

# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

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## **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2015**

**(With Independent Auditor's Report Thereon)**

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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## **Independent Auditor's Report**

To the Board of Directors  
Lincoln Trail Area Development District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lincoln Trail Area Development District (LTADD), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise LTADD'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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lincoln Trail Area Development District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note Q of the financial statements, during the year ended June 30, 2015, the LTADD adopted Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and select pension information on pages 3 through 8 and 30 through 33 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 that collectively comprise the Lincoln Trail Area Development District's basic financial statements. The schedule of shared costs and the combining statement of operations by program and supporting services are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of shared costs, the combining statement 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of shared costs, the combining statement 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of LTADD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LTADD's internal control over financial reporting and compliance.



Certified Public Accountants  
December 16, 2015



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

As management of the Lincoln Trail Area Development District (LTADD), we present readers of the LTADD's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's basic financial statements, which begin on page 9.

### NATURE OF THE ORGANIZATION AND REPORTING ENTITY

LTADD was created in 1968 through articles of incorporation and Kentucky state law, for the purpose of economic development, planning and public administration services in an eight county region in North Central Kentucky. The agency is a voluntary association of local governmental units funded via contributions from member counties and cities, federal and state grant awards, and contractual arrangements for services.

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

### FINANCIAL HIGHLIGHTS

The adjusted beginning net position for LTADD was \$1,718,932. The ending net position for the LTADD was (\$223,165). LTADD's total net position decreased by \$1,942,097, from this period last year. The significant reduction in net position is due to the restatement (reduction) in net position in the amount of \$2,347,000 for the adoption of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*". In the prior year, net position increased by \$27,263.

### 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) a supplementary information section. The basic financial statements include two kinds of statements that present different views of LTADD:

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

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 provides additional information related to the financial statements.

#### Government-wide Financial Statements

The government-wide statements report information about LTADD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities and deferred inflows. All of 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 LTADD's net position and how they have changed. Net position – the result of LTADD's assets and deferred outflows, less liabilities and deferred inflows – is one way to measure LTADD's financial health.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2015

**Fund Financial Statements**

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

LTADD has two 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 LTADD's programs.
- Special Revenue fund – Includes all grant programs and services operated by LTADD that are restricted for a special purpose.

**FINANCIAL ANALYSIS OF LTADD AS A WHOLE****Table 1: Condensed Statements of Net Position**

	2015	2014	Dollar Change	Percent Change
<b>Assets</b>				
Current Assets	\$2,545,488	\$2,489,787	\$55,701	2.24%
Revolving Loan Fund Receivables, net	330,766	148,880	181,886	122.17%
Capital assets	67,283	64,131	3,152	4.91%
Total Assets	<u>2,943,537</u>	<u>2,702,798</u>	<u>240,739</u>	8.91%
Deferred Outflows of Resources	<u>297,007</u>	<u>--</u>	<u>297,007</u>	--
<b>Liabilities</b>				
Current Liabilities	835,518	887,369	-51,851	-5.84%
Non-Current Liabilities	<u>2,354,217</u>	<u>83,561</u>	<u>2,270,656</u>	2717.36%
Total Liabilities	<u>3,189,735</u>	<u>970,930</u>	<u>2,218,805</u>	228.52%
Deferred Inflows of resources	<u>273,974</u>	<u>12,936</u>	<u>261,038</u>	2017.92%
<b>Net Position</b>				
Invested in Capital Assets	67,283	64,131	3,152	4.91%
Restricted	377,295	303,648	73,647	24.25%
Unrestricted	<u>-667,743</u>	<u>1,351,153</u>	<u>-2,018,896</u>	149.42%
Total Net Position	<u><b>-\$223,165</b></u>	<u><b>\$1,718,932</b></u>	<u><b>-\$1,942,097</b></u>	<b>-112.98%</b>



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2015

LTADD's net position decreased approximately 113% for the year ended June 30, 2015. The FY15 ending ratio of current assets to current liabilities is a little more than 3 times. Cash decreased by \$133,351, grant receivables increased by \$180,369, accounts payable increased by \$16,368, funds due to grantor decreased by \$60,646 and deferred revenue increased by \$7,038 from the June 30, 2014 figures. The most significant change in the FY15 figures was the change in net position due to the implementation of GASB 68 "Accounting And Financial Reporting For Pensions". The major factor in the reduction of cash was due to Revolving Loan disbursements of \$140,533. The most significant changes in grant receivables were due to 1) an increase of \$115,608 in grant receivable from Cabinet for Health & Family Services for Aging services provided and 2) an increase of \$39,152 in Workforce Investment Act receivables at year end.

**Table 2: Condensed Statement of Revenues, Expenses and Change in Net Position**

	2015	2014	Dollar Change	Percent Change
<b>Revenues</b>				
Operating Grants and Contributions	\$7,924,047	\$8,352,544	-\$428,497	-5.13%
Charges for Services	43,973	33,811	10,162	30.06%
Member Dues	80,737	80,737	--	0.00%
Interest	4,269	3,969	300	-7.56%
RLF – Loan Loss Allowance Provision	65,136	--	65,136	
<b>Total Revenues</b>	<b>\$8,118,162</b>	<b>\$8,471,061</b>	<b>-\$352,899</b>	<b>-4.17%</b>
<b>Expenses</b>				
General Government	120,032	147,955	-27,923	-18.87%
Community and Economic Development	327,403	317,166	10,237	3.23%
Revolving Loan Fund	8,159	70,916	-62,757	-88.49%
Employment and Training	1,675,721	2,061,279	-385,558	-18.70%
Social Services	5,363,117	5,583,654	-220,537	-3.95%
Transportation	218,827	262,828	-44,001	-16.74%
<b>Total Expenses</b>	<b>\$7,713,259</b>	<b>\$8,443,798</b>	<b>-\$730,539</b>	<b>-8.65%</b>
<b>Increase in Net Position</b>	<b>\$404,903</b>	<b>\$27,263</b>	<b>\$377,640</b>	<b>1385.17%</b>

Revenues:

LTADD recognized a \$352,899 or slightly more than a 4% decrease in revenue in FY 2015 when compared to revenue recognized the FY 2014 period. The current year's decrease can be attributed to a reduction of \$334,000 in Workforce Investment Act formula funds. We also had a \$82,758 decrease in Social Services funding mainly in Title III and Personal Care Attendant programs. This year was the first time we experienced a reduction in our Consumer Directed Option program of \$69,807, which was offset by an increase in Kynect funds of \$62,438. We were able to reduce the estimated allowance for loan losses by approximately \$65,000 for a number of revolving loans that were either in default or delinquent in FY14.

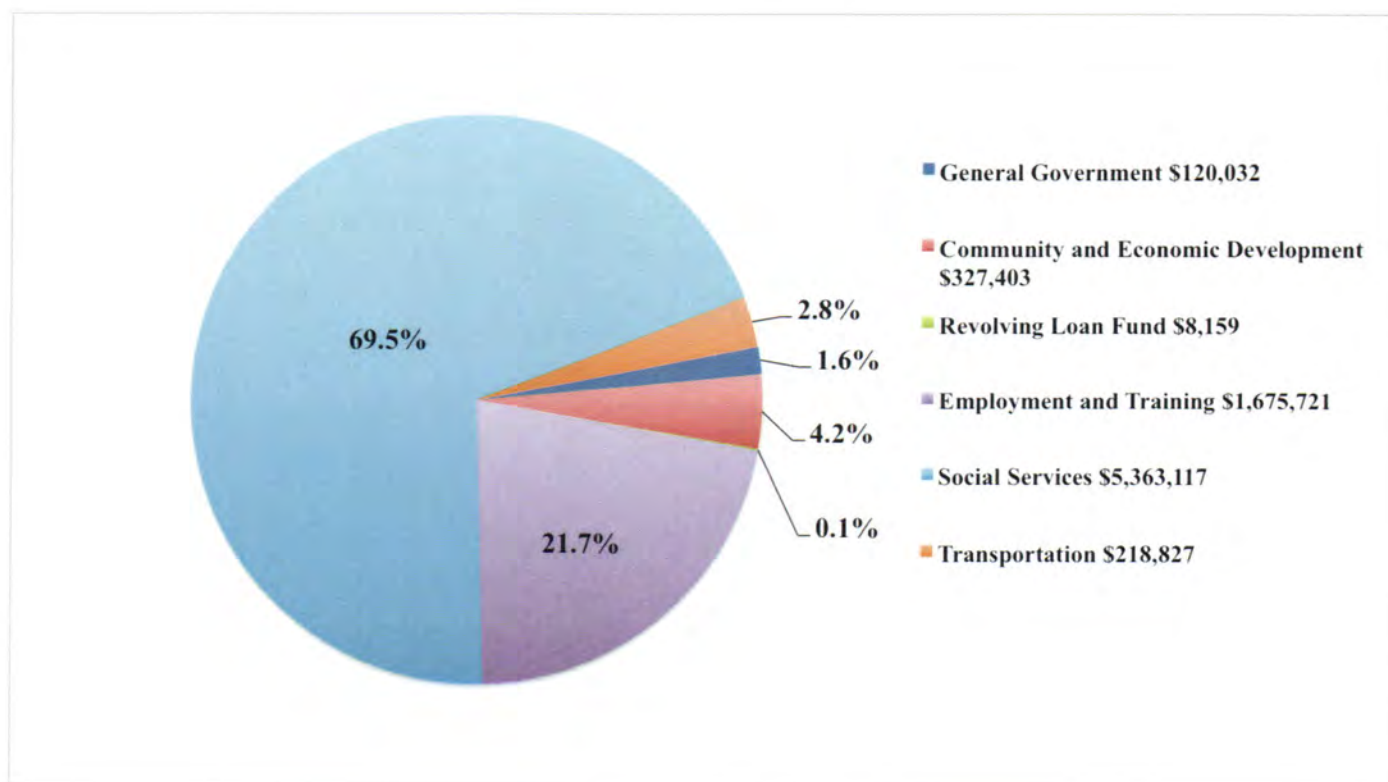
Expenses:

LTADD recognized an 8.7% decrease in expenses in FY 2015 over the prior period. Decreases in expenses were due primarily to decreased revenue coupled with reduction of services in the Social Services and Workforce Investment Act programs. Our net position increased by \$377,640 in the FY15 fiscal year. Our change in net position improved by \$424,655 in comparison to the prior year decrease of (\$47,015). The increase in net position is due primarily to better than expected results on our performance based contracts and the implementation of GASB 68 decreased the amount of pension expense recognized in the current year.

**LINCOLN TRAIL AREA DEVELOPMENT DISTRICT****MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

June 30, 2015

LTADD expenses cover a range of services. The following pie chart outlines the percentages and amounts expended by activity. About 69% of the expenditures were associated with Social Service type activities; this is an increase of 3% over last year's percentage of 66. About 22% of expenditures were associated with Employment and Training activities, which is down 2% from its FY14 share.





## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

June 30, 2015

### BUDGETARY HIGHLIGHTS

LTADD had \$8,043,441 in revenues (budget basis) for FY15. This is a reduction of approximately \$441,000 or 5% from the prior year. The highlights below give a brief description of the changes and the impact to the various programs of the LTADD:

- **COMMUNITY & ECONOMIC DEVELOPMENT (CED)** – The programs administered by the CED comprise the original functions and core activities of LTADD assistance to local governments. Furthermore, inside the CED itself, the Joint Funding Administration (JFA) program covers the primary component of the Community and Economic Development Department – historically, the JFA serves as the original, legacy funding of all ADDs. The funding foundation of the JFA program has remained consistent since 1998. In fiscal year ended June 30, 2015 we experienced a very slight increase in state funds due to an increase in Economic Development Administration (EDA) funds. There were cuts in the Kentucky Infrastructure Authority (KIA) state-funded programs of about 6%.
- LTADD participated in a statewide Agriculture project funded by state, EDA and match funds, which were a carryover from FY14. We experienced an increase of \$6,330 in Agriculture funds in this period when compared to the prior period.
- The overall Transportation Planning component of the LTADD (Metropolitan and Rural) saw an overall decrease in FY15 of \$33,748 in federal, state and local matching funds. The majority of this decrease came in the area of Public Transit where we had a revenue decline as studies ended and transit planning program activities decreased when compared to the prior fiscal year. Other decreases were tied to our mapping programs where we experienced a slight decrease of \$6,888.
- **WORKFORCE INVESTMENT** – The Workforce Investment Act (WIA) program, administered by the LTADD Employment and Training Department, accounted for a 16% decrease in formula funds in the current fiscal year when compared to the last fiscal year. As in the past, the impact was due to a reduction in WIA funds received from the US Department of Labor (DOL). Those funds decreased due to reductions in federal funding in overall WIA programs. The decrease in traditional WIA funds and other employment and training revenues totaled \$334,489 as compared to the FY14 WIA funding levels
- **SOCIAL SERVICES** – Kentucky's Area Development Districts (ADDs) social services funding levels experienced slight cuts to both our traditional state and federal funded programs through the Older Americans Act. Kentucky's state dollars are used to financially match and complement the federal funds for programs comprising the Older Americans Act. Virtually all funding in state programs is designed to keep seniors (and those who are disabled) in their homes and in the community rather than in institutional settings. Combined federal and state revenue decreased in these areas when compared to our FY14 Social Services' funding levels. Programs in the past fiscal year that allowed the region to witness an increase in overall Aging Services funding did not accomplish that measurement this year, especially the Home & Community Based Consumer Directed Option (CDO), which saw a decrease of \$69,807. The Kentucky Health Benefit Exchange/KYNECT program (in it's second year for our ADD) saw a revenue increase of \$62,438. Traditional program cuts are reflected by the total department decrease of \$82,758, when compared with the increases in KYNECT and other programs.

## **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

June 30, 2015

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

At year-end 2015, LTADD had invested \$569,457 in capital assets, including vehicles, office furniture, office equipment and computers. Overall, net capital assets increased by \$3,152 from last year. More detailed information about LTADD's capital assets is presented in Note H to the financial statements.

##### **Long-term Debt**

At year-end 2015, LTADD had \$4,126 in outstanding debt – a decrease of 20.3% from last year's figure. More detailed information about LTADD's long-term liabilities is presented in Note J to the financial statements.

#### **NEXT YEAR'S BUDGETS**

LTADD's FY 2016 budget was based on actual information received from the federal, state and local government contracts as of August 2015. Revenues and expenditures were budgeted at \$9,140,792, which is approximately a 16.0% increase from the FY 2015 actual amounts expended.

#### **FUTURE OPERATIONS**

Federal, state, and local governments fund a majority of all programs and projects administered by LTADD. A significant reduction in federal, state or local funding, if this were to occur, would have a significant, material affect on LTADD's future operation.

#### **REQUEST FOR ADDITIONAL INFORMATION**

This report is intended to provide readers with a general overview of LTADD's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in this report or need additional information please contact the Lincoln Trail Area Development District, Attention: Fiscal Officer, PO Box 604, Elizabethtown, KY 42702-0604.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## STATEMENT OF NET POSITION

June 30, 2015

**ASSETS****Current Assets:**

Cash and cash equivalents	\$1,203,755
Grant receivables	1,224,369
Other receivables	61,407
Prepaid expenses	8,714
Total current assets	<u>2,498,245</u>

Capital assets, net of depreciation	<u>67,283</u>
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**Restricted Assets:**

Cash – Revolving Loan Fund	47,243
Revolving loan fund receivables, net of allowance	330,766
Total restricted assets	<u>378,009</u>

<b>Total Assets</b>	<u><b>2,943,537</b></u>
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**Deferred Outflows of Resources:**

CERS Pension Contributions	<u>297,007</u>
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**LIABILITIES****Current Liabilities:**

Accounts payable	380,782
Advances from grantors	197,504
Unearned grant revenue due to grantor	99,841
Accrued wages	119,372
Payroll withholdings and accruals	19,970
Compensated absences, current	17,000
Revolving loans payable, current	1,049
Total current liabilities	<u>835,518</u>

**Noncurrent Liabilities:**

Compensated absences, net of current portion	76,140
Revolving loans payable, net of current portion	3,077
Net pension liability - CERS	2,275,000
Total noncurrent liabilities	<u>2,354,217</u>

<b>Total Liabilities</b>	<u><b>3,189,735</b></u>
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**Deferred Inflows of Resources:**

CERS net investment difference	254,000
Deferred revenue	19,974
Total deferred inflows of resources	<u>273,974</u>

**Net Position:**

Net investment in capital assets	67,283
Restricted for Revolving Loan Fund	377,295
Unrestricted	-667,743
<b>Total Net Position</b>	<u><b>-\$223,165</b></u>

See notes to financial statements.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Function/Programs	Direct Expenses	Indirect Costs Allocated	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
Governmental activities:					
General government	\$97,378	\$22,654	\$27,235	\$87,452	-\$5,345
Community and economic development	236,174	91,229	--	339,121	11,718
Revolving loan funds	6,277	1,882	16,738	--	8,579
Employment and training	1,452,829	222,892	--	1,721,478	45,757
Social services	5,032,031	331,086	--	5,555,720	192,603
Transportation	157,655	61,172	--	220,276	1,449
<b>Total</b>	<b>\$6,982,344</b>	<b>\$730,915</b>	<b>\$43,973</b>	<b>\$7,924,047</b>	<b>254,761</b>

General Revenues:	
Member Dues	80,737
Interest	4,269
Total general revenues	85,006
Revolving Loan Fund – Loan Loss Allowance Provision	65,136
Change in Net Position	404,903
Net position, beginning of year adjusted	1,718,932
Restatement for adoption of GASB 68	-2,347,000
Net position, end of year	-\$223,165

See notes to financial statements.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$924,893	\$326,105	\$1,250,998
Interfund receivables	643,408	260,093	903,501
Grant receivables	--	1,203,884	1,203,884
Other receivables	--	61,407	61,407
Prepaid expenses	--	8,714	8,714
<b>Total Assets</b>	<u>\$1,568,301</u>	<u>\$1,860,203</u>	<u>\$3,428,504</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities:			
Accounts payable	\$0	\$380,782	\$380,782
Interfund payables	--	903,501	903,501
Advances from grantors	--	197,504	197,504
Unearned revenue due to grantor	--	99,841	99,841
Deferred revenue	--	19,974	19,974
Accrued wages	--	119,372	119,372
Payroll withholdings and accruals	--	19,970	19,970
<b>Total Liabilities</b>	<u>0</u>	<u>1,740,944</u>	<u>1,740,944</u>
Fund balances:			
Nonspendable	8,714	--	8,714
Restricted	--	46,529	46,529
Committed	--	93,140	93,140
Assigned	4,126	--	4,126
Unassigned	1,555,461	-20,410	1,535,051
<b>Total Fund Balances</b>	<u>1,568,301</u>	<u>119,259</u>	<u>1,687,560</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$1,568,301</u>	<u>\$1,860,203</u>	<u>\$3,428,504</u>

See notes to financial statements.

# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

## **RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2015

### **Total Fund Balances - Governmental Funds**

**\$1,687,560**

Amounts reported for governmental activities in the statement of net position is different because:

Certain receivables that are not collected within sixty days are not reported

as receivables in the governmental funds.

20,485

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds:

Cost

\$569,456

Accumulated depreciation

-502,173

67,283

Long-term restricted assets are not available to pay for current period expenditures:

Revolving loan fund receivables

371,743

Revolving loan fund bad debt allowance

-40,977

330,766

Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements:

CERS pension contributions

297,007

CERS net investment difference

-254,000

43,007

Long-term liabilities including net pension liability are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds:

Revolving loans payable

-4,126

Compensated absences

-93,140

Net pension liability - CERS

-2,275,000

-2,372,266

### **Net Position of Governmental Activities**

**-223,165**

See notes to financial statements.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>			
Federal revenue	\$65,994	\$2,868,885	\$2,934,879
State revenue	--	4,304,314	4,304,314
Local revenue	101,167	47,049	148,216
Cash match	--	151,606	151,606
Program income	--	112,745	112,745
Interest income	3,985	13,488	17,473
Other income	10,960	316,036	326,996
In-kind contributions	8,508	38,704	47,212
<b>Total Revenues</b>	<u>190,614</u>	<u>7,852,827</u>	<u>8,043,441</u>
<b>Expenditures:</b>			
General government	112,740	--	112,740
Community and economic development	--	342,803	342,803
Revolving loan fund	--	39,562	39,562
Employment and training	--	1,722,245	1,722,245
Social services	--	5,423,971	5,423,971
Transportation	--	229,626	229,626
Capital outlay	4,682	--	4,682
Debt service-principal	1,049	--	1,049
Debt service-interest	42	--	42
<b>Total Expenditures</b>	<u>118,513</u>	<u>7,758,207</u>	<u>7,876,720</u>
<b>Excess of Revenues Over Expenditures</b>	<u>72,101</u>	<u>94,620</u>	<u>166,721</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in (out)	139,872	-139,872	--
RLF principal received/(disbursed), net	--	-85,629	-85,629
<b>Total Other Financing Sources (Uses)</b>	<u>139,872</u>	<u>-225,501</u>	<u>-85,629</u>
<b>Net Change in Fund Balances</b>	<u>211,973</u>	<u>-130,881</u>	<u>81,092</u>
Fund Balances, Beginning of Year	<u>1,356,328</u>	<u>250,140</u>	<u>1,606,468</u>
Fund Balances, End of Year	<u>\$1,568,301</u>	<u>\$119,259</u>	<u>\$1,687,560</u>

See notes to financial statements.

# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

## **RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2015

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$81,092</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of grant reimbursements received after sixty days, which were reported as revenues in the statement of activities, but were not reported in the funds.

20,485

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	\$33,136	
Depreciation expense	<u>-29,984</u>	3,152

The increase in net long-term revolving loan fund receivables does not use current financial resources, and thus is not reported in the governmental funds:

Change in revolving loan fund receivables, net of allowance	181,886
---	---------

The net decrease in long-term liabilities does not provide current financial resources, and thus is not reported in the governmental funds:

Change in revolving loans payable	1,049
-----------------------------------	-------

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 governmental funds:

Change in compensated absences liability	2,232
--	-------

Governmental funds report pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which pension contributions of \$297,007 exceeds the cost of benefits earned of \$182,000.

115,007

**Change in Net Position of Governmental Activities**

\$404,903



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2015

#### NOTE A – REPORTING ENTITY

The Lincoln Trail Area Development District (LTADD) (the District) was established under the laws of the Commonwealth of Kentucky by KRS 147A.050(4). The Attorney General in OAG 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, the Lincoln Trail Area Development District has entered into various grant agreements, all of which are subject to the financial management policies of the District.

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

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Basis of Presentation – Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. All of the District's activities are governmental and thus the statements reflect no business-type activities.

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

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

LTADD classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes capital assets, net of 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 grant agency) limitations on their use. LTADD typically uses restricted assets first 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.

**Fund Financial Statements** – Fund financial statements report detailed information about the District. 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. This District has neither no major funds nor fiduciary funds.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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.

The District has the following governmental funds:

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. Any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue Fund accounts for proceeds of specific revenue sources that is legally restricted to disbursements for special purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the special project periods, as well as the 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 included in this report. This is a major fund of the District.

- (2) Basis of Accounting – Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified 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 the District, available means expected to be received within sixty days of the fiscal year end.

Non-Exchange Transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are 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 or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Non-Exchange Transactions must also be available before it can be recognized.

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

Unearned Grant Revenue Due to Grantor – Unearned grant revenue due to grantor includes grant revenues received but not earned for District grants, contracts, and MOA's for which expenditure time limitations have expired.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in net position as an expense with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to first apply restricted resources.

Interfund Receivables and Payables are used to account for obligations due to and from the General Fund and the Special Revenue Fund in the governmental funds but are eliminated in the government wide financial statements.

The measurement focus on 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.

- (3) Budgetary Principles – The District is not legally required to adopt a budget; however, a budget is prepared using the grants management basis of accounting for each fiscal year and is approved by the Board of Directors.
- (4) Cash Equivalents – For purposes of financial statement presentation, LTADD classifies certificates of deposit as cash equivalents.
- (5) Allowance for 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 credits, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs.
- (6) Capital Assets – Capital assets are reported in the government-wide financial statements. Capital assets are defined by LTADD as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical costs.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Vehicles and equipment	3 – 7 years
Equipment – grants	5 years

- (7) Compensated Absences – The compensated absences liability included in the balance sheet represents earned vacation available to employees, up to a maximum of 150 hours, at current compensation rates.
- (8) 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.
- (9) Cost Allocation – Lincoln Trail Area Development District is required by the Department of Local Government, to operate under a cost allocation plan that conforms with 2 CFR Part 225. A summary of the cost allocation methodology begins on page 27 in Note R. A schedule of shared costs for FY 15 is on page 34. The District is in conformity with 2 CFR Part 225.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

(10) Fund Balance Classification – In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", fund balances are reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following are the fund balance categories and the distinctions between each:

- a. Nonspendable – amounts that are not in a spendable form (such as inventory or prepaid expenses) or that are required to be maintained intact.
- b. Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, such as a Board of Directors. Amounts committed cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- d. Assigned – are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- e. Unassigned – is the residual classification for the government.

(11) Income Taxes – LTADD 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.

(12) Subsequent Events – Management has evaluated subsequent events through December 16, 2015, which is the date the financial statements are available to be issued.

#### NOTE C – ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### NOTE D – DEPOSITS / CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it.

The Kentucky Revised Statutes authorize LTADD 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.

# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS, Continued**

June 30, 2015

### **NOTE D – DEPOSITS / CASH AND CASH EQUIVALENTS, Continued**

The district's policy is to have all deposits covered by depository insurance or secured by pledged securities. At June 30, 2015, the carrying amounts of the District's deposits were \$1,250,998 and the bank balances were \$1,529,869, of which \$1,529,869 was covered by federal depository insurance or by collateral held by the pledging financial institution in the District's name.

### **NOTE E – INTERFUND RECEIVABLES AND PAYABLES**

Receivables and payables between funds included on the Balance Sheet – Governmental Funds at June 30, 2015 are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Special Revenue Fund:	Special Revenue Fund:	
Operational	Revolving Loan Fund	\$714
Operational	Service Provider	581
Operational	Consumer Directed Options	104,694
Operational	Workforce Investment Act	154,029
Revolving Loan Fund	Operational	75
General Fund	Operational	643,408
		<u>\$903,501</u>

All routine operating expenditures are paid by the operational account. The due to/from between the various special revenue fund accounts are for routine receivables and payables and are expected to be paid within one year. The special revenue fund borrows from the general fund to finance day to day operations. The amount due from operational to the general fund is not expected to be paid within one year due to the reimbursement nature of grant agreements and the continual corresponding grant receivables.

### **NOTE F – FEDERAL AND STATE ADMINISTRED GRANT RECEIVABLES**

Federal and state administered grant receivables consist of receivables for reimbursements of expenditures under various programs and grants. All amounts are expected to be collected within the next year. Grant receivables at June 30, 2015 consisted of the following:

FY'15	
Kentucky Infrastructure Authority	\$42,275
Cabinet for Heath & Family Services - Aging	706,983
KY Transportation Cabinet	44,558
Division of Aging Services – Consumer Directed Options	194,575
KY Cabinet for Workforce Development	215,493
	<u>\$1,203,884</u>

### **NOTE G – REVOLVING LOAN FUND RECEIVABLES**

The Revolving Loan program was established in 1987 with 75% or \$500,000 of the funding coming from a Special Economic Development and Assistance grant from the Economic Development Administration (EDA) and a 25% or \$166,667 match provided by the LTADD. As of June 30, 2015, there were nine active loans with an outstanding principal balance of \$371,743. The Revolving Loan Committee voted to write off one loan with an outstanding principal balance of \$31,121. An additional allowance of \$40,977 is carried on two loans, one of which is in default and the other is delinquent at June 30, 2015 but neither is in bankruptcy protection. The Loan Officer is working with the default and delinquent loans. Periodic payments have been made on each of these loans.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

## NOTE G – REVOLVING LOAN FUND RECEIVABLES, Continued

The revolving loan fund receivables at June 30, 2015, are summarized as follows:

Principal balance of loans outstanding	\$371,743
Allowance for loan losses	<u>-40,977</u>
Revolving loan fund receivables, net of allowance	<u><u>\$330,766</u></u>

An analysis of the allowance for loan losses is as follows:

Estimated allowance for loan losses, June 20, 2014	\$137,234
Recoveries of loans previously reserved	--
Provisions for the year	-65,136
Loans charged off	<u>-31,121</u>
Estimated allowance for loan losses, June 30, 2015	<u><u>\$ 40,977</u></u>

Recoveries and provisions are recorded in the statement of activities. There were no recoveries of loans previously written off for the year ended June 30, 2015. In management's opinion, all known and anticipated loan losses have been either written off or adequately provided for in the allowance for loan losses.

## NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Vehicles and Equipment	\$285,071	\$4,682	\$21,796	\$267,957
Equipment - Grant Purchased	308,303	28,454	35,258	301,499
Total Costs	<u>593,374</u>	<u>33,136</u>	<u>57,054</u>	<u>569,456</u>
Less Accumulated Depreciation				
Vehicles and Equipment	266,910	10,901	21,796	256,015
Equipment - Grant Purchased	<u>262,333</u>	<u>19,083</u>	<u>35,258</u>	<u>246,158</u>
Total Accumulated Depreciation	<u>529,243</u>	<u>29,984</u>	<u>57,054</u>	<u>502,173</u>
Net Capital Assets	<u><u>\$64,131</u></u>	<u><u>\$3,152</u></u>	<u><u>\$0</u></u>	<u><u>\$67,283</u></u>

Depreciation expense was charged to governmental functions as follows:

General government	\$10,901
Community & economic development	2,198
Revolving loan fund	--
Employment and training	7,739
Social services	8,609
Transportation	<u>537</u>
Total depreciation expense	<u><u>\$29,984</u></u>

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

## NOTE I – UNEARNED GRANT REVENUE DUE TO GRANTOR

At June 30, 2015 unearned grant revenue of \$99,841 includes revenues received but not earned, from District grant agreements, and is as follows:

Contract/Billing Name	FY15 Revenue Received	FY15 Expenditures	Amount Due to Grantor
FY07 and prior - all sources	\$-	\$-	\$5,411
FY08			
Kentucky Infrastructure Authority	-	-	25,877
FY09			
Kentucky Infrastructure Authority	-	-	238
DOE-JAG	-	-	2,465
Consumer Directed Options	-	-	5,090
FY10			
Kentucky Infrastructure Authority	-	-	715
DOE-JAG	-	-	56
Consumer Directed Options	-	-	18,550
Kentucky Prescription Assistance Program	-	-	25
FY11			
Kentucky Prescription Assistance Program	-	-	4
FY12			
Kentucky Prescription Assistance Program	-	-	1,938
Workforce Investment Act	-	-	1,970
FY13			
Kentucky Prescription Assistance Program	-	-	146
FY15			
Title III Aging Planning & Admin	107,476	107,429	47
Title III-B Supportive Services	385,607	375,113	10,494
Title III-C1 Congregate Meals	339,955	336,376	3,579
Title III-C2 Home Delivered Meals	242,470	242,138	332
Title III-E Caregiver	130,991	130,654	337
Title VII-Elder Abuse	6,729	5,755	974
Homecare	903,120	883,995	19,125
Adult Day Care	72,906	72,118	788
Kentucky Caregiver	12,222	12,221	1
CMS-SHIP	32,541	32,300	241
ACA MIPPA/SHIP ADRC	12,377	11,603	774
Kentucky Prescription Assistance Program	58,193	57,955	238
Title III-C2 Home Delivered Meals	--	--	426
			<u><u>\$99,841</u></u>



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

## NOTE J – LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	\$95,372	\$-	\$2,232	\$93,140	\$17,000
Revolving Loans Payable - KHC	5,175	-	1,049	4,126	1,049
Net Pension Liability - CERS	-	2,275,000	-	2,275,000	-
Total Long-Term Liabilities	<u>\$100,547</u>	<u>\$2,275,000</u>	<u>\$3,281</u>	<u>\$2,372,266</u>	<u>\$18,049</u>

Additions and reductions to compensated absences represent the net change in compensated absences for the fiscal year. Additions to long-term debt of \$2,275,000 for net pension liability is a result of the reporting requirements, of GASB 68, *Accounting and Financial Reporting for Pensions*.

