

# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

---

## **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2018**

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

# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

## **CONTENTS**

### Pages

#### **INDEPENDENT AUDITOR'S REPORT**

1-2

#### **REQUIRED SUPPLEMENTARY INFORMATION:**

Management's Discussion and Analysis

3-8

#### **FINANCIAL STATEMENTS:**

##### *Government-Wide Financial Statements:*

Statement of Net Position

9

Statement of Activities

10

##### *Fund Financial Statements:*

Balance Sheet – Governmental Funds

11

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

12

Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds

13

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities

14

Notes to Financial Statements

15-32

#### **REQUIRED SUPPLEMENTARY INFORMATION:**

Budgetary Comparison Schedule

33

##### *Pension and OPEB Schedules and Notes to Schedules:*

Schedule of Proportionate Share of Net Pension Liability

34

Schedule of Proportionate Share of Net OPEB Liability

35

Schedule of Contributions to Pension

36

Schedule of Contributions to OPEB

37

Notes to Required Supplementary Information – Pension

38

Notes to Required Supplementary Information – OPEB

39

#### **SUPPLEMENTARY INFORMATION:**

Schedule of Shared Costs

40

Combining Schedule of Operations by Program and Supporting Services

41-47

Schedule of Expenditures of Federal Awards

48-49

Notes to the Schedule of Expenditures of Federal Awards

50-51

#### **INTERNAL CONTROL and COMPLIANCE**

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*

52

Independent Auditor's Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance

53-54

Schedule of Findings and Questioned Costs and Prior Audit Findings

55

# Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditor's Report

To the Board of Directors  
Lincoln Trail Area Development District  
Elizabethtown, Kentucky

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Trail Area Development District (LTADD), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion 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, each major fund, and the aggregate remaining fund information of the Lincoln Trail Area Development District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note T to the financial statements, during the year ended June 30, 2018, LTADD adopted Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement 85, *Omnibus 2017* and Statement 86, *Certain Debt Extinguishment Issues*. 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 on pages 3 – 8, budgetary comparison schedule on page 33, and pension and OPEB schedules and notes on pages 35 – 39 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 LTADD's basic financial statements. The accompanying schedule of shared costs and the combining schedule 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of shared costs, the combining schedule of operations by program and supporting services, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and 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 schedule of operations by program and supporting services, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, 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 18, 2018

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

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, 2018. 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 (\$1,648,228). The ending net position for the LTADD was (\$2,125,070). LTADD's total net position decreased by \$476,842, from this period last year. Two major factors significantly changed net position, the first is due to an increase in net pension liability of \$336,888 over the prior year balance of \$3,423,862 bringing the current year balance to \$3,760,750, in the fourth year implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*". The second is due to the implementation of GASB 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" with a net OPEB liability in 2018 of \$1,291,645 which resulted in the beginning net pension being reduced by \$931,028. In the prior year, adjusted net position decreased by (\$1,250,207).

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts (A) management's discussion and analysis (this section), (B) the financial statements and related notes, (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 sections of required supplementary information and other supplementary information that provide 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 or 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, 2018

### 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

|                                      | 2018                | 2017<br>(As Restated) | Dollar<br>Change  | Percent<br>Change |
|--------------------------------------|---------------------|-----------------------|-------------------|-------------------|
| <b>Assets</b>                        |                     |                       |                   |                   |
| Current Assets                       | \$2,282,701         | \$2,455,606           | -\$172,905        | -7.04%            |
| Revolving Loan Fund Receivables, net | 414,740             | 313,275               | 101,465           | 32.39%            |
| Capital Assets, net                  | 81,816              | 125,764               | -43,948           | -34.94%           |
| Total Assets                         | <u>2,779,257</u>    | <u>2,894,645</u>      | <u>-115,388</u>   | <u>-3.99%</u>     |
| Deferred Outflows of Resources       | <u>1,571,317</u>    | <u>744,695</u>        | <u>826,622</u>    | <u>111.00%</u>    |
| <b>Liabilities</b>                   |                     |                       |                   |                   |
| Current Liabilities                  | 748,212             | 785,907               | -37,695           | -4.80%            |
| Non-Current Liabilities              | 5,114,395           | 3,494,143             | 1,620,252         | 46.37%            |
| Total Liabilities                    | <u>5,862,607</u>    | <u>4,280,050</u>      | <u>1,582,557</u>  | <u>36.98%</u>     |
| Deferred Inflows of Resources        | <u>613,037</u>      | <u>76,490</u>         | <u>536,547</u>    | <u>701.46%</u>    |
| <b>Net Position</b>                  |                     |                       |                   |                   |
| Invested in Capital Assets           | 81,816              | 125,764               | -43,948           | -34.94%           |
| Restricted                           | 445,243             | 410,452               | 34,791            | 8.48%             |
| Unrestricted                         | <u>-2,652,129</u>   | <u>-2,184,444</u>     | <u>-467,685</u>   | <u>21.41%</u>     |
| Total Net Position                   | <u>-\$2,125,070</u> | <u>-\$1,648,228</u>   | <u>-\$476,842</u> | <u>28.93%</u>     |

