060	14,054	6
Meeting	10,025	20,000	614	19,386
Total Expenditures	<u>10,053,382</u>	<u>11,243,273</u>	<u>10,687,100</u>	<u>556,173</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>177,523</u>	<u>457,440</u>	<u>365,882</u>	<u>(91,558)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>(34,378)</u>	<u>(35,399)</u>	<u>36,160</u>	<u>71,559</u>
Total Other Financing Sources (Uses)	<u>(34,378)</u>	<u>(35,399)</u>	<u>36,160</u>	<u>71,559</u>
Net Changes in Fund Balance	143,145	422,041	402,042	(19,999)
Fund Balance - Beginning	<u>1,746,694</u>	<u>1,746,694</u>	<u>2,015,793</u>	<u>269,099</u>
Fund Balance - Ending	<u>\$ 1,889,839</u>	<u>\$ 2,168,735</u>	<u>\$ 2,417,835</u>	<u>\$ 249,100</u>

**BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2021

Note 1. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. The accompanying Budgetary Comparison Schedules - General Fund and Special Revenue Fund presents both the original and the final adopted budgets, as well as actual data on a GAAP basis.

Note 2. Excess of Disbursements Over Appropriations

The general fund exceeded budgeted appropriations in the following line items: personnel by \$710, contractual services by \$4,805, repairs and maintenance by \$73,467, postage by \$77, computer support and maintenance by \$418, marketing and advertising by \$13, janitorial by \$8, and meeting by \$525.

The special revenue fund exceeded budgeted appropriations in the following line items: telephone by \$12,887, postage by \$3,565, provision for loan losses by \$17,606, miscellaneous by \$194, computer support and maintenance by \$49,182, and marketing and advertising by \$4,650.

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
PENSION AND OPEB SCHEDULES
Required Supplementary Information**

For The Year Ended June 30, 2021

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BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS COUNTY EMPLOYEES
RETIREMENT SYSTEM
Required Supplementary Information
June 30, 2021

For Fiscal Year Ended June 30	2021	2020	2019	2018	2017	2016	2015
BRADD's Proportion of the Net Pension Liability (Asset)	0.052570%	0.050635%	0.052572%	0.057234%	0.071623%	0.067555%	0.067639%
BRADD's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,032,075	\$ 3,561,182	\$ 3,201,795	\$ 3,350,082	\$ 3,526,454	\$ 2,905,556	\$ 2,194,000
BRADD's Covered- Employee Payroll	\$ 1,378,076	\$ 1,280,223	\$ 1,330,073	\$ 1,456,183	\$ 1,770,522	\$ 1,630,152	\$ 1,603,118
BRADD's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered- Employee Payroll	292.59%	278.17%	240.72%	230.06%	199.18%	178.24%	136.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	68.80%
For Fiscal Year Ended June 30	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 314,726	\$ 265,915	\$ 207,619	\$ 192,607	\$ 203,194	\$ 219,899	\$ 201,697
Contributions in Relation to the Contractually Required Contribution	314,726	265,915	207,619	192,607	203,194	219,899	201,697
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
BRADD's Covered- Employee Payroll	\$ 1,631,035	\$ 1,378,076	\$ 1,280,223	\$ 1,330,073	\$ 1,456,183	\$ 1,770,522	\$ 1,630,152
Contributions as a Percentage of Covered- Employee Payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.37%

**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
Required Supplementary Information
June 30, 2021
(Continued)**

Changes of Benefit Terms

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

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms

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

2021: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

2020: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2019: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Required Supplementary Information

June 30, 2021

(Continued)

2018: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

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

2016: No changes in assumptions.