The District participates in the Non-profit Housing Production Loan Program administered by the Kentucky Housing Corporation, whereby the District receives funds for the purpose of making low interest loans to eligible applicants. The District is required to repay these loan program funds to the Kentucky Housing Corporation in annual installments plus interest at the rate of 1% per annum, paid quarterly. The following is a summary of future maturities under this loan program:

Year ending June 30	
2016	\$ 1,049
2017	1,049
2018	1,049
2020	979
	<u>\$4,126</u>

## NOTE K – DEFINED BENEFIT RETIREMENT PLAN

**Plan Description** – The District participates in the County Employees Retirement System (CERS) pension plan (Plan). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous duty position of each county, school board and any additional eligible local agencies electing to participate in the Kentucky Retirement System (KRS). The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by visiting [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Benefits Provided** – The Plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of Plan members under circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the State legislature. Prior to July 1, 2009, cost-of-living adjustment (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any Plan year. On July 1, 2013, the COLA was not granted. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2015, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. Benefits made under the Plan will vary based on final compensation, years of services and other factors, as fully described in the Plan documents.



# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

**Contributions** – Plan members working in non-hazardous positions employed before September 1, 2008 are required to contribute 5% of their annual creditable compensation. Those hired on or after September 1, 2008 are required to contribute 6%, with the additional 1% deposited into the KRS Insurance Fund. The District is required to contribute at an actuarially determined rate. Per Kentucky Revised Statute, normal contribution and past service contribution rates shall be determined by the Kentucky Retirement System's Board of Trustees on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board.

The rate for CERS is 17.67%, 18.89% and 19.55% of annual covered payroll and employer contributions are \$297,007, \$303,929 and \$286,623 for the years ended June 30, 2015, 2014 and 2013. Contractually required contributions of \$297,007 for the year ended June 30, 2015, include employer matching contributions at 17.67%, in the amount of \$290,591; and, additional required contributions in the amount of \$6,416 related to sick leave benefits and other adjustments.

**Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and Pension Expense** – At June 30, 2015, the District reported a liability of 2,275,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the District's proportion was .070132 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$182,000. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: 1) deferred outflows of resources for District contributions subsequent to the measurement date of \$297,007 and 2) deferred inflows of resources for differences between expected and actual experience of \$254,000. The amount reported as deferred outflows for the District's contributions subsequent to the measurement date of \$297,007 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

**Actuarial Assumptions** – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation rate – 3.5 percent
- Projected salary increases – 4.5 percent, average, including inflation
- Investment rate of return – 7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2008,



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

The long-term expected return on pension plan investments is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 24, 2009. 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 a lognormal 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.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.50%
Private Equity	7%	11.25%
Real Estate	5%	7.00%
Core US Fixed Income	10%	5.25%
High Yield US Fixed Income	5%	7.25%
Non-US Fixed Income	5%	5.50%
Commodities	5%	7.75%
TIPS	5%	5.00%
Cash	1%	3.25%
Total	100%	

**Discount Rate** – The discount rate used to measure the total pension liability as of the measurement date was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at statutory contributions rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75 percent. The long-term assumed investment rate of return was applied to all periods, of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

– The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$2,994,000	\$2,275,000	\$1,640,000



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

**Pension Plan Fiduciary Net Position** – Detailed information about the Plan's fiduciary net position is available in the separately issues CERS financial report.

**Deferred Compensation** – The District offers its employees a deferred compensation plan crated in accordance with Internal Revenue Code Section 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

**NOTE L – RELATED PARTY TRANSACTIONS AND RENTAL COMMITMENTS**

The District has entered into a lease agreement, which is a cancelable operating lease agreement for office space and storage with Lincoln Trail Development Foundation, Inc. The lease agreement is on an annual basis. The rental charge is computed based on the actual cost of providing the space. The annual rental cost totaled \$39,540 for the year ended June 30, 2015.

**NOTE M – FUND BALANCES**

Fund balances at June 30, 2015 are classified as follows: Nonspendable in the amount of \$8,714 represents amounts that cannot be spent due to form and correspond to prepaid expenses; Restricted by contractual provisions for the Revolving Loan Fund in the amount of \$46,529; Committed for the purpose of funding compensated absences in the amount of \$93,140, and Assigned for the intent of funding revolving loans payable in the amount of \$4,126. Committed and assigned fund balance classifications are determined by action of the Board of Directors.

**NOTE N – BUDGET BASIS REVENUES AND EXPENDITURES**

The District maintains accounting records utilizing the grants management (budget) basis of accounting for grant and financial reporting purposes. Certain differences exist between the grants management (budget) basis of accounting and the governmental fund basis of accounting reported in the fund financial statements. The amounts reported are reconciled as follows:

Grants Management (Budget) Basis Expenditures	\$7,879,658
Change in compensated absences liability not recognized in fund financial statements	2,232
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Expense capital assets purchased with agency funds	4,682
Depreciation expense on agency owned assets	-10,901
Debt service expense recognized in the fund financial statements	1,049
Fund Financial Statement Expenditures	<u>\$7,876,720</u>

**NOTE O – RISK MANAGEMENT**

LTADD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. LTADD participates in the Kentucky Association of Counties All Lines Fund (KALF), a public entity risk pool currently operating as a common risk management and insurance program for the Counties of Kentucky and their sub agencies. LTADD pays an annual premium to KALF for insurance coverage for certain risks of loss, including workers' compensation and general liability. The Coverage Agreement provides that KALF will be self-sustaining through member contributions, premiums and assessments and will reinsure through commercial companies for property related claims in excess of \$250,000 for each insured event.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

#### NOTE P – CONCENTRATION OF RISK

During the year ended June 30, 2015, the District received approximately 94.7% 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 grantor's review, it is determined that funds have not been used for the intended purpose, the grantor may request a refund of monies advanced, or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

#### NOTE Q – IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

##### Recently Issues and Adopted Accounting Principles

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* amends GASB Statement No. 27. Statement No. 68 was issued June 2012 and become effective this fiscal year. This statement, together with GASB Statement No. 67, *Financial Reporting for Pension Plans*, which amends GASB Statement No. 25, define how pension liabilities will be calculated and reported by employers who prepare financial statements in accordance with Generally Accepted Accounting Principals (GAAP). GASB 68, as amended by GASB 71, addresses accounting and financial reporting for pensions that are provided to employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employers contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement was adopted during the fiscal year ended June 30, 2015 and required a restatement to net position for governmental activities.

#### NOTE R – COST ALLOCATION METHODOLOGY

All costs incurred by LTADD must be charged to a specific program element as a direct charge or allocated to all program elements as a shared cost. Direct charges are defined in 2CFR, Part 225 (formerly OMB Circular A-87) as expenses that can be identified specifically with a particular cost objective. Shared costs are those incurred for a common or joint purpose benefiting more than one program element and not readily assignable to the program element(s) specifically benefited. Below is a listing of the expense categories that apply to LTADD and the manner in which they will be charged.

1. **Personnel Costs** – consists of salary, benefits, and worker's compensation. The following is a description of how these costs are charged:
  - a. Salaries – employees charge their time as direct costs to the grants or program cost objectives in which their work is attributable. Charges are based upon timesheets submitted by each employee. The salary of employees whose total time is not directly attributable to specific grant programs, such as the Executive Director and Administrative



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

## NOTE R – COST ALLOCATION METHODOLOGY, Continued

staff, will be charged to either the operational, indirect administration or common cost pool based on the nature of the task performed. Time spent on Board related activities or overall management of the organization will be charged to the operational cost pool. Time related to accounting, human resources, or procurement are charged to the indirect administration pool. Time spent by the receptionist and network specialist, as well as building/vehicle maintenance activities that benefit only the main office are charged to the common cost pool. Those employees whose time is partially direct and partially indirect will have their salary costs pro-rated based upon their timesheet entries.

- b. Employee Leave Benefit – Employee leave is allocated rather than being charged directly to programs, leave costs are placed in an interim pool by employee class then allocated during the month-end closing process. Allocations are made by class using the ratio of year-to-date actual leave benefit costs to the base of in-service salaries. In-service salaries being defined as salaries resulting from direct, indirect administrative, common and operational timesheet charges. Employee leave benefits are budgeted and accounted for as salary costs. The allocation in the accounting process seeks to equitably share these costs as a percentage of salaries. LTADD has 3 types of employee leave classes:

- **Full Time Employees** – which are entitled to annual, sick, holiday, civil and military leave.
- **Part Time Regular Employees** – which are entitled to annual, sick, holiday and civil leave.
- **Seasonal/Temporary Employees** – which are not entitled to any type of leave.

The cost allocation plan (CAP) identifies the treatment of leave costs as a matter of accounting practice. It replaces the impractical practice of direct charging leave by an individual with a computerized process that improves the equitable sharing of leave in a multi-funded and multiple-fiscal-year environment.

- c. Employee Fringe Benefit – consists of benefit costs for all employees whether their salaries are charged as direct or indirect. Fringe benefit costs are allocated to all programs by line-item expenditure, which consists of FICA, Health, Dental, Retirement, Long Term Disability/Life, and Vision. The accumulated fringe benefit pool costs are distributed through a rate that represents the ratio of fringe costs to total salaries by employee classification. Through the use of fringe rates by employee class, fringe benefits automatically follow the year-to-date salary cost and create an equitable distribution. LTADD has 3 types of employee classification for fringe:

- **Full Time Employees** – employees that are entitled to FICA, Health, Dental, Vision, Retirement, and Long Term Disability/Life Insurance
- **Part Time Regular Employees** – employees that are entitled to FICA
- **Seasonal/Temporary** – employees that are entitled to FICA

- d. Worker's Compensation – is charged to the projects or cost pools based on a rate determined by position classification. During the month-end closing process a general journal entry is created by the accounting system that takes the salaries charged by each individual and multiplies it by a rate assigned to the individual's classification resulting in the amount of worker's compensation assigned to the project or cost pool. When a salary is direct charged to a program, the worker's compensation is direct charged to the program. If a salary is charged to a cost pool, the worker's compensation is charged to the cost pool.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