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

LTADD's net position decreased approximately 29% for the year ended June 30, 2018. The FY18 ending ratio of current assets to current liabilities is a little more than 3.0 times. Cash decreased by \$96,842, grant receivables decreased by \$102,421, accounts payable decreased by \$6,199, funds due to grantor decreased by \$14,249 and deferred revenue decreased by \$20,246 from the June 30, 2017 figures. The most significant change in the FY18 figures was the change in net position due to the impact of GASB 68 "Accounting And Financial Reporting For Pensions" and the first year of implementation of GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Changes in capital assets were due to depreciation of agency and grant purchased assets.

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

|                                     | 2018               | 2017               | Dollar Change     | Percent Change |
|-------------------------------------|--------------------|--------------------|-------------------|----------------|
| <b>Revenues</b>                     |                    |                    |                   |                |
| Operating Grants and Contributions  | \$7,886,134        | \$7,236,461        | \$649,673         | 8.98%          |
| Charges for Services                | 36,751             | 37,826             | -1,075            | -2.84%         |
| Member Dues                         | 80,738             | 80,738             | --                | 0.00%          |
| Interest                            | 4,817              | 3,450              | 1,367             | 39.62%         |
| RLF – Loan Loss Allowance Provision | 26,070             | 5,086              | 20,984            | 412.58%        |
| Other Non-Budgeted Revenue          | 3,605              | 8,218              | -4,613            | -56.13%        |
| <b>Total Revenues</b>               | <b>\$8,038,115</b> | <b>\$7,371,779</b> | <b>\$666,336</b>  | <b>9.04%</b>   |
| <b>Expenses</b>                     |                    |                    |                   |                |
| General Government                  | 95,532             | 121,071            | -25,539           | -21.09%        |
| Community and Economic Development  | 338,124            | 414,101            | -75,977           | -18.35%        |
| Revolving Loan Fund                 | 15,734             | 14,499             | 1,235             | 8.52%          |
| Employment and Training             | 1,880,358          | 1,569,562          | 310,796           | 19.80%         |
| Social Services                     | 5,768,333          | 5,307,928          | 460,405           | 8.67%          |
| Transportation                      | 416,678            | 262,886            | 153,792           | 58.50%         |
| Loss of disposal of assets          | 198                | 911                | -713              | -78.27%        |
| <b>Total Expenses</b>               | <b>\$8,514,957</b> | <b>\$7,690,958</b> | <b>\$823,999</b>  | <b>10.71%</b>  |
| <b>Change in Net Position</b>       | <b>-\$476,842</b>  | <b>-\$319,179</b>  | <b>-\$157,663</b> | <b>49.40%</b>  |

Revenues:

LTADD recognized a \$666,336 or a 9.0% increase in revenue in FY 2018 when compared to revenue recognized the FY 2017 period. The current year's increase can be attributed to an increase of \$246,052 in Workforce Innovation and Opportunity Act and KY Health Implementation funds; and a \$422,332 increase in Social Services funding mainly in Participant Directed Service program. We did experience an increase in the Transportation funds due to a Byway Signage project in the amount of \$96,455 and experienced a decrease of \$99,538 in Community Development mainly due to the completion of the Office of Economic Adjustment project in the prior year. We were able to reduce the estimated allowance for loan losses by \$20,984 with the implementation of direct deposit for revolving loan payments. We currently have six loans that are paid through direct deposit.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

