

**REPORT OF THE AUDIT OF THE
GREEN 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
Green River Area Development District
Owensboro, 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, and each major fund of the Green River Area Development District (GRADD), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise GRADD'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
Green 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, and each major fund of GRADD 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 7, budgetary comparison information on page 45, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 49 and 50, Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions on pages 51 and 52 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 GRADD's basic financial statements. The Schedule of Shared Costs and the Combining Schedule of Operations by Program and Supporting Services is 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 Schedule of Shared Costs and the Combining Schedule of Operations by Program and Supporting Services 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. In our opinion, the Schedule of Shared Costs, the Combining Schedule of Operations by Program and Supporting Services 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.

To the Board of Directors
Green River Area Development District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of GRADD'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 GRADD'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 GRADD'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 comments:

- 2021-001 The Schedule Of Expenditures of Federal Awards Was Materially Overstated
- 2021-002 The Green River Area Development District's Revolving Loan Fund Financial Report Was Inaccurate

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

December 1, 2021

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

This section of Green River Area Development District's (GRADD) report presents our discussion and analysis of GRADD's financial performance during the fiscal year that ended June 30, 2021. Please read it in conjunction with GRADD's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The beginning net position for GRADD was \$1,197,906. The ending net position for GRADD was \$2,566,702. GRADD's total net position increased by 14% from this period last year.
- During the year, GRADD's local expenses were \$46,188 more than the grant revenue received in the current fiscal year. This is lower than last year when expenses exceeded grant revenues by \$89,590.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—(A) management's discussion and analysis (this section), (B) the basic financial statements, (C) required supplementary information, and (D) an optional section that presents a combining statement of operations by program and supporting services. The basic financial statements include two kinds of statements that present different views of GRADD:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about GRADD's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of GRADD, reporting GRADD's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

The government-wide statements report information about GRADD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received and paid.

The two government-wide statements report GRADD's net position and how they have changed. Net position—the difference between GRADD's assets and liabilities—is one way to measure GRADD's financial health.

Fund Financial Statements

The fund financial statements provide more detailed information about GRADD's most significant funds—not GRADD as a whole. Funds are accounting devices that GRADD uses to keep track of specific sources of funding and spending for particular purposes.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

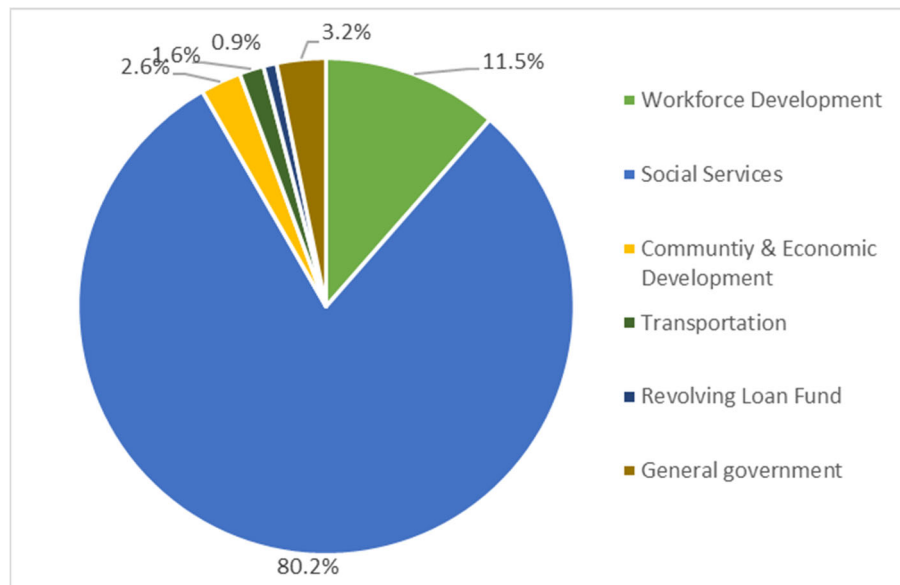
Fund Financial Statements (Continued)

GRADD has three kinds of funds:

- General fund—This fund focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the general fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance GRADD's programs.
- Special Revenue fund—Includes all grant programs and services operated by GRADD that are restricted for a specific purpose.
- Proprietary fund—Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing the goods and services to the general public thru user charges.

FINANCIAL ANALYSIS OF GRADD AS A WHOLE

GRADD's total revenues increased by 19% to \$19.7 million. Virtually 95% percent of GRADD's revenue comes from federal and state grant sources. The other 5% percent comes from various local government sources. GRADD's expenses cover a wide range of services. The following pie chart outlines the percentages expended by activity, with 92% related to job training and social services activities.



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

FINANCIAL ANALYSIS OF GRADD AS A WHOLE (Continued)

	<u>2021</u>	<u>2020</u>
Asset and Deferred Outflows of Resources		
Current and other assets	\$ 11,430,275	\$ 9,482,879
Capital assets	1,188,864	1,201,834
Pension deferred outflows	<u>2,240,225</u>	<u>1,929,728</u>
Total assets and deferred outflows of resources	14,859,364	12,614,441
Liabilities and Deferred Inflows of Resources		
Long-term liabilities	9,699,922	8,490,229
Other liabilities	1,798,351	1,651,664
Pension deferred inflows	<u>794,389</u>	<u>1,274,642</u>
Total liabilities and deferred inflows of resources	12,292,662	11,416,535
Net Position		
Invested in capital assets, net of debt	651,780	616,034
Restricted	5,947,917	4,172,090
Unrestricted	<u>(4,032,995)</u>	<u>(3,590,218)</u>
Total net position	<u>\$ 2,566,702</u>	<u>\$ 1,197,906</u>

The government's net position increased by \$1,368,796 during the current fiscal year mainly due to the GASB 68 and 75 required pension and OPEB adjustments and the Coronavirus Aid, Relief and Economic Security (CARES) Act.

FINANCIAL ANALYSIS OF GRADD'S FUNDS

Total Assets	\$ 14,859,364
Total Liabilities	\$ 12,292,662
Fund Balance	\$ 2,566,702

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During 2021, GRADD invested \$120,574 in capital assets, including, computers and vehicles. Overall, net capital assets decreased (including additions and deductions) \$12,465 from last year. More detailed information about GRADD's capital assets is presented in Note 6 to the financial statements.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

At year-end GRADD had \$537,084 in outstanding debt—a decrease of 8% over last year. More detailed information about GRADD's long-term liabilities is presented in Note 8 to the financial statements.

NEXT YEAR'S BUDGET

GRADD's original FY 2022 budget was based on actual information received from the state and local government contracts as of June 2021. This budget will be revised quarterly to reflect actual carryover balances and appropriations received from the state since this date.

REQUESTED FROM ADDITIONAL INFORMATION

This report is intended to provide readers with a general overview of GRADD's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in the report or need additional information, please contact Green River Area Development District, Attention: Finance Department, 300 GRADD Way, Owensboro, KY 42301.

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

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

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,640,436	\$ 2,507,063	\$ 7,147,499
Grants Receivable	1,745,968	26,198	1,772,166
Other Receivables	474		474
Due (To) From Other Funds	23,600	(23,600)	
Prepays	3,605		3,605
Loans Receivable		2,506,531	2,506,531
Capital Assets, Being Depreciated, Net	1,186,844	2,020	1,188,864
Total Assets	7,600,927	5,018,212	12,619,139
Deferred Outflows Related to Pensions	1,218,689		1,218,689
Deferred Outflows Related to OPEB	1,021,536		1,021,536
Total Deferred Outflows	2,240,225		2,240,225
Total Assets and Deferred Outflows	9,841,152	5,018,212	14,859,364
LIABILITIES			
Accounts Payable - Trade and Contracts	723,941	1,496	725,437
Accrued Liabilities	414,145		414,145
Compensated Absences	169,657		169,657
Unearned Revenue	479,844	836	480,680
Accrued Interest Payable	7,563	869	8,432
Net Pension Liability	6,900,471		6,900,471
Net OPEB Liability	2,171,826		2,171,826
Notes Payable- Long-Term	537,084	90,541	627,625
Total Liabilities	11,404,531	93,742	11,498,273
Deferred Inflows Related to Pensions	262,023		262,023
Deferred Inflows Related to OPEB	532,366		532,366
Total Deferred Inflows	794,389		794,389
NET POSITION			
Net Investment in Capital Assets	649,760	2,020	651,780
Restricted	1,025,467	4,922,450	5,947,917
Unrestricted	(4,032,995)		(4,032,995)
Total Net Position	\$ (2,357,768)	\$ 4,924,470	\$ 2,566,702

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

GREEN 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
Primary Government:			
Governmental Activities:			
General Government	\$ 553,346	\$	\$ 10,072
Community and Economic Development	500,615		505,108
Social Services	15,161,693	157,593	15,197,607
Workforce Development	2,163,346		2,165,820
Transportation	301,273		288,354
Total Governmental Activities	<u>18,680,273</u>	<u>157,593</u>	<u>18,166,961</u>
Business-type Activities:			
EDA Revolving Loan Fund	159,283		1,576,496
USDA Intermediary Relending Program	1,006		
Total Business-type Activities	<u>160,289</u>		<u>1,576,496</u>
Total Primary Government	<u>\$ 18,840,562</u>	<u>\$ 157,593</u>	<u>\$ 19,743,457</u>

General Revenues:

Member Dues

Interest

Loss on Disposal of Fixed Assets

Other

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

GREEN 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
\$ (543,274)	\$	\$ (543,274)
4,493		4,493
193,507		193,507
2,474		2,474
(12,919)		(12,919)
<u>(355,719)</u>		<u>(355,719)</u>
	1,417,213	1,417,213
	(1,006)	(1,006)
	<u>1,416,207</u>	<u>1,416,207</u>
<u>(355,719)</u>	<u>1,416,207</u>	<u>1,060,488</u>
202,876		202,876
20,809	84,994	105,803
(521)		(521)
	150	150
<u>223,164</u>	<u>85,144</u>	<u>308,308</u>
(132,555)	1,501,351	1,368,796
<u>(2,225,213)</u>	<u>3,423,119</u>	<u>1,197,906</u>
<u>\$ (2,357,768)</u>	<u>\$ 4,924,470</u>	<u>\$ 2,566,702</u>

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

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

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 4,268,495	\$ 371,941	\$ 4,640,436
Grants Receivable		1,745,968	1,745,968
Other Receivable	474		474
Due (To) From Other Funds	(389,771)	413,371	23,600
Prepays	1,985	1,620	3,605
Total Assets	<u>3,881,183</u>	<u>2,532,900</u>	<u>6,414,083</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable - Trade and Contracts	34,236	689,705	723,941
Accrued Liabilities	738	413,407	414,145
Unearned Revenue	22,222	457,622	479,844
Accrued Interest Payable	7,563		7,563
Total Liabilities	<u>64,759</u>	<u>1,560,734</u>	<u>1,625,493</u>
FUND BALANCES			
Restricted		970,546	970,546
Assigned	409,908		409,908
Nonspendable	1,985	1,620	3,605
Unassigned	<u>3,404,531</u>		<u>3,404,531</u>
Total Fund Balances	<u>3,816,424</u>	<u>972,166</u>	<u>4,788,590</u>
Total Liabilities and Fund Balances	<u>\$ 3,881,183</u>	<u>\$ 2,532,900</u>	<u>\$ 6,414,083</u>

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

**GREEN 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	\$ 4,788,590
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.	3,232,619
Accumulated Depreciation	(2,045,775)
Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources Are Not Due And Payable In The Current Year And, Therefore Are Not Reported In The Governmental Funds As Follows:	
Deferred Outflows of Resources	1,218,689
Deferred Inflows of Resources	(262,023)
Other Post Employment Benefits Related Deferred Outflows of Resources And Deferred Inflows of Resources Are Not Due And Payable In The Current Year And, Therefore Are Not Reported In The Governmental Funds As Follows:	
Deferred Outflows of Resources	1,021,536
Deferred Inflows of Resources	(532,366)
Long-term Liabilities Are Not Due And Payable In The Current Period And, Therefore, Is Not Reported As Liabilities In Government Funds.	
Long-term Debt	(537,084)
Compensated Absences	(169,657)
Net Other Post Employment Benefit Liability	(2,171,826)
Net Pension Liability	<u>(6,900,471)</u>
Net Position Of Governmental Activities	<u>\$ (2,357,768)</u>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Federal	\$	\$ 5,343,289	\$ 5,343,289
State		12,189,260	12,189,260
Goods and Service Revenue		69,315	69,315
Local	10,072	483,558	493,630
In-Kind Match		71,467	71,467
Program Income		157,593	157,593
Member Dues	202,876		202,876
Interest	20,104	705	20,809
Total Revenues	<u>233,052</u>	<u>18,315,187</u>	<u>18,548,239</u>
EXPENDITURES			
General Government	12,368		12,368
Community and Economic Development		500,615	500,615
Social Services		15,080,835	15,080,835
Workforce Development		2,163,346	2,163,346
Transportation		297,214	297,214
Capital Outlay	54,421	63,628	118,049
Debt Service:			
Principal	48,716		48,716
Interest	15,600		15,600
Total Expenditures	<u>131,105</u>	<u>18,105,638</u>	<u>18,236,743</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>101,947</u>	<u>209,549</u>	<u>311,496</u>
Other Financing Sources (Uses)			
Operating Transfers In		13,646	13,646
Operating Transfers Out	(13,646)		(13,646)
Total Other Financing Sources (Uses)	<u>(13,646)</u>	<u>13,646</u>	
Net Change in Fund Balances	88,301	223,195	311,496
Fund Balances - Beginning	3,728,123	748,971	4,477,094
Fund Balances - Ending	<u>\$ 3,816,424</u>	<u>\$ 972,166</u>	<u>\$ 4,788,590</u>

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

**GREEN 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 \$ 311,496

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	118,049
Depreciation Expense	(132,518)

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities the disposal of those assets results in.

Loss on Disposal of Capital Assets	(521)
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The issuance of long-term debt provides current financial resources to Governmental Funds, while payment of principal of the principal and interest consumes current financial resources of Governmental Funds. This amounts if the net effect of these differences in the treatment of long-term debt and related items.

48,716

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.

Compensated Absences	(3,612)
Pension and OPEB Expense	(474,165)

Change in Net Position of Governmental Activities	\$ (132,555)
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GREEN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities - Enterprise Funds		
	USDA	EDA	Totals
	Intermediary Relending Program	Revolving Loan Fund	
Assets			
Cash and Cash Equivalents	\$ 30,912	\$ 2,476,151	\$ 2,507,063
Grants Receivable		26,198	26,198
Due (To) From Other Funds	(41,006)	17,406	(23,600)
Loans Receivable, Net	116,548	2,389,983	2,506,531
Capital Assets, Being Depreciated, Net		2,020	2,020
Total Assets	106,454	4,911,758	5,018,212
Liabilities			
Accounts Payable - Trade and Contracts		1,496	1,496
Deferred Revenue		836	836
Accrued Interest Payable	869		869
Notes Payable - Long-term	90,541		90,541
Total Liabilities	91,410	2,332	93,742
Net Position			
Net Investment in Capital Assets		2,020	2,020
Restricted	15,044	4,907,406	4,922,450
Total Net Position	15,044	4,909,426	4,924,470
Total Liabilities and Net Position	\$ 106,454	\$ 4,909,738	\$ 5,016,192

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

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

	Business-Type Activities -		
	Enterprise Funds		
	USDA Intermediary Relending Program	EDA Revolving Loan Fund	Totals
Revenues			
Federal	\$	\$ 1,576,496	\$ 1,576,496
Interest	3,231	81,763	84,994
Other		150	150
Total Revenues	3,231	1,658,409	1,661,640
Expenses			
Administrative Services	34	159,283	159,317
Total Expenses	34	159,283	159,317
Operating Income (Loss)	3,197	1,499,126	1,502,323
Nonoperating Revenues (Expenses)			
Interest Expense	(972)		(972)
Total Nonoperating Revenues (Expenses)	(972)		(972)
Change In Net Position	2,225	1,499,126	1,501,351
Total Net Position - Beginning	12,819	3,410,300	3,423,119
Total Net Position - Ending	\$ 15,044	\$ 4,909,426	\$ 4,924,470

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

GREEN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds		
	USDA	EDA	Totals
	Intermediary Relending Program	Revolving Loan Fund	
Cash Flows From Operating Activities			
Cash Receipts From:			
Customers	\$	\$ 1,551,134	\$ 1,551,134
Other Receipts	3,231	81,913	85,144
Cash Paid To/For:			
Suppliers	(34)	1,404	1,370
Other Payments		(158,778)	(158,778)
Net Cash Provided (Used) By Operating Activities	3,197	1,475,673	1,478,870
Cash Flows From Noncapital Financing Activities			
Change in Due From (To) Other Funds	(2,346)	(10,365)	(12,711)
Payments on Notes Receivable	26,043	624,142	650,185
Issuance of Notes Receivable		(1,056,666)	(1,056,666)
Payments on Debt	(6,506)		(6,506)
Interest Paid on Debt	(972)		(972)
Net Cash Provided (Used) By Noncapital Financing Activities	16,219	(442,889)	(426,670)
Cash Flows From Capital And Financing Activities			
Purchases in Capital Assets		(2,525)	(2,525)
Net Cash Provided (Used) By Capital and Financing Activities		(2,525)	(2,525)
Net Increase (Decrease) in Cash and Cash Equivalents	19,416	1,030,259	1,049,675
Cash and Cash Equivalents - July 1	11,496	1,445,892	1,457,388
Cash and Cash Equivalents - June 30	\$ 30,912	\$ 2,476,151	\$ 2,507,063

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

GREEN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended June 30, 2021
(Continued)

	Business-Type Activities -		
	Enterprise Funds		
	USDA	EDA	
	Intermediary	Revolving	
	Relending Program	Loan Fund	Totals
Reconciliation of Operating Income to			
Net Cash Provided (Used) by Operating			
Activities			
Operating Income (Loss)	\$ 3,197	\$ 1,499,126	\$ 1,502,323
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense		505	505
Changes in Assets and Liabilities:			
Grants Receivable, Net		(26,198)	(26,198)
Accounts Payable		1,404	1,404
Unearned Revenue		836	836
Net Cash Provided (Used) By Operating Activities	<u>\$ 3,197</u>	<u>\$ 1,475,673</u>	<u>\$ 1,478,870</u>

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

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TO THE FINANCIAL STATEMENTS**

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

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Green River Area Development District (GRADD), is a governmental nonprofit corporation formed pursuant to Kentucky Revised Statute (KRS) 147A, and has been designated as a special purpose governmental entity under KRS 65A enacted under 2014 House Bill No. 1. GRADD's mission is to afford local governments and citizens a regional forum to identify issues and opportunities; and to provide leadership in planning and implementing programs to improve the quality of life in the District, which is comprised of the counties of Daviess, Hancock, Henderson, McLean, Ohio, Union, and Webster. At least fifty-one percent of GRADD's Board of Directors consists of elected officials of the seven counties, with no more than forty-nine percent being citizen members who are residents of the counties, appointed by the county judge/executives and mayors.