## NOTE R – COST ALLOCATION METHODOLOGY, Continued

2. **Operating or Administration Expenses** – costs that can be directly attributed to a specific grant or program element is charged as direct costs to the program or cost objective benefiting from the services. Costs whose content cannot be directly attributed to a specific grant or program element are charged to the applicable cost pool (i.e. operational, indirect administration or common cost pool) and allocated on the basis of salary, benefits, and worker's compensation (personnel costs). The following is a list of expenditures that fall into this category:
  - a. Consultants and contracts
  - b. Client services and direct support
  - c. Travel and training
  - d. Advertising, printing, publication and copies
  - e. Equipment rent and maintenance
  - f. Supplies and postage
  - g. Phone
  - h. Dues, conferences and meeting costs
  - i. Other costs
  - j. Rent
  - k. Insurance and bond expense
3. **Common Cost Pool** – consists of occupancy and other facility costs that support all programs located at the primary LTADD facility. Examples of common cost expenses are salary and benefits for the receptionist, salary and benefits for network specialist, janitorial services, depreciation, building supplies, maintenance/repairs to the building, mowing services, insurance, maintenance/repairs to computer equipment and any cost that benefits the main facility and it's occupants. These costs are directly charged to a common cost pool element (999000) throughout the month. Costs charged to the common cost pool are independent of the costs charged to the other cost pools. The common cost pool is the first pool to close during the month-end closing process and does not get allocated any portion of the indirect administrative or operational cost pools. During the month-end closing process, an actual year-to-date rate is determined using the ratio of actual year-to-date common cost pool expenses to actual year-to-date salaries, fringe, and worker's compensation (base). The base of the common cost pool is reduced by the Workforce Investment Act case management and off site Kynect staff salary, fringe and worker's compensation costs because they are not housed at the primary facility located at 613 College Street Road and, therefore, do not share in the common cost pool allocation. The common cost pool rate fluctuates slightly from month to month due to increases/decreases in charges to the pool and shifts in employee salaries and/or benefits from month to month. A share of the common cost pool is assigned to each active project or cost objective, including the indirect administrative and operational cost pools, based on the salaries, fringe and worker's compensation incurred by each.
4. **Indirect Administrative Cost Pool** – consists of costs for accounting, human resources and procurement activities that benefit all programs and cannot be directly charged to a program or cost objective. Examples of indirect administrative costs would be expenses for salaries and benefits for the accounting staff, salary and benefits for human resource activities, audit costs, maintenance and support costs for the accounting software, bond/insurance for administrative staff, wellness activities and other administrative miscellaneous charges. These costs are directly charged to an indirect administrative cost pool element (999500) throughout the month. Costs charged to the indirect administrative cost pool are independent of costs charged to the other cost pools. The indirect administrative cost pool is the second pool to close during the month-end closing process and gets a share of the common cost pool based on the year-to-date rate calculated for the common cost pool during the closing process multiplied by the year-to-date salaries, fringe, and worker's compensation charged to the indirect administrative cost pool. During the month-end



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2015

## NOTE R – COST ALLOCATION METHODOLOGY, Continued

closing process, an actual year-to-date rate is determined using the ratio of actual year-to-date indirect administrative cost pool expenses to actual year-to-date salaries, fringe, and worker's compensation (base) for all programs or cost objectives. The indirect administrative cost pool rate fluctuates slightly from month to month due to increases/decreases in charges to the pool and due to the variable nature of employee salaries and/or benefits from month to month. A share of the indirect administrative cost pool is assigned to each active project or cost objective, including the operational cost pool, based on the salaries, fringe and worker's compensation incurred by each.

5. **Operational Cost Pool** – consists of costs for activities related to the board of directors and general management activities that benefit all programs and that cannot be directly charged to a program or cost objective. Examples of operational costs are expenses for salaries and benefits of staff that support board activities, salary and benefits for the executive director, agency owned vehicle repair and maintenance expense, travel related to the general management of all programs, and other miscellaneous general management charges. These costs are directly charged to the operational cost pool element (770000) throughout the month. Costs charged to the operational cost pool are independent to the cost charged to the other pools. The operational cost pool is the last pool to close during the month-end closing process and gets a share of the common and the indirect administrative cost pools based on the rates calculated for each pool multiplied by the year-to-date salaries, fringe, and worker's compensation charged to the operational cost pool. During the month-end-closing process, an actual year-to-date rate is determined using the ratio of year-to-date salary, fringe and worker's compensation costs per project or cost objective divided by the actual year-to-date salaries, fringe, and worker's compensation of all projects or cost objectives. The operational cost pool is a percentage of the year-to-date salary and benefits for one project to the salary and benefits of all the projects or cost objectives. The percent allocated fluctuates from month to month due to the variable nature of employee salaries and/or benefits charged to projects or cost objectives from month to month. A share of the operational cost pool is assigned to each project or cost objective based on the salaries, fringe and worker's compensation incurred by each. During the closing process the costs are shifted from the operational pool (zeroing out the pool) and charged to the various projects based on actual year-to-date salaries, fringe and worker's compensation.

The accounting system will accumulate all shared costs, whether operational, administrative indirect or common, on an annual basis coinciding with the LTADD's fiscal period. Allocated costs are distributed monthly for reporting purposes. LTADD has a few contracts that terminate before our fiscal year end at June 30, these projects are locked and pool costs are shifted to our general fund. This process enables us to report final year-end audited figures equal to the final invoices submitted to the grantor. The projects that are locked will have slightly different pool rates than projects that end at June 30. These costs are absorbed by our general fund and do not affect charges to other active projects.

At the end of the year, the final distribution is recorded to form a part of final costs by activity. This mechanism allows the accounting system to develop actual rates (fringe, operational, indirect administrative or common) for the twelve-month period and eliminates the circumstantial results created by the timing of incurred costs and project beginning and termination periods. As a result, all financial activity during the fiscal year serves as the base for sharing of fiscal year allocated costs.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE  
GOVERNMENTAL FUNDS – GRANTS MANAGEMENT BASIS

Year Ended June 30, 2015

	Original and Final Budget	Actual Amounts
<b>Revenues:</b>		
Federal revenue	\$4,397,546	\$2,934,879
State revenue	4,328,492	4,304,314
Local revenue	180,064	148,216
Cash match	142,031	151,606
Program income	--	112,745
Interest income	16,000	17,473
Other income	15,000	326,996
In-kind contributions	81,130	47,212
<b>Total Revenues</b>	<b>9,160,263</b>	<b>8,043,441</b>
<b>Expenditures:</b>		
Salaries	1,800,835	1,710,201
Fringe	816,601	766,784
Contractual services	3,286,344	2,883,325
Client services/Program costs	2,701,098	1,985,451
Travel	95,437	69,714
Training	32,930	28,894
Ads, printing, publishing, and copies	18,807	25,827
Equipment rent and maintenance	29,630	42,576
Grant purchased equipment	9,450	28,453
Supplies and postage	49,006	55,010
Phone	25,300	25,673
Dues, conferences and meeting costs	64,751	60,044
Other costs	70,303	20,553
Rent	115,000	120,963
Insurance	15,000	14,782
In-Kind expenses	29,771	10,287
RLF loans charged off	--	31,121
<b>Total Expenditures</b>	<b>9,160,263</b>	<b>7,879,658</b>
<b>Excess Revenues over Expenditures</b>	<b>\$0</b>	<b>163,783</b>
Fund balance, beginning of year		1,810,195
Fund balance, end of year		<u>\$1,973,978</u>

Note A: The LTADD budget is prepared on the grants management basis of accounting for the General Fund and the Special Revenue Fund combined, as approved by the Board of Directors.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

Year Ended June 30, 2015

Last 10 Years\*

	<u>2015</u>
Proportion of net pension liability	0.070132%
Proportionate share of the net pension liability	\$2,275,000
Covered - employee payroll	\$1,644,544
Proportionate share of the net pension liability as a percentage of covered payroll	138.34%
Plan fiduciary net position as a percentage of the total pension liability	66.80%

\* Fiscal year 2015 was the first year of implementation; therefore, only one year is shown.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## SCHEDULE OF CONTRIBUTIONS TO CERS

Year Ended June 30, 2015

Last 10 Years \*

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 297,007
Contributions in relation to the actuarially determined contribution	<u>297,007</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$1,644,544
Contributions as a percentage of covered employee payroll	18.06%

\* Fiscal year 2015 was the first year of implementation; therefore, only one year is shown.

**LINCOLN TRAIL AREA DEVELOPMENT DISTRICT****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2015

*Changes of Benefit Terms* – There were no changes in benefit terms.

*Changes of Assumptions* – There were no changes in assumptions.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## SCHEDULE OF SHARED COSTS

Year Ended June 30, 2015

	Operational	Indirect	Common	Total
Salaries	\$192,788	\$99,959	\$41,526	\$334,273
Fringe Benefits	86,704	34,846	18,997	140,547
Contractual Services	3,433	20,537	--	23,970
Travel	23,889	1,311	12,218	37,418
Training	1,328	1,704	285	3,317
Ads, Printing, Publications & Copies	7,024	4,191	1,993	13,208
Equipment Rent & Maintenance	1,297	3,155	3,353	7,805
Supplies & Postage	9,542	1,661	3,464	14,667
Telephone	13,839	41	428	14,308
Dues, Conferences & Meeting Costs	21,071	2,584	256	23,911
Other Costs	2,598	983	97	3,678
Rent	13,068	7,606	78,357	99,031
Insurance & Bond Expenses	12,603	976	1,203	14,782
	<u>\$389,184</u>	<u>\$179,554</u>	<u>\$162,177</u>	<u>\$730,915</u>

# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING STATEMENT OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2015