**BARREN RIVER AREA DEVELOPMENT DISTRICT
OPEB - SCHEDULE OF THE PROPORTIONATE SHARE OF THE
COLLECTIVE NET OPEB LIABILITY AND SCHEDULE OF CONTRIBUTIONS COUNTY
EMPLOYEE RETIREMENT SYSTEM
Required Supplementary Information**

June 30, 2021

For Fiscal Year Ended June 30	2021	2020	2019	2018
BRADD's Proportion of the Net OPEB Liability (Asset)	0.052554%	0.050622%	0.052570%	0.057234%
BRADD's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,269,019	\$ 851,439	\$ 933,370	\$ 1,150,599
BRADD's Covered- Employee Payroll	\$ 1,378,076	\$ 1,280,223	\$ 1,330,073	\$ 1,456,183
BRADD's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Its Covered- Employee Payroll	92.09%	66.51%	70.17%	79.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.67%	60.44%	57.62%	52.40%
For Fiscal Year Ended June 30	2021	2020	2019	2018
Contractually Required Contribution	\$ 77,701	\$ 65,650	\$ 67,373	\$ 62,501
Contributions in Relation to the Contractually Required Contribution	<u>77,701</u>	<u>65,650</u>	<u>67,373</u>	<u>62,501</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
BRADD's Covered- Employee Payroll	\$ 1,631,035	\$ 1,378,076	\$ 1,280,223	\$ 1,330,073
Contributions as a Percentage of Covered- Employee Payroll	4.76%	4.76%	5.26%	4.70%

**BARREN RIVER AREA DEVELOPMENT DISTRICT
OPEB - SCHEDULE OF THE PROPORTIONATE SHARE OF THE
COLLECTIVE NET OPEB LIABILITY AND SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEE RETIREMENT SYSTEM
Required Supplementary Information
June 30, 2021
(Continued)**

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

Changes of Benefit Terms

No changes of benefit terms.

Changes of Assumptions

2021: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

2020: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2019: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premiums for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2018: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
DETAILED BALANCE SHEET BY GRANT TYPE - SPECIAL REVENUE FUND
Other Information**

For The Year Ended June 30, 2021

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE BY GRANT TYPE – SPECIAL REVENUE FUND
Other Information**

For The Year Ended June 30, 2021

BARREN RIVER AREA DEVELOPMENT DISTRICT
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE BY GRANT TYPE - SPECIAL REVENUE FUND
Other Information

For The Year Ended June 30, 2021

	JFA and Non JFA	Aging	VDS
REVENUES			
Intergovernmental	\$ 638,159	\$ 3,557,378	\$
Local Revenue	109,705	150,502	83,902
In-Kind Income	1,374	178,361	
Program Income		27,123	75
Investment Income			
Total Revenues	749,238	3,913,364	83,977
EXPENDITURES			
Program Services	1,374	2,900,376	68,920
Personnel	617,077	839,936	8,703
Contractual Services			
Travel	3,261	2,438	5
Repairs and Maintenance	23,317	30,981	309
Insurance	10,136	13,820	138
Audit and Legal Fees	10,857	14,658	148
Telephone	4,669	6,736	65
Office Supplies	4,491	10,524	29
Postage	1,505	5,350	46
Provision for Loan Losses			
Printing	1,644	7,111	29
Pension Management	709	959	10
Miscellaneous			
Staff Training	8,660	1,412	77
Utilities	5,930	8,057	81
Computer Support and Maintenance	48,273	48,217	116
Marketing and Advertising	7,875	11,028	
Dues and Subscriptions	3,392	1,347	2
Janitorial	3,586	4,865	49
Meeting	614		
Total Expenditures	757,370	3,907,815	78,727
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(8,132)	5,549	5,250
Other Financing Sources (Uses)			
Operating Transfers In (A)	36,160	735	
Operating Transfers Out (A)			
Total Other Financing Sources (Uses)	36,160	735	
Net Change in Fund Balances	28,028	6,284	5,250
Fund Balances - Beginning of year	388,554	138,733	1,338
Fund Balances - End of year	\$ 416,582	\$ 145,017	\$ 6,588

**BARREN RIVER AREA DEVELOPMENT DISTRICT
 DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BY GRANT TYPE - SPECIAL REVENUE FUND**

Other Information

For The Year Ended June 30, 2021

(Continued)