These financial statements include the financial activities of GRADD and its blended component unit in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board, as described below.

Green River Economic Development Corporation: This corporation (EDC) was formed to promote economic development; establish a framework for joint federal, state, and local efforts toward providing the basic facilities essential for the growth of the seven-county area comprising GRADD, and to administer the revolving loan funds recorded in GRADD's financial statements.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the GRADD as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements – provide information about the primary government. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government. They also distinguish between the governmental and business-type activities of the GRADD. Governmental activities generally are financed through intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of GRADD's governmental activities and segment of its business-type 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 operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of GRADD, 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 GRADD.

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

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements – Fund financial statements report detailed information about GRADD. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. GRADD has neither non-major funds nor fiduciary funds.

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

A description for each class of funds along with the associated restrictions, follow:

1. Governmental Fund Types

- i) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of GRADD.
- ii) The Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the specified project periods, as well as state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards in this report. This is a major fund of GRADD.

2. Proprietary Fund Types

- i) Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing good or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or other purposes. The USDA Intermediary Relending Program and the EDA Revolving Loan Fund are considered major enterprise funds.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are presented using the accrual basis of accounting. Government funds used the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a 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 GRADD, available means expected to be received within sixty days of the fiscal year end.

Non-Exchange Transactions, in which GRADD received 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 when the resources are required to be used for the fiscal year when use is first permitted; matching requirements, in which GRADD must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to GRADD on a reimbursement basis. On a modified accrual basis, revenue from Non-Exchange Transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been incurred and eligibility requirements are met are recorded as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, GRADD's policy is to first apply restricted resources.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

D. Budgetary Principles

A budget is prepared for each fiscal year and is approved by the Board of Directors.

E. Cash Equivalents

For purposes of financial statement presentation, GRADD considers all cash on hand, demand deposits, and certificates of deposit to be cash equivalents.

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Recognition of Revenue

Grant revenue is recognized to the extent that expenditures are incurred in the manner specified by the grants and matching requirements are met. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grant funds received before the costs have been incurred and eligibility requirements are met are recorded as deferred revenue.

G. Allowance of Loan Losses

The allowance for loan losses for the Revolving Loan Fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of individual debtor credit, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs. There is no allowance for loan loss as of June 30, 2021. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

H. Capital Assets

Capital assets are reported in the financial statements at historical cost. Capital assets are defined by GRADD as assets with an initial, individual cost of more than \$500. The cost of normal maintenance and repairs that do not add the value of the asset or materially extend assets lives are not capitalized.

Capital assets of GRADD are depreciated principally using the straight-line method over the following estimated useful lives:

Land improvements	10 years
Building and improvements	10 - 40 years
Vehicle and equipment	5 - 10 years
Equipment – grants	5 - 10 years

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

I. Cost Allocation

GRADD is required by the Department for Local Government to operate under a cost allocation plan that conforms with 2 CFR Part 225. A summary of the cost allocation is reported on page 66. In management's judgement, GRADD is in conformity with 2 CFR Part 225.

J. Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

Note 1. Summary of Significant Accounting Policies (Continued)

K. Pension

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

L. Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan, and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

M. Net Position

GRADD classifies net position in the financial statements as follows:

- Net investment in capital assets includes 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.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. GRADD typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

N. Fund Balance Classification

GRADD reports fund balances in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. GRADD has non-spendable funds in the general fund and special revenue fund.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The fund balance of the special revenue fund is restricted for program services.

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

Note 1. Summary of Significant Accounting Policies (Continued)

N. Fund Balance Classification (Continued)

- Committed fund balance – amounts constrained to specific purposes by GRADD itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless GRADD takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts GRADD intends to use for a specific purpose. Intent can be expressed by GRADD or by an official or body to which the Board of Directors delegates the authority. GRADD has assigned funds in the general fund.
- Unassigned fund balance – amounts that are available for any purpose. Deficit amounts are reported only in the general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balances is established by the Board of Directors through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

GRADD would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

O. Recently Issued Accounting Standards

The following recently issued accounting standard is expected to impact the financial statements of GRADD in future periods.

GASB No. 87 Leases

In June of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 to improve accounting and financial reporting for leases by governments, by establishing standards for leases that previously were classified as operating leases. 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, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources. The Statement is effective for reporting period beginning after June 15, 2021. GRADD is currently evaluating the impact that the standard will have on its financial statements.

P. Date of Management's Review

GRADD has evaluated subsequent events through September 21, 2021, the date which the financial statements were available to be issued.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Effect of COVID-19 Pandemic

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on GRADD is likely to be determined by factors which are uncertain, unpredictable and outside of the control of GRADD. The situation surrounding COVID-19 remains fluid and, if disruptions do arise, they could materially adversely affect future revenues.

Note 2. Cash and Cash Equivalents

The Kentucky Revised Statutes authorize GRADD to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security, obligations as permitted by KRS 41.240(4) having a current quoted market value at least equal to uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, GRADD’s deposits may not be returned to it. GRADD does not have a written deposit policy for custodial credit risk. As of June 30, 2021, the reported amount of GRADD’s cash deposits was \$7,147,500 and the bank balance was \$7,469,262. Of the bank balance, \$734,365 was covered by FDIC insurance, and \$6,734,897 was covered by collateral held by a third party safekeeping bank in GRADD’s name.

Cash equivalents include certificate of deposit totaling \$725,000. The certificates bear interest at rates ranging from 0.90% to 5.00% and have maturities of nine to twenty-three months.

Note 3. Related Party Transactions

GRADD provides staff and support services for the administration of programs for the Green River Housing Corporation (GRHC) and ConnectGRADD, Inc. (CGI), but does not exercise oversight responsibility for these entities. Although various members of GRHC and CGI boards serve on GRADD’s Board of Directors, GRHC, and CGI are not a part of the GRADD financial reporting entity because they are not financially accountable to GRADD. Administration services revenue earned from these related parties for the fiscal year, all of which was receivable at June 30, 2021, and other advances, were as follows:

	<u>GRHC</u>	<u>CGI</u>	<u>Total</u>
Administration Services Revenue	\$	\$ 9,280	\$ 9,280

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

Note 4. Disaggregation of Accounts Payable

Accounts for GRADD are accounts owed by GRADD as of June 30, 2021. Those liabilities that must be paid within one year are considered current. Amounts due after one year are deemed noncurrent accounts payable.

	Governmental Activities	Business- Type Activities	Total
General Government	\$ 34,236	\$	\$ 34,236
Community and Economic Development	75		75
Social Services	533,000		533,000
Workforce Development	156,630		156,630
RLF - CARES		1,496	1,496
Total	<u>\$ 723,941</u>	<u>\$ 1,496</u>	<u>\$ 725,437</u>

Note 5. Transfers

The table below shows the interfund operating transfers for fiscal year 2021.

	General Fund	Total Transfers In
Special Revenue Fund	<u>\$ 13,646</u>	<u>\$ 13,646</u>
Total Transfers Out	<u>\$ 13,646</u>	<u>\$ 13,646</u>

Reason for transfers:

To move resources (local funds) from the general fund to the special revenue fund for various grant shortfalls.

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

Note 6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 83,200	\$	\$	\$ 83,200
Total Capital Assets Not Being Depreciated	<u>83,200</u>			<u>83,200</u>
Other Capital Assets				
Land Improvements	12,206	6,714		18,920
Buildings and Building Improvements	2,255,541	30,662	(5,080)	2,281,123
Vehicles and Equipment	442,755	17,045	(108,343)	351,457
Equipment - Grants	462,381	63,628	(28,090)	497,919
Total Other Capital Assets	<u>3,172,883</u>	<u>118,049</u>	<u>(141,513)</u>	<u>3,149,419</u>
Depreciation For:				
Land Improvements	(11,465)	(1,041)		(12,506)
Buildings and Building Improvements	(1,303,618)	(55,670)	5,079	(1,354,209)
Vehicles and Equipment	(349,347)	(30,397)	107,823	(271,921)
Equipment - Grants	(389,819)	(45,410)	28,090	(407,139)
Total Accumulated Depreciation	<u>(2,054,249)</u>	<u>(132,518)</u>	<u>140,992</u>	<u>(2,045,775)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,201,834</u>	<u>\$ (14,469)</u>	<u>\$ (521)</u>	<u>\$ 1,186,844</u>
<u>Business-Type Activities:</u>				
Capital Assets				
Equipment	\$	\$ 2,525	\$	\$ 2,525
Total Capital Assets at Historical Cost		<u>2,525</u>		<u>2,525</u>
Depreciation For:				
Equipment		(505)		(505)
Total Accumulated Depreciation		<u>(505)</u>		<u>(505)</u>
Business-Type Activities Capital Assets, Net	<u>\$</u>	<u>\$ 2,020</u>	<u>\$</u>	<u>\$ 2,020</u>

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

Note 7. Revolving Loan Funds

The revolving loan fund (RLF) was established with grants from the Economic Development Administration (EDA). Loan applications are reviewed by the Green River Economic Development Corporation to ensure that funds will be used for purposes acceptable to the grantor. Due to the credit risk of borrowers (primarily commercial and industrial) under this program, loans are in various stages of collection and collectability is not certain for every borrower.

The revolving loan recapitalization fund (RECAP) was established during fiscal year 2002. Funds were contributed by local lenders totaling \$75,666. In fiscal year 2009, these funds were used as match to receive an additional \$1,924,334 from EDA to recapitalize the RLF program.

In fiscal year 2015, the RLF and RECAP funds were consolidated by the Economic Development Administration. The consolidated funds are identified below as RLF.