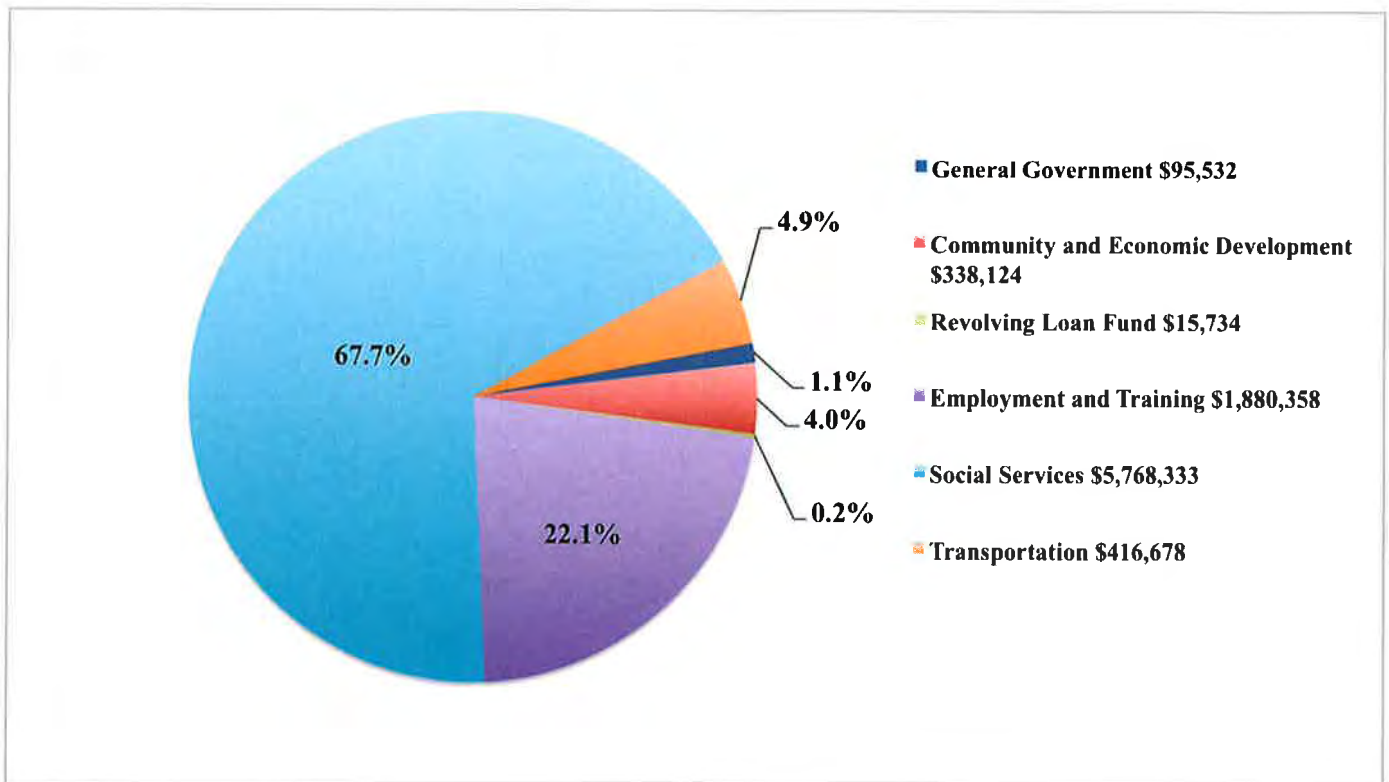
### MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

June 30, 2018

#### Expenses:

LTADD recognized a 10.71% increase in expenses in FY18 over the prior period. The increase in expense was due to increased expenditures in the Workforce Innovation and Opportunity Act and Participant Directed Services programs in addition to recording \$351,775 in pension expense and \$75,901 in OPEB expense above required contributions, which was allocated to each department based on personnel costs. Net position decreased by \$476,872 in the FY18 fiscal year, in comparison to the prior year change in net position of (\$319,179). The decrease in net position is primarily due to the fourth year reporting results of GASB 68 "Accounting And Financial Reporting For Pensions" and the first year implementation of GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

LTADD expenses cover a range of services. The following pie chart outlines the percentages and amounts expended by activity. Social Services makes up 67.7% of the expenditures; which is up 0.3% from last year's percentage. About 22.1% of expenditures were associated with Employment and Training activities, which is up 2.8% from its FY17 share.





## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

June 30, 2018

LTADD had \$8,040,648 in revenues (budget basis) for FY18. This is an increase of \$649,841 or 8.8% 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 and its assistance to local units of government. Historically, the Joint Funding Administration (JFA) program exists as the primary component of the Community and Economic Development Department – the JFA serves as the original, legacy funding of all ADDs. The funding foundation and allocation structure of the JFA program has remained consistent since 1978. In FY17, the Department for Local Government reallocated the formula with a heavier concentration in the Appalachian Regional Commission region, resulting in a 20.2% decrease in funding level when compared to FY 2016, the period prior to the change in the formula funding. The ADD had to provide \$15,726 in local funds to ensure the JFA program remains viable.

- FY18 concluded a work element funded by the Department of Defense (DoD) Office of Economic Adjustment (OEA) for planning activities related to Fort Knox. This included federal and local matching funds. The revenue for FY18 in this element totaled \$4,630 from both funding sources, this is a decrease of \$90,604 or 95.1% decrease from the prior period.
- The overall Transportation Planning component of the LTADD (Metropolitan, Rural and other Transportation funds) saw an overall increase in FY18 of \$126,511 in federal, state and local funds. The Metropolitan Planning Organization (MPO) program saw an \$8,918 increase expenditures, as well as \$15,380 increase in Federal Transit Administration expenditures. The largest contributor to the increase was the \$96,455 spent in FY18 to complete the Lincoln Heritage Scenic Byway project.
- The overall decrease of CED in the amount of \$99,538 or 25.7% from the prior year can be primarily attributed to the completion of the element funded by the Department of Defense (DoD) Office of Economic Adjustment (OEA) for planning activities for related to Fort Knox. Also, it must be noted that an infusion of \$52,358 of local funds were required to support the CED mission. This infusion was above and beyond any required programmatic match and was necessary to maintain an acceptable leave of staffing to complete mission-essential tasks.
- **WORKFORCE INVESTMENT** – The programs of the Workforce Investment and Opportunity Act (WIOA) performed by the LTADD Employment and Training Department accounted for a 16.5% increase in revenues over the past fiscal year. This increase can be largely attributed to the addition two new funding streams, the Cumberland Workforce Development Board Support and LTADD KY Health Implementation programs. The LTADD has \$1,475,522 in carryover funds for FY 2019. Traditional WIOA funds and other Employment and Training revenues remained consistent to prior year funding level.
- **SOCIAL SERVICES** – Kentucky's programs both financially match and complement the federal programs comprising the Older Americans Act. Virtually all funding in state programs are designed to keep seniors (and those who are disabled) in their homes and in the community rather than in institutional settings. The LTADD social services funding levels experienced slight decreases with the exception of the Participant Directed Services (PDS) program during FY18. Overall, combined federal and state revenue increased by 9.5% from Social Services' FY17 funding levels. As noted above, the increase can be directly attributed to the PDS program, which received an increase of \$483,246 or 27%. The KY Health Benefit Exchange KYNECTOR program was not funded in FY18, resulting in a decrease of \$40,675. The KY Caregiver Support Grandparent Services program had a 52% reduction while Title IIIB Support Services also received an 8% reduction. Without the increase in the PDS program funding, the overall department impact was a reduction of \$60,914 in revenues available for services.