	Joint Funding Agreement	Kentucky Infrastructure Authority	Agriculture Contract	Regional SPGE Technical Assistance	Pre Disaster Mitigation	COMMUNITY & ECONOMIC DEVELOPMENT TOTAL	KTC Regional Transportation	KTC Metropolitan Planning Organization	Federal Transit Administration
<b>Revenues</b>									
Federal Revenue	\$ 85,700	\$ -	\$ 15,115	\$ -	\$ -	\$ 100,815	\$ -	\$ 99,620	\$ 5,159
State Revenue	129,117	84,550	2,000	375	-	216,042	78,065	6,226	-
Local Revenue	3,438	-	-	-	-	3,438	9,171	18,679	1,290
Program Income	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-	-	-	-
Contractor Cash Match	-	-	1,779	-	-	1,779	-	-	-
<b>Total revenues</b>	<b>218,255</b>	<b>84,550</b>	<b>18,894</b>	<b>375</b>	<b>-</b>	<b>322,074</b>	<b>87,236</b>	<b>124,525</b>	<b>6,449</b>
<b>Expenditures</b>									
Personnel	103,058	38,654	8,257	185	9,678	159,832	41,226	57,750	2,599
Fringe Benefits	47,202	17,704	3,781	85	4,432	73,204	18,884	26,449	1,190
Contractual Services	-	-	-	-	-	-	-	-	-
Client Services/Program Costs	-	-	-	-	-	-	-	-	-
Travel	466	936	-	-	-	1,402	-	2	-
Training	370	674	-	-	118	1,162	722	3,332	-
Ads, Printing, Publications & Copies	429	301	-	-	33	763	139	784	-
Equipment Rent & Maintenance	2,111	2,841	-	-	-	4,952	1,035	1,081	350
Capital Outlay (Equipment)	2,636	-	-	-	-	2,636	-	1,318	-
Supplies & Postage	465	136	2	-	700	1,303	457	31	-
Telephone	801	-	-	-	-	801	87	-	-
Dues, Conference & Meetings Costs	1,894	1,216	362	-	-	3,472	1,154	816	-
Other Costs	-	-	-	-	-	-	-	-	826
Rent	-	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-	-
In-Kind Expenses	-	-	1,779	-	-	1,779	-	-	-
Debt Service-Principal	-	-	-	-	-	-	-	-	-
RLF Loans Written Off	-	-	-	-	-	-	-	-	-
<b>Total Direct Costs</b>	<b>159,432</b>	<b>62,462</b>	<b>14,181</b>	<b>270</b>	<b>14,961</b>	<b>251,306</b>	<b>63,704</b>	<b>91,563</b>	<b>4,965</b>
<b>Shared Costs Applied:</b>									
Operational Costs	29,207	10,955	2,340	52	2,743	45,297	11,684	16,366	737
Indirect Administration Costs	13,475	5,055	1,080	24	1,265	20,899	5,391	7,551	340
Shared Costs	16,141	6,054	1,293	29	1,516	25,033	6,457	9,045	407
<b>Total expenditures</b>	<b>218,255</b>	<b>84,526</b>	<b>18,894</b>	<b>375</b>	<b>20,485</b>	<b>342,535</b>	<b>87,236</b>	<b>124,525</b>	<b>6,449</b>
Revenues over (under) expenditures	-	24	-	-	(20,485)	(20,461)	-	-	-
Other financing sources (uses):									
Operating transfers in (out)	-	(24)	-	-	-	(24)	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	(20,485)	(20,485)	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ (20,485)	\$ (20,485)	\$ -	\$ -	\$ -



# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING STATEMENT OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2015

	KTC FY15 Local Road Updates - Centerline	TRANSPORTATION TOTAL	EDA RLF Administration	RLF - EDA	REVOLVING LOAN FUND TOTAL	Workforce Investment Act	EMPLOYMENT & TRAINING TOTAL	Title III Aging Planning & Administration
<b>Revenues</b>								
Federal Revenue	\$ 8,989	\$ 113,768	\$ -	\$ -	\$ -	\$ 1,720,078	\$ 1,720,078	\$ 74,449
State Revenue	2,248	86,539	-	-	-	-	-	32,930
Local Revenue	-	29,140	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
Interest Income	-	-	-	13,488	13,488	-	-	-
Other Income	-	-	8,511	(4,977)	3,534	1,400	1,400	50
In-Kind Contributions	-	-	-	-	-	-	-	-
Contractor Cash Match	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>11,237</b>	<b>229,447</b>	<b>8,511</b>	<b>8,511</b>	<b>17,022</b>	<b>1,721,478</b>	<b>1,721,478</b>	<b>107,429</b>
<b>Expenditures</b>								
Personnel	5,551	107,126	3,301	-	3,301	464,152	464,152	45,559
Fringe Benefits	2,453	48,976	1,506	-	1,506	204,270	204,270	20,741
Contractual Services	-	-	80	-	80	332,567	332,567	2,447
Client Services/Program Costs	-	-	-	-	-	423,610	423,610	-
Travel	39	41	2	-	2	12,283	12,283	1,790
Training	-	4,054	-	-	-	6,075	6,075	6,536
Ads, Printing, Publications & Copies	-	923	125	-	125	2,564	2,564	1,320
Equipment Rent & Maintenance	-	2,466	1,282	-	1,282	1,974	1,974	325
Capital Outlay (Equipment)	-	1,318	-	-	-	11,503	11,503	-
Supplies & Postage	-	488	125	-	125	7,513	7,513	1,265
Telephone	-	87	-	-	-	763	763	665
Dues, Conference & Meetings Costs	-	1,970	68	-	68	9,269	9,269	825
Other Costs	-	826	64	-	64	111	111	-
Rent	-	-	-	-	-	21,932	21,932	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-	-	-
RLF Loans Written Off	-	-	-	31,121	31,121	-	-	-
<b>Total Direct Costs</b>	<b>8,043</b>	<b>168,275</b>	<b>6,553</b>	<b>31,121</b>	<b>37,674</b>	<b>1,498,586</b>	<b>1,498,586</b>	<b>81,473</b>
<b>Shared Costs Applied:</b>								
Operational Costs	1,623	30,410	935	-	935	129,928	129,928	12,888
Indirect Administration Costs	726	14,008	431	-	431	59,944	59,944	5,946
Shared Costs	845	16,754	516	-	516	33,020	33,020	7,122
<b>Total expenditures</b>	<b>11,237</b>	<b>229,447</b>	<b>8,435</b>	<b>31,121</b>	<b>39,556</b>	<b>1,721,478</b>	<b>1,721,478</b>	<b>107,429</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>(22,610)</b>	<b>(22,534)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>								
Operating transfers in (out)	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>(22,610)</b>	<b>(22,534)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>440,882</b>	<b>440,882</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76</b>	<b>\$ 418,272</b>	<b>\$ 418,348</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING STATEMENT OF OPERATIONS BY  
PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2015

	Title III-B Support Services	Title III-C1 Congregate Meals	Title III-C2 Home Delivered Meals	Title III-D Preventive Health	Title III-E Caregiver	Title VII Elder Abuse	Title VII Ombudsman	Nutrition Services Incentive Program "NSIP"	Kynector Project
<b>Revenues</b>									
Federal Revenue	\$ 191,807	\$ 233,053	\$ 159,323	\$ 25,829	\$ 93,790	\$ 4,746	\$ 8,990	\$ 73,479	\$ -
State Revenue	128,992	26,568	46,176	-	36,794	1,009	1,586	-	-
Local Revenue	-	-	-	-	-	-	-	-	-
Program Income	9,753	38,051	255	-	45	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	25	-	-	-	310,647
In-Kind Contributions	-	38,704	-	-	-	-	-	-	-
Contractor Cash Match	44,561	-	36,385	-	-	-	-	-	-
<b>Total revenues</b>	<b>375,113</b>	<b>336,376</b>	<b>242,139</b>	<b>25,829</b>	<b>130,654</b>	<b>5,755</b>	<b>10,576</b>	<b>73,479</b>	<b>310,647</b>
<b>Expenditures</b>									
Personnel	11,856	-	-	90	33,187	22	-	-	117,062
Fringe Benefits	5,390	-	-	33	16,092	10	-	-	53,538
Contractual Services	342,354	336,376	242,139	24,660	60,701	4,304	10,416	73,479	-
Client Services/Program Costs	4,346	-	-	-	-	-	-	-	-
Travel	27	-	-	-	422	-	-	-	6,521
Training	-	-	-	997	190	-	-	-	7
Ads, Printing, Publications & Copies	459	-	-	-	150	22	-	-	358
Equipment Rent & Maintenance	69	-	-	-	-	-	-	-	-
Capital Outlay (Equipment)	2,228	-	-	-	-	-	-	-	-
Supplies & Postage	1,393	-	-	-	620	1,334	-	-	188
Telephone	-	-	-	-	-	-	-	-	3,775
Dues, Conference & Meetings Costs	240	-	-	-	-	-	160	-	30
Other Costs	-	-	-	-	-	50	-	-	18
Rent	-	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-	-	-	-
RLF Loans Written Off	-	-	-	-	-	-	-	-	-
<b>Total Direct Costs</b>	<b>368,362</b>	<b>336,376</b>	<b>242,139</b>	<b>25,780</b>	<b>111,362</b>	<b>5,742</b>	<b>10,576</b>	<b>73,479</b>	<b>181,497</b>
<b>Shared Costs Applied:</b>									
Operational Costs	3,352	-	-	24	9,579	6	-	-	33,162
Indirect Administration Costs	1,547	-	-	11	4,419	3	-	-	15,300
Shared Costs	1,852	-	-	14	5,294	4	-	-	4,161
<b>Total expenditures</b>	<b>375,113</b>	<b>336,376</b>	<b>242,139</b>	<b>25,829</b>	<b>130,654</b>	<b>5,755</b>	<b>10,576</b>	<b>73,479</b>	<b>234,120</b>
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	76,527
<b>Other financing sources (uses):</b>									
Operating transfers in (out)	-	-	-	-	-	-	-	-	(76,527)
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING STATEMENT OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2015

	Homecare Administration	Homecare Social Services	Homecare Home Delivered Meals	Adult Day Care Administration	Adult Day Care Services	KY Caregiver Support Administration	KY Caregiver Support Grandparent Services	CMS-SHIP	PCAP Administration
<b>Revenues</b>									
Federal Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,300	\$ -
State Revenue	86,681	549,205	176,626	8,809	70,061	12,221	110,042	-	41,685
Local Revenue	-	-	-	14	-	-	-	-	-
Program Income	-	2,337	265	-	2,057	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-	-	-	-
Contractor Cash Match	-	42,449	26,432	-	-	-	-	-	-
<b>Total revenues</b>	<b>86,681</b>	<b>593,991</b>	<b>203,323</b>	<b>8,823</b>	<b>72,118</b>	<b>12,221</b>	<b>110,042</b>	<b>32,300</b>	<b>41,685</b>
<b>Expenditures</b>									
Personnel	40,977	83,878	-	4,392	248	6,215	14,226	264	19,657
Fringe Benefits	18,479	40,255	-	1,937	121	2,564	6,942	121	8,950
Contractual Services	-	382,270	203,323	-	71,601	-	-	28,397	-
Client Services/Program Costs	-	8,121	-	-	-	-	80,481	-	-
Travel	228	424	-	12	3	-	-	-	94
Training	1,171	1,301	-	-	-	-	-	-	-
Ads, Printing, Publications & Copies	136	677	-	2	-	-	43	-	48
Equipment Rent & Maintenance	378	16,359	-	-	-	-	-	-	-
Capital Outlay (Equipment)	1,708	1,957	-	-	-	-	-	1,196	1,708
Supplies & Postage	259	6,197	-	2	-	5	63	1,452	29
Telephone	-	3,516	-	-	-	-	-	660	-
Dues, Conference & Meetings Costs	69	420	-	-	-	-	-	-	-
Other Costs	-	20	-	-	-	-	-	60	-
Rent	-	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-	-	-	-
RLF Loans Written Off	-	-	-	-	-	-	-	-	-
<b>Total Direct Costs</b>	<b>63,405</b>	<b>545,395</b>	<b>203,323</b>	<b>6,345</b>	<b>71,973</b>	<b>8,784</b>	<b>101,755</b>	<b>32,150</b>	<b>30,486</b>
<b>Shared Costs Applied:</b>									
Operational Costs	11,557	24,129	-	1,230	72	1,707	4,115	75	5,561
Indirect Administration Costs	5,332	11,132	-	568	33	787	1,898	34	2,565
Shared Costs	6,387	13,335	-	680	40	943	2,274	41	3,073
<b>Total expenditures</b>	<b>86,681</b>	<b>593,991</b>	<b>203,323</b>	<b>8,823</b>	<b>72,118</b>	<b>12,221</b>	<b>110,042</b>	<b>32,300</b>	<b>41,685</b>
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-
<b>Other financing sources (uses):</b>									
Operating transfers in (out)	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING STATEMENT OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2015