<u>PDS</u>	<u>Revolving Loan</u>	<u>Total Special Revenue Funds</u>
\$ 6,031,721	\$ 259,706	\$ 10,486,964
		344,109
		179,735
4,063		31,261
	10,913	10,913
<u>6,035,784</u>	<u>270,619</u>	<u>11,052,982</u>
4,814,119		7,784,789
945,201	12,188	2,423,105
620		620
771	25	6,500
34,600	448	89,655
15,478	389	39,961
16,658	214	42,535
9,860	94	21,424
9,368	299	24,711
7,367	12	14,280
	17,606	17,606
4,652	29	13,465
1,082	14	2,774
1,194		1,194
1,539	3	11,691
9,074	117	23,259
33,144	377	130,127
747		19,650
217	128	5,086
5,484	70	14,054
		614
<u>5,911,175</u>	<u>32,013</u>	<u>10,687,100</u>
124,609	238,606	365,882
		36,895
(735)		(735)
<u>(735)</u>		<u>36,160</u>
123,874	238,606	402,042
1,096,744	390,424	2,015,793
<u>\$ 1,220,618</u>	<u>\$ 629,030</u>	<u>\$ 2,417,835</u>

**BARREN RIVER AREA DEVELOPMENT DISTRICT
 DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BY GRANT TYPE - SPECIAL REVENUE FUND**

Other Information

For The Year Ended June 30, 2021

(Continued)

**(A) Reconciliation of Operating Transfers in (out) on Statement of Revenues Expenditures And Changes
 In Fund Balances - Governmental Funds to the Detailed Statement of Revenues,
 Expenditures, Changes in Fund Balance By Grant Type - Special Revenue Funds:**

Total Operating Transfers In (Out) - Special Revenue Fund	\$	36,160	\$
---	----	--------	----

Amounts reported for governmental activities in the Statement Of Revenues, Expenditures,
 And Changes In Fund Balance as operating transfers in (out) are different because:

Detailed Statement of Revenues Expenditures And Changes In Fund Balance By Grant Type shows
 operating transfers in (out) within the special revenue fund grant programs for year ended
 June 30, 2021:

PDS owes Aging	735	(735)
----------------	-----	-------

Total Operating Transfers In (Out) - Detailed Statement of Revenues, Expenditures, and Changes In Fund Balance By Grant Type - Special Revenue Fund	\$	36,895	\$	(735)
--	----	--------	----	-------

**BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF GRANT ACTIVITY
Other Information**

For The Year Ended June 30, 2021

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF GRANT ACTIVITY
Other Information

For The Year Ended June 30, 2021

	General		JFA	Regional	
	Fund	Building		Transportation	Regional Transit
REVENUES					
Federal Revenue	\$	\$	\$ 132,818	\$	\$ 20,000
State Revenue			121,457	78,254	
Local Revenue	137,701				
Investment Income	9,979	906			
Program Income					
In-kind Income					
TOTAL REVENUES	\$ 147,680	\$ 906	\$ 254,275	\$ 78,254	\$ 20,000
EXPENDITURES					
Direct Costs:					
Salaries	10,571		128,849	27,231	12,582
Benefits	4,711		48,856	12,677	5,757
Annual leave	859		7,287	1,380	606
Travel & Training	1,308		4,959	1,285	200
Other Costs	34,283	74,873	8,238	2,634	1,206
Contractual Services	4,000				
Program Services					
Total Direct Costs:	55,732	74,873	198,189	45,207	20,351
Indirect Costs	4,841		56,286	12,640	5,808
TOTAL EXPENDITURES	\$ 60,573	\$ 74,873	\$ 254,475	\$ 57,847	\$ 26,159
OTHER FINANCING SOURCES (USES)					
Transfer in			200	8,696	6,159
Transfer out	(36,160)			(1,159)	
TOTAL OTHER FINANCING SOURCES	(36,160)		200	7,537	6,159
NET CHANGE IN FUND BALANCE	\$ 50,947	\$ (73,967)	\$ 0	\$ 27,944	\$ 0