## **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

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

June 30, 2018

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At year-end 2018, LTADD had invested \$442,711 in capital assets, including vehicles, office furniture, office equipment and computers. Overall, investment in capital assets decreased by \$38,798 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 2018, LTADD had paid off \$2,027 in outstanding debt. 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 2019 budget was based on actual information received from the federal, state and local government contracts as of September 2018. Revenues and expenditures were budgeted at \$8,215,672, which is approximately a 1.4% increase from the FY 2018 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, 2018

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

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$1,099,619      |
| Grant receivables         | 1,071,501        |
| Other receivables         | 71,811           |
| Prepaid expenses          | 8,278            |
| Total current assets      | <u>2,251,209</u> |

|                                     |               |
|-------------------------------------|---------------|
| Capital assets, net of depreciation | <u>81,816</u> |
|-------------------------------------|---------------|

**Restricted Assets:**

|   |                |
|---|----------------|
| Cash – Revolving Loan Fund                        | 31,492         |
| Revolving loan fund receivables, net of allowance | 414,740        |
| Total restricted assets                           | <u>446,232</u> |

|                     |                         |
|---------------------|-------------------------|
| <b>Total Assets</b> | <b><u>2,779,257</u></b> |
|---------------------|-------------------------|

**Deferred Outflows of Resources:**

|                                      |                  |
|--------------------------------------|------------------|
| Deferred outflows related to pension | 1,218,976        |
| Deferred outflows related to OPEB    | 352,341          |
| Total deferred outflows of resources | <u>1,571,317</u> |

**LIABILITIES****Current Liabilities:**

|                                       |                |
|---------------------------------------|----------------|
| Accounts payable                      | 313,635        |
| Advances from grantors                | 197,504        |
| Unearned grant revenue due to grantor | 74,988         |
| Accrued wages                         | 126,458        |
| Payroll withholdings and accruals     | 12,649         |
| Compensated absences, current         | 22,978         |
| Total current liabilities             | <u>748,212</u> |

**Noncurrent Liabilities:**

|  |                  |
|--|------------------|
| Compensated absences, net of current portion | 62,000           |
| Net pension liability                        | 3,760,750        |
| Net OPEB liability                           | 1,291,645        |
| Total noncurrent liabilities                 | <u>5,114,395</u> |

|                          |                         |
|--------------------------|-------------------------|
| <b>Total Liabilities</b> | <b><u>5,862,607</u></b> |
|--------------------------|-------------------------|

**Deferred Inflows of Resources:**

|                                     |                |
|-------------------------------------|----------------|
| Deferred inflows related to pension | 519,776        |
| Deferred inflows related to OPEB    | 67,625         |
| Deferred revenue                    | 25,636         |
| Total deferred inflows of resources | <u>613,037</u> |

**Net Position:**

|                                    |                            |
|------------------------------------|----------------------------|
| Net investment in capital assets   | 81,816                     |
| Restricted for Revolving Loan Fund | 445,243                    |
| Unrestricted                       | <u>-2,652,129</u>          |
| <b>Total Net Position</b>          | <b><u>-\$2,125,070</u></b> |

See notes to financial statements.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

| Function/Programs                                      | Program Revenues   |                                |                         |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--|--------------------|--------------------------------|-------------------------|--|--|
|  | Direct<br>Expenses | Indirect<br>Costs<br>Allocated | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  |
| Governmental activities:                               |                    |                                |                         |  |  |
| General government                                     | \$70,288           | \$25,244                       | \$17,454                | \$58,125                                 | -\$19,953  |
| Community and economic<br>development                  | 255,440            | 82,684                         | --                      | 235,364                                  | -102,760   |
| Revolving loan funds                                   | 12,225             | 3,509                          | 19,297                  | --                                       | 3,563  |
| Employment and training                                | 1,669,400          | 210,958                        | --                      | 1,713,756                                | -166,602   |
| Social services  | 5,417,757          | 350,576                        | --                      | 5,531,409                                | -236,924   |
| Transportation   | 336,987            | 79,691                         | --                      | 347,480                                  | -69,198  |
| Total  | <u>\$7,762,097</u> | <u>\$752,662</u>               | <u>\$36,751</u>         | <u>\$7,886,134</u>                       | <u>-591,874</u>  |
|  |                    |                                |                         |  |  |
| General Revenues:                                      |                    |                                |                         |  |  |
| Member Dues  |                    |                                |                         |  | 80,738   |
| Interest   |                    |                                |                         |  | 4,817  |
| Other Non-Budgeted Revenue                             |                    |                                |                         |  | 3,605  |
| Total general revenues                                 |                    |                                |                         |  | <u>89,160</u>  |
|  |                    |                                |                         |  |  |
| Revolving Loan Fund – Loan Loss<br>Allowance Provision |                    |                                |                         |  | <u>26,070</u>  |
|  |                    |                                |                         |  |  |
| Loss on Disposal of Capital Assets                     |                    |                                |                         |  | <u>-198</u>  |
|  |                    |                                |                         |  |  |
| Change in Net Position                                 |                    |                                |                         |  | <u>-476,842</u>  |
|  |                    |                                |                         |  |  |
| Net position, beginning of year                        |                    |                                |                         |  | -717,200   |
|  |                    |                                |                         |  |  |
| Restatement for adoption of GASB 75                    |                    |                                |                         |  | <u>-931,028</u>  |
|  |                    |                                |                         |  |  |
| Net position, beginning as restated                    |                    |                                |                         |  | <u>-1,648,228</u>  |
|  |                    |                                |                         |  |  |
| Net position, end of year                              |                    |                                |                         |  | <u>-\$2,125,070</u>  |