	PCAP Subsidy & Coordination	Aging & Disability Resource Center	LTADD Program Development & Implementation	ACA MIPPA/AAA	ACA MIPPA/SHIP ADRC	Functional Assessment Service Team	State LTC Ombudsman	Home & Community Based CDO	Kentucky Elder Readiness Initiative
<b>Revenues</b>									
Federal Revenue	\$ -	\$ 8,640	\$ -	\$ 16,138	\$ 11,603	\$ 77	\$ -	\$ -	\$ -
State Revenue	594,013	8,640	57,753	-	-	-	37,122	1,917,207	-
Local Revenue	-	6,661	52	-	-	-	-	-	2,178
Program Income	-	-	-	-	-	-	-	59,982	-
Interest Income	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	380	-
In-Kind Contributions	-	-	-	-	-	-	-	-	-
Contractor Cash Match	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>594,013</b>	<b>23,941</b>	<b>57,805</b>	<b>16,138</b>	<b>11,603</b>	<b>77</b>	<b>37,122</b>	<b>1,977,569</b>	<b>2,178</b>
<b>Expenditures</b>									
Personnel	-	11,842	24,306	31	-	38	1,726	184,324	522
Fringe Benefits	-	5,364	10,130	14	-	17	821	87,668	241
Contractual Services	594,013	-	-	16,076	11,603	-	23,115	53,794	-
Client Services/Program Costs	-	-	-	-	-	-	-	1,468,893	-
Travel	-	-	384	-	-	-	-	790	-
Training	-	-	1,288	-	-	-	733	1,570	-
Ads, Printing, Publications & Copies	-	-	18	-	-	-	209	3,069	1,033
Equipment Rent & Maintenance	-	-	2,891	-	-	-	-	2,330	-
Capital Outlay (Equipment)	-	-	729	-	-	-	2,302	1,168	-
Supplies & Postage	-	-	3,140	-	-	-	4,026	3,499	83
Telephone	-	-	-	-	-	-	337	-	-
Dues, Conference & Meetings Costs	-	-	1,438	-	-	-	927	240	-
Other Costs	-	-	-	-	-	-	1,929	424	-
Rent	-	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-	-	-	-
RLF Loans Written Off	-	-	-	-	-	-	-	-	-
<b>Total Direct Costs</b>	<b>594,013</b>	<b>17,206</b>	<b>44,324</b>	<b>16,121</b>	<b>11,603</b>	<b>55</b>	<b>36,125</b>	<b>1,807,769</b>	<b>1,879</b>
<b>Shared Costs Applied:</b>									
Operational Costs	-	3,345	6,694	9	-	11	495	52,869	148
Indirect Administration Costs	-	1,543	3,088	4	-	5	228	24,392	69
Shared Costs	-	1,847	3,699	4	-	6	274	29,218	82
<b>Total expenditures</b>	<b>594,013</b>	<b>23,941</b>	<b>57,805</b>	<b>16,138</b>	<b>11,603</b>	<b>77</b>	<b>37,122</b>	<b>1,914,248</b>	<b>2,178</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,321</b>	<b>-</b>
<b>Other financing sources (uses):</b>									
Operating transfers in (out)	-	-	-	-	-	-	-	(63,321)	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING STATEMENT OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2015

	Service Providers & Elder Abuse Coalition	United Way - Nelson Co HDM	Prescription Assistance Program (KPAP)	LT Mental Health & Aging Coalition	SOCIAL SERVICES TOTAL
<b>Revenues</b>					
Federal Revenue	\$ -	\$ -	\$ -	\$ -	\$ 934,224
State Revenue	-	-	57,596	17	4,001,733
Local Revenue	3,112	2,095	359	-	14,471
Program Income	-	-	-	-	112,745
Interest Income	-	-	-	-	-
Other Income	-	-	-	-	311,102
In-Kind Contributions	-	-	-	-	38,704
Contractor Cash Match	-	-	-	-	149,827
<b>Total revenues</b>	<b>3,112</b>	<b>2,095</b>	<b>57,955</b>	<b>17</b>	<b>5,562,806</b>
<b>Expenditures</b>					
Personnel	-	-	1,411	-	601,833
Fringe Benefits	-	-	644	-	280,072
Contractual Services	-	2,095	43,332	-	2,526,495
Client Services/Program Costs	-	-	-	-	1,561,841
Travel	-	-	7,227	-	17,922
Training	-	-	-	-	13,793
Ads, Printing, Publications & Copies	247	-	63	-	7,854
Equipment Rent & Maintenance	-	-	-	-	22,352
Capital Outlay (Equipment)	-	-	-	-	12,996
Supplies & Postage	490	-	4,299	17	28,361
Telephone	-	-	-	-	8,953
Dues, Conference & Meetings Costs	2,375	-	175	-	6,899
Other Costs	-	-	-	-	2,501
Rent	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-
RLF Loans Written Off	-	-	-	-	-
<b>Total Direct Costs</b>	<b>3,112</b>	<b>2,095</b>	<b>57,151</b>	<b>17</b>	<b>5,091,872</b>
<b>Shared Costs Applied:</b>					
Operational Costs	-	-	399	-	171,427
Indirect Administration Costs	-	-	184	-	79,088
Shared Costs	-	-	221	-	80,571
<b>Total expenditures</b>	<b>3,112</b>	<b>2,095</b>	<b>57,955</b>	<b>17</b>	<b>5,422,958</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,848</b>
<b>Other financing sources (uses):</b>					
Operating transfers in (out)	-	-	-	-	(139,848)
RLF principal received (disbursed), net	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING STATEMENT OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2015

	SPECIAL REVENUE FUND TOTAL - GRANTS MANAGEMENT BASIS	GENERAL FUND TOTAL - GRANTS MANAGEMENT BASIS	SHARED COST ALLOCATION	GOVERNMENTAL FUNDS TOTAL - GRANTS MANAGEMENT (BUDGET) BASIS	GRANTS MANAGEMENT BASIS TO FUND BASIS CONVERSION	GOVERNMENTAL FUNDS TOTAL (after conversion)
Revenues						
Federal Revenue	\$ 2,868,885	\$ 65,994	\$ -	\$ 2,934,879	\$ -	\$ 2,934,879
State Revenue	4,304,314	-	-	4,304,314	-	4,304,314
Local Revenue	47,049	101,167	-	148,216	-	148,216
Program Income	112,745	-	-	112,745	-	112,745
Interest Income	13,488	3,985	-	17,473	-	17,473
Other Income	316,036	10,960	-	326,996	-	326,996
In-Kind Contributions	38,704	8,508	-	47,212	-	47,212
Contractor Cash Match	151,606	-	-	151,606	-	151,606
Total revenues	7,852,827	190,614		8,043,441	-	8,043,441
Expenditures						
Personnel	1,336,244	39,684	334,273	1,710,201	2,232	1,712,433
Fringe Benefits	608,028	18,209	140,547	766,784	-	766,784
Contractual Services	2,859,142	213	23,970	2,883,325	-	2,883,325
Client Services/Program Costs	1,985,451	-	-	1,985,451	-	1,985,451
Travel	31,650	646	37,418	69,714	-	69,714
Training	25,084	493	3,317	28,894	-	28,894
Ads, Printing, Publications & Copies	12,229	390	13,208	25,827	-	25,827
Equipment Rent & Maintenance	33,026	1,745	7,805	42,576	-	42,576
Capital Outlay (Equipment)	28,453	-	-	28,453	4,682	33,135
Supplies & Postage	37,790	2,553	14,667	55,010	-	55,010
Telephone	10,604	761	14,308	25,673	-	25,673
Dues, Conference & Meetings Costs	21,678	14,455	23,911	60,044	-	60,044
Other Costs	3,502	13,373	3,678	20,553	(10,901)	9,652
Rent	21,932	-	99,031	120,963	-	120,963
Insurance & Bond Expense	-	-	14,782	14,782	-	14,782
In-Kind Expenses	1,779	8,508	-	10,287	-	10,287
Debt Service-Principal	-	-	-	-	1,049	1,049
RLF Loans Written Off	31,121	-	-	31,121	-	31,121
Total Direct Costs	7,047,713	101,030	730,915	7,879,658	(2,938)	7,876,720
Shared Costs Applied:						
Operational Costs	377,997	11,187	(389,184)	-	-	-
Indirect Administration Costs	174,370	5,184	(179,554)	-	-	-
Shared Costs	155,894	6,283	(162,177)	-	-	-
Total expenditures	7,755,974	123,684	-	7,879,658	(2,938)	7,876,720
Revenues over (under) expenditures	96,853	66,930	-	163,783	2,938	166,721
Other financing sources (uses):						
Operating transfers in (out)	(139,872)	139,872	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	(85,629)	(85,629)
Net change in fund balances	(43,019)	206,802	-	163,783	(82,691)	81,092
Fund balances, beginning of year	440,882	1,369,313	-	1,810,195	(203,727)	1,606,468
Fund balances, end of year	\$ 397,863	\$ 1,576,115	\$ -	\$ 1,973,978	\$ (286,418)	\$ 1,687,560