The Intermediary Relending Program (IRP) was established during fiscal year 2004. It is a loan agreement with the U.S. Department of Agriculture (USDA), Rural Business Cooperative Service (RBS), under which GRADD may borrow up to \$500,000 to establish a relending program in accordance with the RBS work plan.

Loan applications are reviewed by the Green River Economic Development Corporation to ensure that funds will be used for purposes acceptable to the grantor.

IRP loan payable activity for the year was as follows:

Balance, June 30, 2020	\$	97,047
Repayments		<u>(6,506)</u>
Balance, June 30, 2021	\$	<u>90,541</u>

The loan is to be paid over a 30 year period with principal being deferred for the first three years. During the deferment period, interest payments were due on the unpaid principal balance at a rate of one percent. Therefore, principal and interest are being paid annually to maturity. Interest expense totaled \$972 for the year ended June 30, 2021.

The revolving loans receivable at June 30, 2021, are summarized as follows:

	<u>Revolving Loan Fund</u>	<u>Intermediary Relending Program</u>	<u>Total</u>
Loans Receivable	\$ 2,389,983	\$ 116,548	\$ 2,506,531
Allowance for Doubtful Accounts	<u> </u>	<u> </u>	<u> </u>
Net Loans Receivable	<u>\$ 2,389,983</u>	<u>\$ 116,548</u>	<u>\$ 2,506,531</u>

No loans have been extended to related parties. There were no loans approved but not yet disbursed at June 30, 2021.

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

Note 7. Revolving Loan Funds (Continued)

Income for the revolving loan funds and the composition of cash as of and for the year ended June 30, 2021, was as follows:

	Revolving Loan Fund	Intermediary Relending Program	Total
Interest Earned On:			
Outstanding Loans	\$ 69,861	\$ 3,231	\$ 73,092
Cash Accounts	11,902	852	12,754
Loan Application, Processing, and Late Fees	150	250	400
Total Income	<u>\$ 81,913</u>	<u>\$ 4,333</u>	<u>\$ 86,246</u>
Composition of Cash	<u>\$ 2,476,151</u>	<u>\$ 30,912</u>	<u>\$ 2,507,063</u>

Income on the IRP has been used to pay interest expense on the loan payable.

Note 8. Long-Term Debt

A. Other Debt

1. Daviess County Fiscal Court

In June of 2015, the Daviess County Fiscal Court (DCFC) issued bonds, the proceeds of which were used to refinance the long-term debt on GRADD's building. GRADD and DCFC then entered into a 15 year lease agreement wherein GRADD agreed to pay to DCFC, as rent for the property, amounts equal to the semi-annual debt payments of \$32,390, including interest at 2.8% through July 1, 2030. The lease is an absolute net lease under which GRADD pays, in addition to rent as stated above, any and all expenses related to the leased premises. The property shall become the property of GRADD in fee simple absolute, and DCFC's interest therein shall be conveyed to GRADD, without cost, upon GRADD's performance of all obligations under the lease.

Annual debt service requirements to maturity are as follows:

Years Ending June 30	Governmental Activities		
	Scheduled Interest	Scheduled Principal	Total
2022	\$ 14,891	\$ 50,090	\$ 64,981
2023	13,459	51,502	64,961
2024	11,987	52,954	64,941
2025	10,503	54,447	64,950
2026	8,917	55,983	64,900
Thereafter	19,215	272,108	291,323
Totals	<u>\$ 78,972</u>	<u>\$ 537,084</u>	<u>\$ 616,056</u>

Interest expense totaled \$15,600 for the year ended June 30, 2021.

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

Note 8. Long-Term Debt (Continued)

A. Other Debt (Continued)

2. Intermediary Relending Program

The Intermediary Relending Program (IRP) was established during fiscal year 2004. It is a loan agreement with the U.S. Department of Agriculture (USDA), Rural Business Cooperative Service (RBS), under which GRADD may borrow up to \$500,000 to establish a relending program in accordance with the RBS work plan.

Annual debt service requirements to maturity are as follows:

Years Ending June 30	Business-Type Activities		
	Scheduled Interest	Scheduled Principal	Total
2022	\$ 907	\$ 6,571	\$ 7,478
2023	841	6,637	7,478
2024	775	6,703	7,478
2025	710	6,768	7,478
2026	640	6,838	7,478
2027-2031	2,164	35,226	37,390
2032-2034	441	21,798	22,239
Totals	\$ 6,478	\$ 90,541	\$ 97,019

B. Aggregate Debt Schedules

The amounts of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Scheduled Interest	Scheduled Principal	Scheduled Interest	Scheduled Principal
2022	\$ 14,891	\$ 50,090	\$ 907	\$ 6,571
2023	13,459	51,502	841	6,637
2024	11,987	52,954	775	6,703
2025	10,503	54,447	710	6,768
2026	8,917	55,983	640	6,838
2027-2031	19,215	272,108	2,164	35,226
2032-2034			441	21,798
Totals	\$ 78,972	\$ 537,084	\$ 6,478	\$ 90,541

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

Note 8. Long-Term Debt (Continued)

C. Changes In Long-term Debt

Long-term debt activity for the year was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
<u>Governmental Activities:</u>					
Other Debt	\$ 585,800	\$	\$ 48,716	\$ 537,084	\$ 50,090
Governmental Activities Long-term Liabilities	<u>\$ 585,800</u>	<u>\$ 0</u>	<u>\$ 48,716</u>	<u>\$ 537,084</u>	<u>\$ 50,090</u>
<u>Business-Type Activities:</u>					
Other Debt	\$ 97,047	\$	\$ 6,506	\$ 90,541	\$ 6,571
Business-type Activities Long-term Liabilities	<u>\$ 97,047</u>	<u>\$ 0</u>	<u>\$ 6,506</u>	<u>\$ 90,541</u>	<u>\$ 6,571</u>

Note 9. Compensating Absences

It is GRADD's policy to permit employees to accumulate earned but unused vacation benefits. Upon leaving employment at GRADD, employees receive an amount equal to the value of up to maximum of 225 unused accumulated vacation hours based on current salary rates.

This compensated absences liability represents the value of unused vacation time earned by employees up to a maximum of 225 hours.

Note 10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. GRADD has two items that qualify for reporting in this category: the pension deferred outflows of \$1,218,689 and the other post-employment benefit of \$1,021,536 at June 30, 2021. The pension deferred outflows are described in Note 11 to the financial statements. The other post-employment benefit deferred outflows are described in Note 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. GRADD has two items that qualified for reporting in this category: the pension deferred inflow of \$262,023 and the other post-employment benefit deferred inflow of \$532,366 at June 30, 2021. The pension deferred inflows are described in Note 11 to the financial statements. The other post-employment benefit deferred inflows are described in Note 12.

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

Note 10. Deferred Outflows/Inflows of Resources (Continued)

GRADD reports unearned revenue on its financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are unearned by GRADD and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when GRADD has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Unearned grant revenue in the financial statements at June 30, 2021, totaled \$480,680.

Note 11. Pension Plan

A. Plan Description

GRADD contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems (KRS) that covers members employed in nonhazardous positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

B. Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its pension fund. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member’s final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service.

Plan members with a participation date prior to September 1, 2008, are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 48 months of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member’s age and year of service equal 87, or at age 65 with at least 60 months of service credit. Plan members with a participating date on or after January 1, 2014, are eligible for retirement benefits under the provisions established for a hybrid Cash Balance Plan.

C. Contributions

Per Kentucky Revised Statute 78.545(33), contribution requirements of the active employees and the participating employers are established and may be amended by the KRS Board. Plan members who began participating in CERS prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation to the pension fund. For Plan members who began participating in CERS on or after September 1, 2008, the contribution rate is 6%, of which 1% is contributed to the insurance fund. GRADD’s actuarially determined contribution rate for the year ended June 30, 2021, was 24.06% of annual creditable compensation, of which 19.30% and 4.76% was contributed to the pension and insurance funds within CERS, respectively. Contributions to the CERS pension fund by GRADD were \$450,238 for the year ended June 30, 2021.

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

Note 11. Pension Plan (Continued)

D. Pension Liabilities, Pension Expense, Deferred Outflow Of Resources, And Deferred Inflows Of Resources Related To Pensions

At June 30, 2021, GRADD reported a liability of \$6,900,471 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, 2020. GRADD's proportion of the net pension liability was based on a projection of GRADD's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2020 measurement date, GRADD's proportion was 0.0899420%, a decrease of 0.000375% from its proportion measured as of June 30, 2019, of 0.089567%.

For the year ended June 30, 2021, GRADD recognized pension expense of \$873,352. At June 30, 2021, GRADD 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	\$ 172,076	\$
Changes of assumptions	269,452	
Changes in proportion and difference between employer contributions and proportionate share of contributions	27,811	135,586
Net difference between projected and actual earnings on pension plan investments	299,112	126,437
Pension contributions made subsequent to the measurement date	<u>450,238</u>	
	<u>\$ 1,218,689</u>	<u>\$ 262,023</u>

The \$450,238 of deferred outflows of resources resulting from GRADD's pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows or resources and deferred inflows of resources will be recognized in pension expense as follows:

Years Ended June 30,		
<u> </u>		
2021	\$	181,719
2022		169,999
2023		85,360
2024		<u>69,350</u>
Total	<u>\$</u>	<u>506,428</u>

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

Note 11. Pension Plan (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	3.30% to 15.55%, varies by service
Investment Rate of Return	6.25%

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.25%, representing no change from the prior year rate of 6.25%. The discount rate does not use a municipal bond rate.

G. Projected Cash Flows

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of projection period.