See notes to financial statements.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2018

|  | General<br>Fund    | Special<br>Revenue<br>Fund | Total              |
|--|--------------------|----------------------------|--------------------|
| <b>ASSETS</b>                              |                    |                            |                    |
| Cash and cash equivalents                  | \$901,504          | \$229,607                  | \$1,131,111        |
| Interfund receivables                      | 514,846            | 323,159                    | 838,005            |
| Grant receivables                          | --                 | 1,071,501                  | 1,071,501          |
| Other receivables                          | --                 | 71,811                     | 71,811             |
| Prepaid expenses                           | --                 | 8,278                      | 8,278              |
| <b>Total Assets</b>                        | <u>\$1,416,350</u> | <u>\$1,704,356</u>         | <u>\$3,120,706</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                    |                            |                    |
| Current Liabilities:                       |                    |                            |                    |
| Accounts payable                           | \$0                | \$313,635                  | \$313,635          |
| Interfund payables                         | --                 | 838,005                    | 838,005            |
| Advances from grantors                     | --                 | 197,504                    | 197,504            |
| Unearned grant revenue due to grantor      | --                 | 74,988                     | 74,988             |
| Deferred revenue                           | --                 | 25,636                     | 25,636             |
| Accrued wages                              | --                 | 126,458                    | 126,458            |
| Payroll withholdings and accruals          | --                 | 12,649                     | 12,649             |
| <b>Total Liabilities</b>                   | <u>0</u>           | <u>1,588,875</u>           | <u>1,588,875</u>   |
| Fund Balances:                             |                    |                            |                    |
| Nonspendable                               | 8,278              | --                         | 8,278              |
| Restricted                                 | --                 | 30,503                     | 30,503             |
| Committed                                  | --                 | 84,978                     | 84,978             |
| Assigned                                   | --                 | --                         | --                 |
| Unassigned                                 | 1,408,072          | --                         | 1,408,072          |
| <b>Total Fund Balances</b>                 | <u>1,416,350</u>   | <u>115,481</u>             | <u>1,531,831</u>   |
| <b>Total Liabilities and Fund Balances</b> | <u>\$1,416,350</u> | <u>\$1,704,356</u>         | <u>\$3,120,706</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, 2018

**Total Fund Balances - Governmental Funds****\$1,531,831**

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

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

|                          |                 |        |
|--------------------------|-----------------|--------|
| Cost                     | \$442,711       |        |
| Accumulated depreciation | <u>-360,895</u> | 81,816 |

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

|                                 |  |         |
|---------------------------------|--|---------|
| Revolving loan fund receivables |  | 414,740 |
|---------------------------------|--|---------|

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

|                                      |                 |         |
|--------------------------------------|-----------------|---------|
| Deferred outflows related to pension | 1,218,976       |         |
| Deferred inflows related to pension  | <u>-519,776</u> | 699,200 |