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2015

	CFDA Number	Grant Number	Federal Award Expended
<b>U.S. Department of Commerce</b>			
<u>Economic Development Administration</u>			
<u>Passed-through State Department: Economic Development Administration</u>			
Economic Development - Support for Planning Organizations	11.302	1500000211	\$67,200
<u>Direct Received Funds</u>			
Economic Adjustment Assistance	11.307	04-39-03494	343,907
<u>Passed-through Pennyrile Area Development District</u>			
Economic Adjustment Assistance - KY Agriculture Development Information System	11.307	n/a	15,115
			<u>359,022</u>
<b>Total U.S. Department of Commerce</b>			<u><b>426,222</b></u>
<b>U.S. Department of Housing and Urban Development</b>			
<u>Office of Community Planning and Development</u>			
<u>Passed-through State Department: Community Planning and Development</u>			
Community Development Block Grant - JFA	14.228	1500000211	18,500
<u>Passed-through Local Sources</u>			
Community Development Block Grants - State Program	14.228	n/a	19,923
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>38,423</b></u>
<b>U.S. Department of Labor</b>			
<u>Employment and Training Administration</u>			
<u>Passed-through Kentucky Education Cabinet: Department for Workforce Investment</u>			
<u>Office of Employment &amp; Training Administration</u>			
Trade Adjustment Assistance	17.245	205BE12	24,083
Trade Adjustment Assistance	17.245	205BE13	23,744
			<u>47,827</u>
<u>Office of Employment &amp; Training Administration</u>			
WIA Adult Program	17.258 a	270AD14	35
WIA Adult Program	17.258 a	273AD14	102,773
WIA Adult Program	17.258 a	270AD15	36,761
WIA Adult Program	17.258 a	273AD15	344,402
			<u>483,971</u>
<u>Office of Employment &amp; Training Administration</u>			
WIA Youth Activities	17.259 a	274YT14	226,018
WIA Youth Activities	17.259 a	274YT15	350,508
WIA Youth Activities - Statewide Reserve	17.259 a	274SR15	9,862
			<u>586,388</u>
<u>Office of Employment &amp; Training Administration</u>			
WIA National Emergency Grants	17.277	258GO15	16,634
<u>Office of Employment &amp; Training Administration</u>			
WIA Dislocated Worker Formula Grants	17.278 a	272RR13	2,298
WIA Dislocated Worker Formula Grants	17.278 a	272DW14	9,908
WIA Dislocated Worker Formula Grants	17.278 a	271CM14	26,014
WIA Dislocated Worker Formula Grants	17.278 a	271DW14	297,009
WIA Dislocated Worker Formula Grants	17.278 a	272DW15	47,075
WIA Dislocated Worker Formula Grants	17.278 a	271DW15	202,954
			<u>585,258</u>
<i>a - Department of Labor - Workforce Investment Act Cluster</i>			<u>1,655,617</u>
<b>Total U.S. Department of Labor</b>			<u><b>1,720,078</b></u>
<b>U.S. Department of Transportation</b>			
<u>Federal Highway Administration</u>			
<u>Passed-through Kentucky Transportation Cabinet</u>			
Highway Planning and Construction:			
Metropolitan Planning Organization - Unified Planning Work Programs	20.205	1400005560	99,620
FY2015 Local Road Updates	20.205	1500002442	8,989
<u>Passed-through Larue, Nelson, Washington and Boyle Counties</u>			
Metropolitan Planning Organization - Lincoln Heritage Scenic Byway	20.205	n/a	1,523
			<u>110,132</u>
<u>Federal Transit Administration</u>			
<u>Passed-through Kentucky Transportation Cabinet</u>			
Metropolitan Transportation Planning - Section 5303	20.505	G04M503Z	5,159
<b>Total U.S. Department of Transportation</b>			<u><b>115,291</b></u>

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2015

	CFDA Number	Grant Number	Federal Award Expended
<b><u>Environmental Protection Agency</u></b>			
Office of Water			
Passed-through City of Hodgenville			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	n/a	370
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	n/a	2,098
Passed-through City of Lebanon			
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	n/a	3,384
			5,482
<b>Total Environmental Protection Agency</b>			<b>5,852</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Administration for Community Living			
Passed-through Kentucky Cabinet for Health and Family Services			
Special Programs for the Aging:			
Title VII Elder Abuse Prevention	93.041	PON2 725 1400001073 1	4,746
Title VII Ombudsman Services	93.042	PON2 725 1400001073 1	8,990
Title III-D Disease Prevention-Health Promotion	93.043	PON2 725 1400001066 1	25,829
Title III-B Supportive Services	93.044 b	PON2 725 1400001066 1	212,653
Title III-C Nutrition Services	93.045 b	PON2 725 1400001066 1	435,556
ARRA - Title IV and Title II Discretionary Projects - Aging & Disability Resource Ctr	93.048	PON2 725 1400001160 1	8,640
Title III-E National Family Caregiver Support	93.052	PON2 725 1400001066 1	104,213
Nutrition Services Incentive Program (NSIP)	93.053 b	PON2 725 1400001074 1	73,479
<i>b - Department of Health and Human Services - Aging Cluster</i>			<u>721,688</u>
Centers for Disease Control and Prevention			
Passed-through Kentucky Cabinet for Health and Family Services			
Public Health Emergency Preparedness - Functional Assessment Service Teams	93.069	PON2 725 1400001163 1	77
Administration for Community Living			
Passed-through Kentucky Cabinet for Health and Family Services			
Medicare Enrollment Assistance Program	93.071	PON2 725 1400001168 1	27,741
Centers for Medicare and Medicaid Services			
Passed-through Kentucky Cabinet for Health and Family Services			
CMS Research, Demo. & Evaluations - Benefits Counseling	93.779	PON2 725 1400001161 1	32,300
<b>Total U.S. Department of Health and Human Services</b>			<b>934,224</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Flood Mitigation Assistance			
Passed-through Kentucky Division of Emergency Management			
Passed-through Marion County			
Flood Mitigation Assistance	97.029	n/a	15,128
Pre-Disaster Mitigation			
Passed-through Kentucky Division of Emergency Management			
Pre-Disaster Mitigation	97.047	n/a	20,485
<b>Total U.S. Department of Homeland Security</b>			<b>35,613</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$3,275,703</u></b>



**SEFA WITH CORRECTED EDA REVOLVING LOAN FUND FIGURES**

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**LINCOLN TRAIL AREA DEVELOPMENT DISTRICT****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued**

Year ended June 30, 2015

**Notes to Schedule of Expenditures of Federal Awards****Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the Lincoln Trail Area Development District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts in or used in the preparation of the financial statements.

**Note 2 - Revolving Loan Fund**

The District administers a Revolving Loan Fund. The federal grant award dated October 3, 1987 was \$500,000. Loan values, RLF cash balance, current year administrative expenses and loans written off, in lieu of expenditures, are used in determining major program status, and are as follows: Loans outstanding \$371,743; Cash balance \$47,243; Administrative expenses \$8,435; Loans written off \$31,121; 75% federal portion \$343,907.

**Note 3 - Reconciliation of Federal Revenue to Schedule of Expenditures of Federal Awards**

Total Federal Revenue - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$2,934,879</u>
Amounts reported in the schedule of expenditures of federal awards are different because:	
Economic Development Administration - Revolving Loan Fund program included on SEFA but has no current year revenue activity	343,907
Programs with timing differences in revenue/expenditure recognition for grant administration services passed through local sources:	
Community Development Block Grants - State program	-16,077
Flood Mitigation Assistance	-9,866
Pre-Disaster Mitigation	20,485
MPO - Lincoln Heritage Scenic Byway	1,523
EPA - Water State Revolving Funds	<u>852</u>
	<u>340,824</u>
Total Expenditures of Federal Awards	<u><u>\$3,275,703</u></u>

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2015

## Notes to Schedule of Expenditures of Federal Awards, Continued

**Note 4 - Sub-Recipients**

Of the federal expenditures presented in the schedule, Lincoln Trail Area Development District provided federal awards to the following sub-recipients:

<u>Program Title</u>	<u>Sub Recipient</u>	<u>Amount Provided</u>
<b>Aging</b>		
Title III Planning & Admin	Dietary Consultants, Inc.	\$ 1,696
Title III-B Supportive Services	Central KY Community Action Council	31,281
Title III-B Supportive Services	Lifeline Homecare, Inc.	83,717
Title III-B Supportive Services	Legal Aid Society Inc.	11,737
Title III-B Supportive Services	Transit Authority of Central KY	30,798
Title III-C1 Nutrition Services	Central KY Community Action Council	201,684
Title III-C1 Nutrition Services	Dietary Consultants, Inc.	5,603
Title III-C2 Nutrition Services	Purfoods, LLC	159,323
Title III-D Health Prevention	Central KY Community Action Council	7,180
Title III-D Health Prevention	VNA Nazareth Home Health	17,480
Title III-E FCGP	Lifeline Homecare, Inc.	41,689
Title III-E FCGP	Purfoods, LLC	1,859
Nutrition Service Incentive Program	Central KY Community Action Council	62,457
<b>Total Aging</b>		<b>656,504</b>
<b>Workforce Investment Act</b>		
Adult	Alltech, Inc.	4,000
Adult	Bardstown Radio Team, LLC	1,966
Adult	Dean Schamore Inc. dba Digital Communications	5,000
Adult	Flowers Baking Company	35,000
Adult	Fuel Total Systems KY Corporation	5,281
Adult	Heartland Communication Consultants, Inc.	23,663
Adult	Metalsa Structural Products	3,141
Adult	Montebello Packaging, Inc.	12,872
Adult	NPR of America, Inc.	2,612
Adult	TG Kentucky, LLC	3,329
Adult	The Gates Corporation	10,000
Adult	Tower International, Inc.	24,559
Adult	Toyotomi America Corporation	51,484
Dislocated Workers	Bardstown Radio Team, LLC	3,034
Dislocated Workers	Flowers Baking Company	5,000
Dislocated Workers	Fuel Total Systems KY Corporation	1,342
Dislocated Workers	Heartland Communication Consultants, Inc.	16,402
Dislocated Workers	Metalsa Structural Products	37,856
Dislocated Workers	TG Kentucky, LLC	872
Dislocated Workers	The Gates Corporation	3,881
Dislocated Workers	Tower International, Inc.	18,089
Dislocated Workers	Toyotomi America Corporation	25,999
Youth	Heartland Communication Consultants, Inc.	26,573
National Emergency Grant	Elizabethtown Community & Technical College	10,200
<b>Total Workforce Investment Act</b>		<b>332,155</b>
<b>Total Funds Passed Thru to Subrecipients</b>		<b>\$ 988,659</b>



# Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

KENNETH D. CLAUSON, CPA  
SUSAN C. MOUSER, CPA

MELISSA S. MARTIN, CPA

## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Lincoln Trail Area Development District

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 and each major fund of Lincoln Trail Area Development District (LTADD), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise LTADD's basic financial statements, and have issued our report thereon dated December 16, 2015.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Certified Public Accountants

December 16, 2015



**Independent Auditor's Report on Compliance for Each Major Program and  
on Internal Control over Compliance Required by OMB Circular A-133**

To the Board of Directors  
Lincoln Trail Area Development District

**Report on Compliance for Each Major Federal Program**

We have audited Lincoln Trail Area Development District (LTADD)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of LTADD's major federal programs for the year ended June 30, 2015. LTADD'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of LTADD'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 LTADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, LTADD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

Management of LTADD 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 LTADD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 LTADD's internal control over compliance.



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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

December 16, 2015

**LINCOLN TRAIL AREA DEVELOPMENT DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS and PRIOR AUDIT FINDINGS**

Year Ended June 30, 2015

**Section I - Summary of Auditor's Results***Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

11.307	Economic Adjustment Assistance
17.258, 17.259, 17.278	WIA Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000.

Auditee qualified as low-risk auditee? ☒ yes ☐ no**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV - Prior Audit Findings**

There were no prior audit findings.