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF GRANT ACTIVITY
Other Information
For The Year Ended June 30, 2021
(Continued)

Revolving Loan Fund	Revolving Loan Fund Cares	Aging General Funds	Title III B Admin	Title III B Supportive Services	Title III B Cares	Title III B Cares Service
\$	\$ 259,706	\$	\$ 61,763 21,845	\$ 217,686 59,550 17,515	\$ 17,997	\$ 179,147
9,461	1,452	45,470		275 19,360		
<u>\$ 9,461</u>	<u>\$ 261,158</u>	<u>\$ 45,470</u>	<u>\$ 83,608</u>	<u>\$ 314,386</u>	<u>\$ 17,997</u>	<u>\$ 179,147</u>
2,447	4,657		39,383	82,730	11,194	
963	1,914		20,985	48,032	5,722	
170	267		4,133	4,171	1,559	
	17		1,185	117	72	
7,599	10,817		2,285	14,653	1	10,773
				123,266		168,374
11,179	17,672		67,971	272,969	18,548	179,147
1,080	2,082		19,121	41,417	5,465	
<u>\$ 12,259</u>	<u>\$ 19,754</u>	<u>\$</u>	<u>\$ 87,092</u>	<u>\$ 314,386</u>	<u>\$ 24,013</u>	<u>\$ 179,147</u>
			3,484		6,016	
		(42,140)				
		(42,140)	3,484		6,016	
<u>\$ (2,798)</u>	<u>\$ 241,404</u>	<u>\$ 3,330</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF GRANT ACTIVITY
Other Information
For The Year Ended June 30, 2021
(Continued)**

Title IIC2		Title IIC2		Title IIC2		IIE	
Covid		Cares Home	Cares-II	Home	IIID Health		Caregiver
Home	Title IIC2	Delivered	Delivered	Delivered	Promotion	IIIE Admin	Support
Delivered	Cares admin	Meals	Meals	Meals			
Meals							
\$ 28,416	\$ 29,758	\$ 429,953	\$ 149,504	\$ 10,768	\$ 15,091	\$ 5,031	\$ 87,342
							7,000
							23,427
<hr/>							
\$ 28,416	\$ 29,758	\$ 429,953	\$ 149,504	\$ 10,768	\$ 20,122	\$	\$ 117,769
<hr/>							
	21,468				11,314		29,311
	7,710				3,265		8,440
	1,006				759		2,181
	41						376
	209				188		1,716
28,416		429,953	149,504	10,768			77,283
28,416	30,434	429,953	149,504	10,768	15,526		119,307
	9,242				4,617		11,957
<hr/>							
\$ 28,416	\$ 39,676	\$ 429,953	\$ 149,504	\$ 10,768	\$ 20,143	\$	\$ 131,264
<hr/>							
	9,918				21		13,495
<hr/>							
	9,918				21		13,495
<hr/>							
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<hr/>							

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF GRANT ACTIVITY
Other Information
For The Year Ended June 30, 2021
(Continued)

State Long							
Term Care		ADRC	SHIP	SHIP	SHIP	MIPPA	
Ombudsman	ADRC	Cares	Admin	Services	Training	SHIP July-	Sep
					Funds		
\$ -	\$ 23,760	\$ 40,480	\$ 1,316	\$ 25,006	\$ 500	\$ 1,140	
34,264	51,248						
4,875				2,940			
<hr/>							
\$ 39,139	\$ 75,008	\$ 40,480	\$ 1,316	\$ 27,946	\$ 500	\$ 1,140	
<hr/>							
	33,175	20,230	651	1,779	258		
	15,584	9,605	289	892	109		
	1,878	1,192	88	110	26		
	114	4					
	8,807		3	84			
	6						
39,139				24,240		1,140	
39,139	59,564	31,031	1,031	27,105	393	1,140	
	15,444	9,450	291	846	116		
<hr/>							
\$ 39,139	\$ 75,008	\$ 40,481	\$ 1,322	\$ 27,951	\$ 509	\$ 1,140	
<hr/>							
		1	6	5	9		
<hr/>							
		1	6	5	9		
<hr/>							
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<hr/>							

**BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF GRANT ACTIVITY
Other Information
For The Year Ended June 30, 2021
(Continued)**

Homecare Services	PCAP Admin	PCAP Subsidy	PCAP Coordination	PCAP Evaluation	PCHP	HRSA
\$ 947,019	\$ 9,959	\$ 139,159	\$ 10,515	\$ 805		\$
41,821					9,596	
11,185						
19,081						
\$ 1,019,106	\$ 9,959	\$ 139,159	\$ 10,515	\$ 805	\$ 9,596	\$
116,577	5,099		5,392	465	3,118	82
65,849	1,995		1,490	128	1,564	42
5,312	437		276	24	302	12
173						
14,785	205		1,178			
758,632		139,762				
961,328	7,736	139,762	8,336	617	4,984	136
57,781	2,247		2,180	188	1,483	39
\$ 1,019,109	\$ 9,983	\$ 139,762	\$ 10,516	\$ 805	\$ 6,467	\$ 175
3	24	603	1			
3	24	603	1			
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,129	\$ (175)

BARREN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF GRANT ACTIVITY
Other Information
For The Year Ended June 30, 2021
(Continued)

NSIP Jul- Sep	NSIP Oct- Jun	PDS - Support Broker	PDS - Goods & Services	Veterans Directed Service	Total
\$ 20,063	\$ 59,982	\$ 5,969,265	\$ 62,456	\$	\$ 2,733,036
				83,902	7,753,928
					481,810
					21,798
		4,063		75	31,261
					179,735
<u>\$ 20,063</u>	<u>\$ 59,982</u>	<u>\$ 5,973,328</u>	<u>\$ 62,456</u>	<u>\$ 83,977</u>	<u>\$ 11,201,568</u>
		529,032		4,717	1,364,366
		246,960		2,209	637,974
		31,481		515	83,964
		896			16,072
		42,282		172	296,140
		620			4,626
20,063	59,982	4,751,663	62,456	68,920	7,784,789
20,063	59,982	5,602,934	62,456	76,533	10,187,931
		245,785		2,194	634,615
<u>\$ 20,063</u>	<u>\$ 59,982</u>	<u>\$ 5,848,719</u>	<u>\$ 62,456</u>	<u>\$ 78,727</u>	<u>\$ 10,822,546</u>
					80,194
		(735)			(80,194)
		(735)			
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 123,874</u>	<u>\$ 0</u>	<u>\$ 5,250</u>	<u>\$ 379,022</u>

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
JFA AND NON-JFA INDIRECT COST DISTRIBUTION
Other Information**

For The Year Ended June 30, 2021

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
JFA AND NON-JFA INDIRECT COST DISTRIBUTION
Other Information
For The Year Ended June 30, 2021**

Year Ended June 30, 2021	Direct Salary Plus Burden	Percent of Total	Shared Cost Distribution	Percentage of Total
JFA:				
Community and economic development (120)	\$ 59,370	2.97%	\$ 18,805	2.96%
Community development block grant (125)	32,312	1.61%	10,235	1.61%
ARC planning and assistance (130)	61,265	3.06%	19,405	3.06%
Management assistance (140)	18,760	0.94%	5,941	0.94%
Program administration (150)	5,998	0.30%	1,900	0.30%
Total JFA	177,705	8.87%	56,286	8.87%
Non-JFA:	\$ 1,824,635	91.13%	\$ 578,329	91.13%
Total JFA and Non-JFA	\$ 2,002,340	100.00%	\$ 634,615	100.00%

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Fiscal Year Ended June 30, 2021