H. Long-Term Rate of Return

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Note 11. Pension Plan (Continued)

I. Assumed Asset Allocation

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

Asset Class	Portfolio Target Percentage
Fixed Income	14.00 %
Public Equities	38.00 %
Private Equities	10.00 %
Specialty Credit/High Yield	15.00 %
Real Return	15.00 %
Real Estate	5.00 %
Short-Term Investments	3.00 %
	100.00 %

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

The following presents GRADD's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what GRADD'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% Lower 5.25%	Current Discount Rate 6.25%	1% Higher 7.25%
Net Pension Liability	\$ 8,509,782	\$ 6,900,471	\$ 5,567,900

K. Plan Fiduciary Net Position

Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

L. Payable to the Pension Plan

GRADD reported a payable of \$0 for the outstanding amount of contributions due to CERS for the year ended June 30, 2021.

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

Note 12. Post-Employment Health Care Benefits

A. Plan Description

GRADD contributes to the Kentucky Retirement Systems Insurance fund (Insurance Fund), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Kentucky Retirement Systems (KRS). The Insurance Fund was established to provide hospital and medical insurance for members for receiving benefits from the Kentucky Employees Retirement Systems (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS). The Insurance Fund pays a prescribed contribution for whole or partial payments of required premiums to purchase hospital and medical insurance, based on years of service, for retirees and certain eligible beneficiaries. The authority to establish and amend benefit provisions rests with the Kentucky General Assembly. KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

B. Funding Policy

Per Kentucky Revised Statute 78.545(33), contribution requirements are established and may be amended by the KRS Board. GRADD was required to contribute at actuarially determined rates of 4.76% of covered payroll for the fiscal year ended June 30, 2021. GRADD's contributions to the Insurance Fund for the year ending June 30, 2021, was \$111,043 which equaled the required contributions each year.

C. Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.25%, net of OPEB plan investment expenses, including inflation
Projected Salary Increases	3.30% to 11.55%, varies by service
Inflation Rate	2.30%
Payroll Growth	2.00%
Healthcare Cost Trend Rates	
Under 65	7.00% for FY 2020 decreasing to an ultimate rate of 4.05% for FY 2032
Ages 65 and Older	5.00% for FY 2020 decreasing to an ultimate rate of 4.05% for FY 2030
Municipal Bond Index Rate	2.45%
Discount Rate	5.34%
Single Equivalent Interest Rate	5.34%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back one year for females is used for the period after service retirement and for dependent beneficiaries.

The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The long-term expected rate of return on OPEB plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Note 12. Post-Employment Health Care Benefits (Continued)

C. Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Global Equity	37.50 %
Fixed Income	13.50 %
Real Estate	5.00 %
Private Equity	10.00 %
Real Return	15.00 %
Other Additional Categories	18.00 %
Cash (LIBOR)	1.00 %
	<u>100.00 %</u>

Discount rate - The discount rate used to measure the total OPEB liability was 5.68%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the GRADD's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what the GRADD's proportionate share of the collective 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:

	<u>1% Decrease 4.34%</u>	<u>Current Discount Rate 5.34%</u>	<u>1% Increase 6.34%</u>
GRADD's Net OPEB Liability	\$ 2,790,159	\$ 2,171,826	\$ 1,663,969

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
GRADD's Net OPEB Liability	\$ 1,869,578	\$ 2,414,696	\$ 3,076,209

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

Note 12. Post-Employment Health Care Benefits (Continued)

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

At June 30, 2021, GRADD reported a liability for its proportionate share of the net OPEB liability that is reflected as a reduction for State OPEB support provided to GRADD. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. GRADD's proportion of the collective net OPEB liability was based on a projection of GRADD's long-term share of contributions to the OPEB plan relative to the projected contributions of GRADD, actuarially determined. At June 30, 2020, GRADD's proportion was \$2,171,826 (.089942%). The State's support and total are for disclosure purposes only.

At June 30, 2021, GRADD 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
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 362,867	\$ 363,150
Changes of assumptions	377,769	2,297
Changes in proportion and difference between employer contributions and proportionate share of contributions	53	122,603
Net difference between projected and actual earnings on plan investments	116,503	44,316
OPEB contributions made subsequent to the measurement date	<u>164,344</u>	
	<u>\$ 1,021,536</u>	<u>\$ 532,366</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the GRADD's OPEB expense as follows:

Years Ended June 30,	
<u> </u>	
2021	\$ 85,508
2022	106,871
2023	66,022
2024	75,214
2025	<u>(8,789)</u>
Total	<u>\$ 324,826</u>

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

Note 13. Deferred Compensation

GRADD offers its employees participation in a deferred compensation program administrated by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. GRADD makes no contribution to these plans.

Note 14. Risk Management

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

A. Workers' Compensation and General Liability Insurance

To manage workers' compensation and general liability insurance risks, GRADD participates in the Kentucky Association of Counties All Lines Fund (KALF). KALF is a public entity risk pool currently operating as a common risk management and insurance program for the Counties of Kentucky and their sub agencies, which pay annual premiums to KALF for desired coverages. The Coverage Agreement provides that KALF will be self-sustaining through member contributions, premiums and assessments and will reinsure through commercial companies for excess claims. GRADD does not exercise any control over the activities of KALF beyond its representation as a participant in the fund, and is not aware of any additional amounts owed to KALF as of June 30, 2021, for current or prior claim years.

B. Health Insurance

Beginning January 1, 2012, GRADD established a comprehensive self-insurance plan through a third-party administrator for its employees' medical and pharmacy coverage. The plan provides for specific claims coverage up to \$45,000 per employee, and maximum aggregate claims and administrative costs up to \$1,000,000 for calendar year 2021. GRADD purchases reinsurance through the administrator for claims in excess of those limits. Premiums are established by the administrator to cover administrative costs, claims costs, and reinsurance costs. These costs are expensed each pay period as personnel costs for participating employees are incurred in accordance with the approved cost allocation plan. Settled claims have not exceeded insurance coverage, nor has there been any reduction in insurance coverage from the prior year.

Note 15. Income Tax Status

GRADD is exempt from federal and state income taxes by virtue of being a unit of local government under Regulation 103 KAR 30:225E and, accordingly, the financial statements include no provision for such taxes.

Note 16. Concentration of Risk

During the year ended June 30, 2021, GRADD received approximately 99% of its revenue from federal, state, and local grants, and the related in-kind match and program income. These funds are to be used for designated purposes only. For government agency grants, if, based upon the grantors' review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse GRADD for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of GRADD's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

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**GREEN RIVER AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND AND SPECIAL REVENUE FUND
Required Supplementary Information - Budgetary Basis**

For The Year Ended June 30, 2021

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**GREEN RIVER AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND AND SPECIAL REVENUE FUND
Required Supplementary Information - Budgetary Basis**

For The Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 12,896,484	\$ 13,315,974	\$ 18,324,556	\$ 5,008,582
Local	324,463	231,072	185,383	(45,689)
Interest			20,809	20,809
Total Revenues	<u>13,220,947</u>	<u>13,547,046</u>	<u>18,530,748</u>	<u>4,983,702</u>
EXPENDITURES				
Program Operations-				
General Government	324,463	231,072	131,105	99,967
Community and Economic Development	521,232	729,932	500,615	229,317
Social Services	11,503,635	11,716,432	15,144,465	(3,428,033)
Job Training	538,000	538,000	2,163,346	(1,625,346)
Transportation	333,617	331,610	297,214	34,396
Total Expenditures	<u>13,220,947</u>	<u>13,547,046</u>	<u>18,236,745</u>	<u>(4,689,699)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other			<u>294,003</u>	<u>294,003</u>
Net Changes in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 294,003</u>	<u>\$ 294,003</u>

**GREEN 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 Schedule - 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

Combined General fund and special revenue fund, social service line item, and job training line item, exceeded budgeted appropriations by \$3,428,033 and \$1,625,346, respectively.

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

June 30, 2021

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GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Required Supplementary Information
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.089942%	0.000896%	0.093904%	0.100809%	0.107297%	0.110956%	0.108772%
District's Proportionate Share of the Net Pension Liability	\$ 6,900,471	\$ 6,900,471	\$ 5,719,283	\$ 5,900,661	\$ 5,282,876	\$ 4,770,588	\$ 3,529,000
District's Covered-Employee Payroll	\$ 2,332,841	\$ 2,304,521	\$ 2,259,837	\$ 2,454,443	\$ 2,559,563	\$ 2,378,433	\$ 2,496,840
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	295.80%	299.43%	253.08%	240.41%	206.40%	200.58%	141.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.45%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Required Supplementary Information**

June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 450,238	\$ 444,773	\$ 366,546	\$ 337,023	\$ 342,394	\$ 317,897	\$ 303,250
Contributions in Relation to the Contractually Required Contributions	<u>(450,238)</u>	<u>(444,773)</u>	<u>(366,546)</u>	<u>(337,023)</u>	<u>(342,394)</u>	<u>(317,897)</u>	<u>(303,250)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered-Employee Payroll	\$ 2,332,841	\$ 2,304,521	\$ 2,259,837	\$ 2,454,443	\$ 2,559,563	\$ 2,378,433	\$ 2,496,840
Contributions as a Percentage of Covered Payroll	19.30%	19.30%	16.22%	13.73%	13.38%	13.37%	12.15%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT
OPEB - SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
Required Supplementary Information**

June 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GRADD's Proportion of the Collective Net OPEB Liability (Asset)	0.089942%	0.089567%	0.093904%	0.100809%
GRADD's Proportionate Share of the Collective Net OPEB Liability (Asset)	\$ 2,171,826	\$ 1,506,477	\$ 1,667,247	\$ 2,026,606
GRADD's Covered-Employee Payroll	\$ 2,304,521	\$ 2,259,837	\$ 2,454,443	\$ 2,259,563
GRADD's Proportionate Share of the Collective Net OPEB Liability (Asset) as a Percentage of Its Covered-Employee Payroll	94.2420%	66.6631%	67.9277%	89.6902%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.6704%	60.4382%	57.6218%	52.3940%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT
OPEB - SCHEDULE OF CONTRIBUTIONS
Required Supplementary Information**

June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 164,344	\$ 109,695	\$ 118,867	\$ 109,393
Contributions in Relation to the Contractually Required Contributions	<u>(164,344)</u>	<u>(109,695)</u>	<u>(118,867)</u>	<u>(109,393)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered-Employee Payroll	\$ 2,332,841	\$ 2,304,521	\$ 2,259,837	\$ 2,454,443
Contributions as a Percentage of Covered Payroll	7.05%	4.76%	5.26%	4.46%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

June 30, 2021

Change in Benefit Terms

None.