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Number/ Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Health and Human Services</u>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services</i>				
Aging Cluster:				
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	PON 2 725 2000002717	\$ 47,460	\$ 303,033
COVID-19 Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	PON 2 725 2000002717	80,533	197,144
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	PON 2 725 2000002717	104,977	449,665
COVID-19 Special Programs for the Aging Title III, Part C Nutrition Services	93.045	PON 2 725 2000002717	19,935	34,156
COVID-19 Special Programs for the Aging Title III, Part C Nutrition Services	93.045	PON 2 725 2000002717	87,941	459,711
COVID-19 Special Programs for the Aging Title III, Part C Nutrition Services	93.045	PON 2 725 2000002717	30,218	149,504
Nutrition Services Incentive Program	93.053	PON 2 725 1900000884		20,063
Nutrition Services Incentive Program	93.053	PON 2 725 2100000262		59,982
Total Aging Cluster			<u>371,064</u>	<u>1,673,258</u>
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	PON 2 725 2100002714	4,878	4,878
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	PON 2 725 2100002714	9,378	9,378
COVID-19 Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	PON 2 725 2100002714	19,741	19,741
Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services	93.043	PON 2 725 2000002717	10,768	10,768
National Family Caregiver Support, Title III, Part E	93.052	PON 2 725 2000002717		102,433
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	PON 2 725 2000002717		77,372
State Health Insurance Assistance Program	93.324	PON 2 725 2000003467	21,300	26,822

The accompanying notes are an integral part of this schedule.

**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2021
(Continued)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Number/ Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Health and Human Services (Continued)</u>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services (Continued)</i>				
Medicaid Cluster:				
Medicaid Cluster - Medical Assistance Program	93.778	PON 2 725 2000004400	\$	\$ 23,760
COVID-19 Medicaid Cluster - Medical Assistance Program	93.778	PON 2 725 2000004400		40,480
Total Medicaid Cluster				64,240
Public Health Emergency Preparedness	93.069	PON 2 725 1900002444		1,000
Medicare Enrollment Assistance Program	93.071	PON 2 725 2000000094	1,140	9,710
Medicare Enrollment Assistance Program	93.071	PON 2 725 2100000242	2,740	10,717
Total U.S. Department of Health and Human Service			441,009	2,010,317
<u>U. S. Department of Commerce</u>				
Economic Development Cluster:				
<i>Direct Programs</i>				
Economic Adjustment Assistance	¹ 11.307	04-39-03813.01		308,001
Economic Adjustment Assistance	11.307	04-79-07458		88,577
COVID-19 Economic Adjustment Assistance	² 11.307	04-79-07505		261,251
<i>Passed-Through Kentucky Department for Local Government</i>				
COVID-19 Economic Adjustment Assistance	11.307	PON 2 112 2100000391		121,050
Total Economic Development Cluster				778,879
<i>Passed-Through Kentucky Department for Local Government</i>				
Economic Development Support for Planning Organizations	11.302	PON 2 112 2000003732		66,667
Total U.S. Department of Commerce				845,546
<u>Appalachian Regional Commission</u>				
<i>Direct Program</i>				
Appalachian Local Development District Assistance	23.009	KY-702-J-C44-21		40,867
Total Appalachian Regional Commission				40,867

The accompanying notes are an integral part of this schedule.

BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2021
(Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Number/ Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grant/ State's Program and Non-Entitlement Grants in Hawaii	14.228	PON 2 112 2000003732	\$	\$ 25,285
Total U.S. Department of Housing and Urban Development				<u>25,285</u>
<u>U. S. Department of Transportation</u>				
<i>Passed-Through Kentucky Transportation Cabinet:</i>				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	P030217441		3,000
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	P030120441		<u>17,000</u>
Total U.S. Department of Transportation				<u>20,000</u>
<u>U.S. Department of Treasury</u>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services</i>				
COVID-19 Coronavirus Relief Funds	21.019	PON 2 725 2000002717	29,297	100,567
Total U.S. Department of Treasury			<u>29,297</u>	<u>100,567</u>
Total Expenditures of Federal Awards			<u>\$ 470,306</u>	<u>\$ 3,042,582</u>

The accompanying notes are an integral part of this schedule.

BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2021
(Continued)

¹ Schedule of Expenditures of Federal Awards Calculation for Economic Adjustment Assistance Fund (RLF) Grant		
Balance of RLF loans outstanding at June 30, 2021	\$	345,832
Cash and investment balance in RLF at June 30, 2021		60,136
Administrative expenses paid out of RLF in year ended June 30, 2021		<u>4,700</u>
		410,668
Federal share of RLF	X	<u>75%</u>
Total Economic Adjustment Assistance Fund (RLF) Grant	\$	<u><u>308,001</u></u>
 ² Schedule of Expenditures of Federal Awards Calculation for Economic Adjustment Assistance Fund (RLF CARES) Grant		
Balance of RLF loans outstanding at June 30, 2021	\$	200,971
Cash and investment balance in RLF at June 30, 2021		50,574
Administrative expenses paid out of RLF in year ended June 30, 2021		<u>9,706</u>
		261,251
Federal share of RLF	X	<u>100%</u>
Total Economic Adjustment Assistance Fund (RLF CARES) Grant	\$	<u><u>261,251</u></u>

The accompanying notes are an integral part of this schedule.

**BARREN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Barren River Area Development District (BRADD) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of BRADD, it is not intended to and does not present the financial position, changes in net position or cash flows of BRADD.

Note 2. Summary of Significant Accounting Policies

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

Nonmonetary assistance is reported in the schedule at fair value of goods received. BRADD did not receive any nonmonetary assistance for the year ended June 30, 2021.

Note 3. Indirect Cost Rate

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

Note 4. Loan Balances

The balance of loans outstanding at June 30, 2021 was \$345,832 and \$200,971, CFDA No. 11.307, Revolving loan fund and Revolving loan fund CARES, respectively.

Note 5. Contingencies

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

Note 6. Subrecipients

BRADD did provide federal funds to subrecipients for the fiscal year June 30, 2021 as noted in the accompanying Schedule of Expenditures of Federal Awards.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

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

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the fiduciary type activities, and each major fund of the Barren River Area Development District (BRADD) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise BRADD's financial statements, and have issued our report thereon dated December 6, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 to be a material weakness.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether BRADD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

Management's Views and Planned Corrective Action

BRADD's views and planned corrective action for the finding identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. BRADD's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

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.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

December 6, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Barren River Area Development District's (BRADD) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the BRADD's major federal programs for the year ended June 30, 2021. The BRADD's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of BRADD'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 (CFR) 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 BRADD'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 on BRADD's compliance.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Opinion on Each Major Federal Program

In our opinion, BRADD 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, 2021.

Report on Internal Control over Compliance

Management of BRADD 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 BRADD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit 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 BRADD'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 in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

December 6, 2021

**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2021

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**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified on GAAP Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: <i>Unmodified</i>		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021
(Continued)**

Section II: Financial Statement Findings

2021-001 The Barren River Area Development District Failed To Implement Adequate Internal Controls Over Financial Statement Preparation And Presentation

The Barren River Area Development District (BRADD) failed to implement adequate internal controls over the preparation of financial statements. As a result, the following material errors were noted:

- BRADD’s required budgetary comparison financial information did not include actual budget amounts. The prior year actual expenditures were brought forward and erroneously presented as BRADD’s original and final budget amounts on budgetary comparison schedules.
- The governmental fund balance sheet for fiscal year 2021 erroneously included \$311,444 of special revenue fund inter-account activity.
- Cash of \$115,612 was erroneously classified as restricted on the Government-Wide Statement of Net Position and the General Fund Balance Sheet.
- Fiduciary type activity totaling \$74,886 was incorrectly presented as part of BRADD’s general fund balance and accounts payable as of June 30, 2021.

BRADD’s system of internal controls failed to ensure that financial statements are prepared and presented in accordance with *Governmental Accounting and Financial Reporting Standards* and failed to identify and correct these material misstatements.