Changes of Assumptions

None.

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

For The Fiscal Year Ended June 30, 2021

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

For The Fiscal Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Provided to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U. S. Department of Commerce</u>				
<i>Direct Program</i>				
Economic Development Cluster				
Economic Adjustment Assistance Revolving Loan Fund	11.307		\$	\$ 3,665,814
COVID-19 - Coronavirus Aid, Relief, and Economic Security (CARES) Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards	11.307			1,223,150
COVID-19- Coronavirus Aid, Relief, and Economic Security (CARES) Act Partnership Planning Grant- JFA Supplemental	11.307			180,831
Economic Development Cluster Total				5,069,795
<i>Passed-Through Department for Local Government</i>				
Economic Development Support for Planning Organizations	11.302	2000003739		66,667
Total U.S. Department of Commerce			-	5,136,462
<u>Delta Regional Authority</u>				
<i>Direct Program</i>				
Delta Area Economic Development	90.201			6,218
Delta Local Development District Assistance	90.202			7,785
Total Delta Regional Authority			-	14,003
<u>U. S. Department of Agriculture</u>				
<i>Passed-Through Rural Business Cooperative Service:</i>				
Intermediary Relending Program	10.767	0570-0021		148,466
<i>Passed-Through Delta Regional Authority</i>				
Rural Business Opportunity Grant - Delta Workforce H20 Program	10.773	RW-400		45,364
Total U.S. Department of Agriculture			-	193,830

The accompanying notes are an integral part of this schedule.

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

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Provided to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Local Sources:</i>				
Community Development Block Grants - State's Program				
Daviness County Fiscal Court	14.228	19-002	\$	\$ 10,000
Henderson County Fiscal Court	14.228	19-001		7,171
<i>Passed-Through Department for Local Government</i>				
Community Development Block Grants - State's Program - JFA	14.228	2000003739		22,132
Total U.S. Department of Housing and Urban Development			-	39,303
<u>U. S. Department of Labor</u>				
<i>Passed-Through Kentucky Education and Workforce Development Cabinet</i>				
Workforce Investment and Opportunity Act:				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	27020		84,445
		27021	29,531	52,315
		27320	87,216	200,030
		27321	15,502	142,789
WIA/WIOA Youth Activities	17.259	27419		37,100
		27420		151,330
		27421	78,127	138,130
WIOA Dislocated Worker	17.278	27119		30,719
		27120	82,968	314,819
		27121		63,013
		27219	11,650	16,203
		27221	30,102	46,655
		27319	116,282	121,469
WIOA Cluster Total			451,378	1,399,017

The accompanying notes are an integral part of this schedule.

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

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Provided to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U. S. Department of Labor (Continued)</u>				
<i>Passed-Through Kentucky Education and Workforce Development Cabinet (Continued)</i>				
WIOA National Dislocated Worker Grants	17.277	25820 25821	\$ 29,324	\$ 502,538 27,378
Trade Adjustment Assistance	17.245	20518 20519		33,087 121,208
Unemployment Insurance	17.225		<u>37,229</u>	<u>37,229</u>
Total U.S. Department of Labor			<u>517,931</u>	<u>2,120,457</u>
<u>U. S. Department of Transportation</u>				
<i>Passed-Through Kentucky Transportation Cabinet</i>				
Highway Planning and Construction FHWA - Owensboro Transportation Planning	20.205	2000001391		89,101
Metropolitan Transportation Planning FTA - Owensboro Transportation Planning	20.505	P030217442		53,000
<i>Passed-Through City of Owensboro</i> Federal Transit Formula Grants	20.507	510-000		<u>8,835</u>
Total U.S. Department of Transportation			<u>-</u>	<u>150,936</u>
<u>U. S. Department of Veteran Affairs</u>				
<i>Passed-Through Pennyrile Area Development District</i>				
VHA Home Care	64.044	VA2016-01 G		<u>12,070</u>
Total U.S. Department of Veteran Affairs			<u>-</u>	<u>12,070</u>

The accompanying notes are an integral part of this schedule.

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

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Provided to Subrecipient</u>	<u>Total Federal Expenditures</u>
<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	2000002717	\$ 105,168	\$ 259,305
COVID-19 - Special Programs for the Aging Title III, Part B, Grants for S Services and Senior Centers	93.044	2000002717		78,059
Special Programs for the Aging Title III Part C, Nutrition Services	93.045	2000002717	113,065	161,879
COVID-19 - Special Programs for the Aging Title III Part C, Nutrition Se	93.045	2000002717	125,532	144,616
COVID-19 - Coronavirus Response and Relief Supplemental Appropriatic (CRRSAA) for Nutrition Services	93.045	2000002717	117,439	117,439
Nutrition Services Incentive Program	93.053	2100000262	<u>151,556</u>	<u>151,556</u>
Aging Cluster Total			<u>612,760</u>	<u>912,854</u>
Special Programs for the Aging Title VII Chapter 3 Program for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2000002714		3,481
Special Programs for the Aging Title VII Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	2000002714		6,650
COVID-19 - Special Programs for the Aging Title VII Chapter 2 Long Term Ombudsman Services for Older Individuals	93.042	2000002714		495
Special Programs for the Aging Title III Disease Prevention and Health Promotions Services	93.043	2000002717	5,127	5,127
National Family Caregiver Support, Title III, Part E	93.052	2000002717	50,886	109,256
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	2000002717	44,733	51,547
Public Health Emergency Preparedness	93.069	2000002444		1,000
Medicare Enrollment Assistance Program	93.071	2100000242		35,728
Medical Assistance Program	93.778	2000004400		33,180
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrati and Evaluations	93.779	2000003467		33,532
<i>Passed-Through Louisville/Jefferson County Metro Government</i>				
Special Programs for the Aging Title IV and Title II, Discretionary Projects	93.048	90MPPG0020		22,554

The accompanying notes are an integral part of this schedule.

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

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Provided to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U. S. Department of Health and Human Services (Continued)</u>				
<i>Passed-Through National Council on Aging</i>				
Medicare Enrollment Assistance Program	93.071		\$	\$ 63,075
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	2000002665	41,978	61,261
Community-Based Child Abuse Prevention Grants	93.590	2000002665/2000002713	71,931	138,419
<i>Passed-Through Eastern Kentucky University</i>				
Community-Based Child Abuse Prevention Grants	93.590		_____	685
Total U.S. Department of Health and Human Services			827,415	1,478,844
<u>U. S. Department of Treasury</u>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services</i>				
COVID-19 - Coronavirus Relief Fund	21.019	2000002717	872,606	872,606
Total U.S. Department of Treasury			872,606	872,606
<u>Corporation for National and Community Service</u>				
<i>Passed-Through the Kentucky Commission on Community Volunteerism and Service</i>				
Americorps - Senior Connections	94.006	2000002403	_____	351,739
Total Corporation for National and Community Service			-	351,739
Total Expenditures of Federal Awards			\$ 2,217,952	\$ 10,370,250

The accompanying notes are an integral part of this schedule.

**GREEN 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 award activity of the Green River Area Development District, 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 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 Green River Area Development District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Green River Area Development District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of the 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. 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.

Note 3. Indirect Cost Rate

GRADD has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Reconciliation of Federal Revenue

Federal Revenue per the Combining Schedule of Operations	
by Program and Supporting Services	\$ 5,343,289
Federal Revenue per Proprietary Funds	1,223,150
Revolving Loan Fund	3,665,814
Intermediary Relending Program	148,470
Unexpended Veterans Directed Care per the Combining	
Schedule of Operations by Program and Supporting Services	<u>(10,473)</u>
Total per Schedule of Expenditures of	
Federal Awards	<u>\$ 10,370,250</u>

Note 5. Revolving Loan Federal Expenditures Calculation

The following amounts were used to calculate the federal expenditures for the Economic Adjustment Loan Program:

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021
(Continued)

Note 5. Revolving Loan Federal Expenditures Calculation (Continued)

The following amounts were used to calculate the federal expenditures for the Economic Adjustment Assistance Loan Program:

RLF	
Loan Receivable at 6/30/21	\$ 1,617,115
Cash in Bank	2,179,019
Administrative Expenses	<u>8,156</u>
Total	\$ 3,804,290
Federal Share 96.36%	<u>96.36%</u>
	<u>\$ 3,665,814</u>
CARES RLF	
Loan Receivable at 6/30/21	\$ 772,868
Cash in Bank	297,132
Administrative Expenses	<u>153,150</u>
Total	\$ 1,223,150
Federal Share 100%	<u>100%</u>
	<u>\$ 1,223,150</u>

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**GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF SHARED COSTS
Other Information**

June 30, 2021

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**GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF SHARED COSTS
Other Information**

June 30, 2021

Shared Costs Applied:

Personnel	\$ 319,197
Employee Benefits	210,201
Professional Services	18,925
Travel	8,394
Occupancy	71,007
Supplies	58,825
Communications	44,345
Depreciation Expense	80,858
Other	<u>65,736</u>
 Total Shared Costs	 <u>\$ 877,488</u>

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**GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information**

For The Year Ended June 30, 2021

GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information

For The Year Ended June 30, 2021

	CDBG Administration	KIA Water Resource Planning	Industrial Authority Admin	Delta Regional Authority
REVENUES				
Federal	\$ 17,171	\$	\$	\$ 7,785
State		61,000		
Local			5,000	
In-Kind Match				
Program Income				
Member Dues				
Interest				
Local Applied to Grants		21	458	
Total Revenues	<u>17,171</u>	<u>61,021</u>	<u>5,458</u>	<u>7,785</u>
EXPENDITURES				
Direct Costs:				
Personnel	8,172	25,597	2,677	3,946
Employee Benefits	4,434	16,816	1,569	2,108
Professional Services				
Travel	506	1,547		
Occupancy	414			
Supplies		4,350		
Communications				
Depreciation Expense				
Other	72	500		
Capital Equipment				
Program Services				
Contractual Services				
In-Kind Match				
Total Direct Costs	<u>13,598</u>	<u>48,810</u>	<u>4,246</u>	<u>6,054</u>
Shared Costs				
Shared Costs Applied	<u>3,573</u>	<u>12,211</u>	<u>1,212</u>	<u>1,731</u>
Total Expenditures	<u>17,171</u>	<u>61,021</u>	<u>5,458</u>	<u>7,785</u>
Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES**

Other Information

For The Year Ended June 30, 2021

(Continued)

	<u>Hazard Mitigation</u>	<u>Ohio Co. Comp Plan</u>	<u>Title III B CARES Administration</u>	<u>Title III B Administration</u>
REVENUES				
Federal	\$	\$	\$ 6,420	\$ 22,212
State				10,276
Local				
In-Kind Match				
Program Income				
Member Dues				
Interest				
Local Applied to Grants	90	297	2,306	996
Total Revenues	<u>90</u>	<u>297</u>	<u>8,726</u>	<u>33,484</u>
EXPENDITURES				
Direct Costs:				
Personnel			3,983	13,440
Employee Benefits			2,500	8,870
Professional Services				
Travel				678
Occupancy				1,394
Supplies	65		138	270
Communications				
Depreciation Expense				
Other	25	297		2,505
Capital Equipment				
Program Services				
Contractual Services				
In-Kind Match				
Total Direct Costs	<u>90</u>	<u>297</u>	<u>6,621</u>	<u>27,157</u>
Shared Costs				
Shared Costs Applied			2,105	6,327
Total Expenditures	<u>90</u>	<u>297</u>	<u>8,726</u>	<u>33,484</u>
Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information
For The Year Ended June 30, 2021
(Continued)

	Title III C 1	Title III C 2	Title III C 2	Title III C 2
	Congregate	CARES	Home	CARES
	CRF Meals	Administration	Delivered	Home
			Delivered	Delivered
REVENUES				
Federal	\$ 231,902	\$ 19,084	\$ 30,562	\$ 125,532
State			47,000	
Local			86,098	
In-Kind Match			962	
Program Income			53,302	
Member Dues				
Interest				
Local Applied to Grants		6,379		
Total Revenues	<u>231,902</u>	<u>25,463</u>	<u>217,924</u>	<u>125,532</u>
EXPENDITURES				
Direct Costs:				
Persomel		11,584		
Employee Benefits		7,701		
Professional Services				
Travel				
Occupancy				
Supplies			1,868	
Communications				
Depreciation Expense				
Other				
Capital Equipment			14,623	
Program Services				
Contractual Services	231,902		201,433	125,532
In-Kind Match				
Total Direct Costs	<u>231,902</u>	<u>19,285</u>	<u>217,924</u>	<u>125,532</u>
Shared Costs				
Shared Costs Applied		6,178		
Total Expenditures	<u>231,902</u>	<u>25,463</u>	<u>217,924</u>	<u>125,532</u>
Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information
For The Year Ended June 30, 2021
(Continued)

	Title III E CARES Family Caregiver	Title VII Elder Abuse	Title VII Ombudsman	Title VII CARES Ombudsman
REVENUES				
Federal	\$ 46,530	\$ 3,481	\$ 6,650	\$ 495
State				
Local				
In-Kind Match		46	93	
Program Income				
Member Dues				
Interest				
Local Applied to Grants		643	1,907	42
Total Revenues	<u>46,530</u>	<u>4,170</u>	<u>8,650</u>	<u>537</u>
EXPENDITURES				
Direct Costs:				
Personnel	677	1,625	2,164	
Employee Benefits	498	1,583	2,082	
Professional Services				
Travel				
Occupancy				
Supplies			3,101	537
Communications				
Depreciation Expense				
Other				
Capital Equipment				
Program Services				
Contractual Services	44,979			
In-Kind Match		46	93	
Total Direct Costs	<u>46,154</u>	<u>3,254</u>	<u>7,440</u>	<u>537</u>
Shared Costs				
Shared Costs Applied	<u>376</u>	<u>916</u>	<u>1,210</u>	
Total Expenditures	<u>46,530</u>	<u>4,170</u>	<u>8,650</u>	<u>537</u>
Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF OPERATIONS
 BY PROGRAM AND SUPPORTING SERVICES
 Other Information
 For The Year Ended June 30, 2021
 (Continued)**

Homecare Administration	Homecare Supportive Services	Homecare Home Delivered	PCAP Administration	PCAP Evaluation	PCAP Subsidy	Medicaid Waiver Program	SHIP
\$	\$	\$	\$	\$	\$	\$	\$ 33,532
87,140	416,359	162,902	35,727	32,172	235,171	10,113,747	
	29,504	14,689				97	
	719	15,947					
						705	
2,677				83			1,208
<u>89,817</u>	<u>446,582</u>	<u>193,538</u>	<u>35,727</u>	<u>32,255</u>	<u>235,171</u>	<u>10,114,549</u>	<u>34,740</u>
41,947	99,530		16,433	13,919		605,394	17,388
27,684	49,952		11,264	9,238		342,308	6,909
291	1,863		41			1,257	30
	444					2,268	
246	9,266		146	2,404		20,504	378
						627	
	287					9,971	2,910
	2,364					7,278	
	12,942					8,646,377	
	226,953	193,538			235,171		
<u>70,168</u>	<u>403,601</u>	<u>193,538</u>	<u>27,884</u>	<u>25,561</u>	<u>235,171</u>	<u>9,635,984</u>	<u>27,615</u>
19,649	42,981		7,843	6,694		270,928	7,125
<u>89,817</u>	<u>446,582</u>	<u>193,538</u>	<u>35,727</u>	<u>32,255</u>	<u>235,171</u>	<u>9,906,912</u>	<u>34,740</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 207,637</u>	<u>\$ 0</u>

GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information
For The Year Ended June 30, 2021
(Continued)

	<u>NSIP</u>	<u>State LTC Ombudsman</u>	<u>MIPPA SHIP</u>	<u>MIPPA AAAIL</u>
REVENUES				
Federal	\$ 151,556	\$	\$ 16,937	\$ 13,098
State		40,773		
Local				
In-Kind Match				
Program Income				
Member Dues				
Interest				
Local Applied to Grants		651		
Total Revenues	<u>151,556</u>	<u>41,424</u>	<u>16,937</u>	<u>13,098</u>
EXPENDITURES				
Direct Costs:				
Persomel		13,287	8,040	5,008
Employee Benefits		12,728	3,678	2,905
Professional Services				
Travel		410		
Occupancy				
Supplies		1,829		
Communications				
Depreciation Expense				
Other		5,750		
Capital Equipment			681	2,808
Program Services				
Contractual Services	151,556			
In-Kind Match				
Total Direct Costs	<u>151,556</u>	<u>34,004</u>	<u>12,399</u>	<u>10,721</u>
Shared Costs				
Shared Costs Applied		7,420	4,538	2,377
Total Expenditures	<u>151,556</u>	<u>41,424</u>	<u>16,937</u>	<u>13,098</u>
Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information
For The Year Ended June 30, 2021
(Continued)

	NCOA Benefits Outreach	Veterans Directed Care	Comm Collaboration for Children	CCC Parent Involvement
REVENUES				
Federal	\$ 63,075	\$ 22,543	\$ 155,092	\$ 685
State				
Local		50		
In-Kind Match			47,521	
Program Income				
Member Dues				
Interest				
Local Applied to Grants	322		4,856	
Total Revenues	<u>63,397</u>	<u>22,593</u>	<u>207,469</u>	<u>685</u>
EXPENDITURES				
Direct Costs:				
Personnel	23,380	7,513	16,361	
Employee Benefits	14,746	1,726	11,523	
Professional Services				
Travel	773	57	52	
Occupancy				
Supplies	103	143	31	
Communications				
Depreciation Expense				
Other	2,875		41	105
Capital Equipment			2,120	
Program Services	10,109	74	6,048	580
Contractual Services			115,909	
In-Kind Match			47,521	
Total Direct Costs	<u>51,986</u>	<u>9,513</u>	<u>199,606</u>	<u>685</u>
Shared Costs				
Shared Costs Applied	11,411	2,607	7,863	
Total Expenditures	<u>63,397</u>	<u>12,120</u>	<u>207,469</u>	<u>685</u>
Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 10,473</u>	<u>\$ 0</u>	<u>\$ 0</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF OPERATIONS
 BY PROGRAM AND SUPPORTING SERVICES
 Other Information
 For The Year Ended June 30, 2021
 (Continued)**