Providing incorrect financial information to stakeholders such as grantors and other users could cause them to make incorrect financial evaluations of the financial position of BRADD. The errors above reflect incorrect amounts of funds available to BRADD for spending as well as causing BRADD’s financial statement presentation to not conform to *Governmental Accounting and Financial Reporting Standards*.

Good internal controls require adequate review of financial statements in order to detect and correct any misstatements or errors. Good internal controls also dictate that those charged with governance properly monitor the budget and document this oversight function.

Additionally *Governmental Accounting and Financial Reporting Standards* require specific elements of financial statement presentation. The following *Governmental Accounting and Financial Reporting Standards* prescribe the required preparation and presentation of BRADD’s financial statements:

1. GASB 63 paragraph 12. states, “Deferred outflows of resources and deferred inflows of resources that are required to be reported in a governmental fund balance sheet should be presented in a format that displays assets plus deferred outflows of resources, equals liabilities plus deferred inflows of resources, plus fund balance.” Since the additional due to and due from amounts were not related to activity between the governmental funds, it should have been eliminated.
2. GASB 54 paragraph 8. states, “fund balance should be reported as restricted when constraints placed on the use of resources are either:
 - a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - b. Imposed by law through constitutional provisions or enabling legislation.”

**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021
(Continued)**

Section II: Financial Statement Findings (Continued)

2021-001 The Barren River Area Development District Failed To Implement Adequate Internal Controls Over Financial Statement Preparation And Presentation (Continued)

3. GASB 84 paragraph 11c.(3) addresses fiduciary activities and states activity is fiduciary in nature if the following criteria is met: “[t]he assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government’s provision of goods or services to those organizations or other governments.”

We make the following recommendations to BRADD to prevent and correct the issues noted above.

- BRADD should establish sufficient controls to properly monitor the budget, which includes seeking approval for mid-year budget amendments as circumstances warrant and maintaining documentation of approval of budget increases or decreases. This documentation should include the official approval of budget increases in order for those charged with governance to know changes in the budget and related programs. Required budgetary comparison information governed by *Governmental Accounting and Financial Reporting Standards* should reflect actual budgetary amounts approved by the BRADD board of directors.
- BRADD should properly eliminate any activity that occurs between accounts within the same fund so as not to overstate assets and liabilities.
- BRADD should properly designate fund balances so that the governing board is aware of cash balances that are available to spend.
- BRADD should properly disclose funds included in the financial statements that are being held for another entity.

Management’s Response and Planned Corrective Action:

- *Actuals vary at the time of the Original Budget due to the nature of contracting; therefore adjustments are presented quarterly and updates to contract funding reported monthly. BRADD routinely, at least quarterly, discusses budget amendments with the Executive Council throughout the fiscal year. The original budgeted amounts presented prior to the start of the fiscal year will be reported as the Original Budget. The final fourth quarter budgeted amount presented after the close of the fiscal year will be reported as the Final Budget.*
- *Due to and due from amounts within the special revenue funds will be eliminated.*
- *BRADD’s Fund Balance is classified properly on the financial statements. Upon dissolution of Barren River Development Council (BRDC), funds were contributed to BRADD with the intent those funds be used only for the maintenance of the building. BRDC minutes clearly reflect the intent of the funds as restricted. GASB standards allow classification of restricted funds (externally enforceable limitation on use) permissible by definition; the BRDC is a contributor whose constraints placed on the use of resources were externally imposed. BRADD management has shown those as restricted funds based upon the constraints set forth by BRDC.*
- *Funds being held for other entities will be shown as Fiduciary Funds.*

Auditor’s Reply: In order for funds to meet the definition of restricted according to GASB 54, the constraints must have been externally imposed by the contributor. While there is indication that BRDC intended for the funds to be restricted, BRDC did not include the restriction in their distribution instructions when funds were passed to BRADD. Therefore the fund balance restriction does not meet criteria imposed by GASB 54.

**BARREN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021
(Continued)**

Section III: Federal Award Findings And Questioned Costs

None noted.

Section IV: Summary Schedule of Prior Audit Findings

None noted.