	<u>WIOA</u>	<u>COVID Unemployment Assistance</u>	<u>WIOA DRA</u>
REVENUES			
Federal	\$ 1,928,932	\$ 37,229	\$ 45,364
State			
Local			
In-Kind Match			
Program Income			
Member Dues			
Interest			
Local Applied to Grants			
Total Revenues	<u>1,928,932</u>	<u>37,229</u>	<u>45,364</u>
EXPENDITURES			
Direct Costs:			
Persomel	213,014		2,639
Employee Benefits	109,549		1,496
Professional Services			
Travel	444		
Occupancy	37,897		
Supplies	1,139		
Communications	5,124		
Depreciation Expense			
Other	28		
Capital Equipment	2,474		
Program Services	1,071,843		40,131
Contractual Services	401,520	37,229	
In-Kind Match			
Total Direct Costs	<u>1,843,032</u>	<u>37,229</u>	<u>44,266</u>
Shared Costs			
Shared Costs Applied	<u>85,900</u>		<u>1,098</u>
Total Expenditures	<u>1,928,932</u>	<u>37,229</u>	<u>45,364</u>
Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information
For The Year Ended June 30, 2021
(Continued)

Total Program Services	General and Administrative	Unrestrictive Local Operations	Total Non-Major Governmental Funds
\$ 5,343,289	\$	\$	\$ 5,343,289
12,258,575			12,258,575
483,558		10,072	493,630
71,467			71,467
157,593			157,593
		185,383	185,383
705		20,104	20,809
46,188		(46,188)	
<u>18,361,375</u>		<u>169,371</u>	<u>18,530,746</u>
1,896,972	319,197		2,216,169
1,061,514	210,201	2,154	1,273,869
123	18,925	21,220	40,268
23,957	8,394	4,171	36,522
43,141	71,007		114,148
55,720	58,825	1,539	116,084
6,012	44,345		50,357
	80,858	51,660	132,518
27,706	65,736	3,018	96,460
63,628			63,628
10,310,091			10,310,091
3,739,539			3,739,539
69,328			69,328
<u>17,297,731</u>	<u>877,488</u>	<u>83,762</u>	<u>18,258,981</u>
845,534	(877,488)		(31,954)
<u>18,143,265</u>		<u>83,762</u>	<u>18,227,027</u>
<u>\$ 218,110</u>	<u>\$ 0</u>	<u>\$ 85,609</u>	<u>\$ 303,719</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT
COMBINING STATEMENT OF OPERATIONS
BY PROGRAM AND SUPPORTING SERVICES
Other Information
For The Year Ended June 30, 2021
(Continued)**

Total Expenditures	\$ 18,227,027
Depreciation Expense	(132,518)
Loss on Disposal of Asset	(521)
Change in Insurance Reserve	43,231
Accrued Leave	(3,612)
Debt Payments	48,716
Assets Capitalized	54,420
	<u>\$ 18,236,743</u>

**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
Green River Area Development District
Owensboro, 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, and each major fund of the Green River Area Development District (GRADD) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise GRADD's financial statements, and have issued our report thereon dated December 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GRADD'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 GRADD's internal control. Accordingly, we do not express an opinion on the effectiveness of GRADD'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 2021-0001 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 GRADD'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*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-0001.

Management's Views and Planned Corrective Action

GRADD's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. GRADD'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 1, 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
Green River Area Development District
Owensboro, Kentucky

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Green River Area Development District's (GRADD) 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 GRADD's major federal programs for the year ended June 30, 2021. GRADD'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 GRADD'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 GRADD'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 qualified and unmodified opinions on compliance for major federal program. However, our audit does not provide a legal determination on GRADD's compliance.



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

Basis for Qualified Opinion on the Economic Adjustment Assistance Program

As described in the accompanying schedule of findings and questioned costs, GRADD did not comply with requirements regarding Assistance Listing Number 11.307 Economic Adjustment Assistance as described in finding number 2021-002 for Activities Allowed; Allowable Costs; Reporting; Special Tests and Provisions. Compliance with such requirements are necessary, in our opinion, for GRADD to comply with the requirements applicable to that program.

Qualified Opinion on the Economic Adjustment Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, GRADD complied, in all material respects, with the types of compliance requirement referred to above that could have a direct and material effect on the Economic Adjustment Assistance program for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs.

In our opinion, GRADD 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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of GRADD 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 GRADD'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 GRADD's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002 to be a material weakness.

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

Management's Response to Findings and Planned Corrective Action

GRADD's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. GRADD'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.

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,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

December 1, 2021

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

For The Year Ended June 30, 2021

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**GREEN 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: Unmodified

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Qualified and Unmodified		
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
93.044, 93.045, 93.053	Aging Cluster
21.019	Coronavirus Relief Fund

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

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

Section II: Financial Statement Findings

Internal Control - Material Weakness

2021-001 The Schedule Of Expenditures of Federal Awards Was Materially Overstated

The Green River Area Development District's original schedule of expenditures of federal awards was materially overstated by \$635,586. The total overstatement is made up of the following errors made on the following programs:

- Assistance Listing Number 11.307 – Correct calculations/formulas per RLF Form ED-209 instructions were not used to properly calculate revolving loan fund expenditures. Also, for Coronavirus Aid, Relief, and Economic Security (CARES) revolving loan funds, three loans totaling \$353,325 were included in the amount expended. However, these loans were not closed and disbursed until fiscal year 2022. These errors resulted in the program being overstated by \$624,898.
- Assistance Listing Number 64.044 – The amount of federal awards received were reported, instead of actual expenditures, resulting in the program being overstated by \$10,473.
- Assistance Listing Number 90.202 – The amount reported as expenditures were \$215 more than actually expended per accounting and grant records.

In addition, information disclosed in the notes to the financial statements and schedule of expenditures of federal awards pertaining to the programs mentioned above were misstated.

According to the finance director, it was thought that the calculation/formula for revolving loan fund expenditures did not apply to the CARES funds received and used on the program. The additional errors were due to a lack of internal controls effectively in place to prevent or detect any errors made. As a result of the errors made, the original schedule of expenditures of federal awards, notes to the financial statements, and notes to the schedule of expenditures of federal awards were materially misstated.

Strong internal controls over financial reporting are vital in ensuring that federal awards expended are accounted for and reported properly. Strong internal controls are also important in safeguarding the area development district's assets and those given the responsibility of accounting for them, as well as helping make certain the area development district is in compliance with all requirements and guidance. Additionally, 2 CFR 200.510 (b) states, "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended."

We recommend GRADD implement or strengthen controls over reporting federal award expenditures to ensure amounts reported represent true federal expenditures during the year and follow all calculations and federal guidance.

Management's Response and Planned Corrective Action:

For Assistance Listing 11.307, CARES revolving loan funds were received in June 2021 and three loans were schedule to close in June. Due to unforeseen circumstances, these loans were not closed and disbursed until July of fiscal year 2022. These funds were included in the amount expended for fiscal year 2021 but should have been included in fiscal year 2022.

**GREEN 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

2021-002 The Green River Area Development District's Revolving Loan Fund Financial Report Was Inaccurate

Federal Program: 11.307 Economic Adjustment Assistance

Award Number and Year: 11.307 Economic Adjustment Assistance 2021

Name of Federal Agency: U.S. Department of Commerce

Compliance Requirements: Activities Allowed; Allowable Costs; Reporting; Special Tests and Provisions

Type of Finding: Material Weakness and Material Noncompliance

Opinion Modification: Qualified Opinion

COVID Related: Yes

Questioned Costs: None

The Green River Area Development District (GRADD) reported the incorrect amount of Coronavirus Aid, Relief, and Economic Security (CARES) Revolving Loan Fund (RLF) income earned during the fiscal year on the RLF Financial Report (Form ED-209.) The amount reported as RLF income was \$1,551,135. This amount represents the total amount of funds received and expended during the fiscal year, instead of actual income earned, such as interest earned or fees charged during the year. The correct amount of CARES RLF income earned during the fiscal year was \$0.

According to the director of finance, her understanding of the CARES RLF income reported on the financial report was to be actual monies received from the Economic Development Administration (EDA) during the fiscal year for new loans and administration expenses. As a result, GRADD's CARES RLF Financial Report submitted for fiscal year end June 30, 2021, was not materially accurate.

13 CFR 307.8 defines the program income as: "RLF Income means interest earned on outstanding loan principal and RLF accounts holding RLF funds, all fees and charges received by the RLF, and other income generated from RLF operations."

13 CFR 307.14 (b) provides the requirements for the EDA RLF reports and states: "RLF Recipients must certify as part of the RLF report to EDA that the RLF is operating in accordance with the applicable RLF Plan and that the information provided is complete and accurate."

Additionally, strong internal controls over financial reporting are vital in ensuring that federal awards are accounted for properly. Strong internal controls are also important in safeguarding the area development district's assets and those given the responsibility of accounting for them, as well as helping make certain GRADD is in compliance with all requirements.

We recommend GRADD follow the guidance contained within 13 CFR Chapter 307 for completing the Form ED-209 RLF Report. GRADD should also properly report RLF income earned during the fiscal year as interest earned, fees earned, etc. We also recommend GRADD strengthen controls over federal awards by implementing review processes to ensure amounts reported on the financial report agree to amounts reported on financial statements.

Management's Response and Planned Corrective Action:

Due to a misinterpretation of instructions, the CARES RLF Financial Report submitted for June 30, 2021, had reported the \$1,551,135 received from EDA as income earned during the fiscal year. This amount should have been \$0 since no interest or fees were received. This has since been resolved with EDA and a new report was submitted.

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

Section IV: Summary Schedule of Prior Audit Findings

None.