Deferred outflows and inflows of resources related to Other Post Employment Benefits (OPEB) are applicable to future periods, therefore, are not reported in the fund statements:

|                                   |                |         |
|-----------------------------------|----------------|---------|
| Deferred outflows related to OPEB | 352,341        |         |
| Deferred inflows related to OPEB  | <u>-67,625</u> | 284,716 |

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:

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Compensated absences  | -84,978           |                   |
| Net pension liability | -3,760,750        |                   |
| Net OPEB liability    | <u>-1,291,645</u> | <u>-5,137,373</u> |

**Net Position of Governmental Activities****-\$2,125,070**

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, 2018

|   | General<br>Fund    | Special<br>Revenue<br>Fund | Total<br>Governmental<br>Funds |
|---|--------------------|----------------------------|--------------------------------|
| <b>Revenues:</b>                            |                    |                            |                                |
| Federal revenue                             | \$50,000           | \$2,942,817                | \$2,992,817                    |
| State revenue                               | 7,500              | 4,507,963                  | 4,515,463                      |
| Local revenue                               | 98,817             | 53,030                     | 151,847                        |
| Transfer of local funds                     | -121,540           | 121,540                    | --                             |
| Cash match                                  | --                 | 163,791                    | 163,791                        |
| Program income                              | --                 | 107,859                    | 107,859                        |
| Interest income                             | 4,817              | 16,848                     | 21,665                         |
| Other income                                | 182                | 5,872                      | 6,054                          |
| In-kind contributions                       | --                 | 52,549                     | 52,549                         |
| <b>Total Revenues</b>                       | <b>39,776</b>      | <b>7,972,269</b>           | <b>8,012,045</b>               |
| <b>Expenditures:</b>                        |                    |                            |                                |
| General government                          | 80,659             | --                         | 80,659                         |
| Community and economic development          | --                 | 289,913                    | 289,913                        |
| Revolving loan fund                         | --                 | 13,755                     | 13,755                         |
| Employment and training                     | --                 | 1,744,437                  | 1,744,437                      |
| Social services                             | --                 | 5,562,854                  | 5,562,854                      |
| Transportation                              | --                 | 371,472                    | 371,472                        |
| Debt service-principal                      | 2,027              | --                         | 2,027                          |
| Debt service-interest                       | 53                 | --                         | 53                             |
| <b>Total Expenditures</b>                   | <b>82,739</b>      | <b>7,982,431</b>           | <b>8,065,170</b>               |
| <b>Excess of Revenues Over Expenditures</b> | <b>-42,963</b>     | <b>-10,162</b>             | <b>-53,125</b>                 |
| <b>Other Financing Sources (uses)</b>       |                    |                            |                                |
| RLF principal received/(disbursed), net     | --                 | -75,395                    | -75,395                        |
| <b>Total Other Financing Sources (Uses)</b> | <b>--</b>          | <b>-75,395</b>             | <b>-75,395</b>                 |
| <b>Net Change in Fund Balances</b>          | <b>-42,963</b>     | <b>-85,557</b>             | <b>-128,520</b>                |
| Fund Balances, beginning of year            | 1,459,313          | 201,038                    | 1,660,351                      |
| Fund Balances, end of year                  | <u>\$1,416,350</u> | <u>\$115,481</u>           | <u>\$1,531,831</u>             |

**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, 2018

|   |          |                  |
|---|----------|------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b> | <b>-</b> | <b>\$128,520</b> |
|---|----------|------------------|

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

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

|                            |   |          |         |
|----------------------------|---|----------|---------|
| Depreciation expense       | - | \$43,750 |         |
| Loss on disposal of assets |   | -198     | -43,948 |

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 |  |  | 101,465 |
|---|--|--|---------|

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 |  |  | 2,027 |
|-----------------------------------|--|--|-------|

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 |  |  | 19,810 |
|--|--|--|--------|

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions are reported as pension expense.

|  |  |  |          |
|--|--|--|----------|
|  |  |  | -351,775 |
|--|--|--|----------|

Governmental funds report Other Post Employee Benefit (OPEB) contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions are reported as OPEB expense.

|  |  |  |         |
|--|--|--|---------|
|  |  |  | -75,901 |
|--|--|--|---------|

|  |          |                  |
|--|----------|------------------|
| <b>Change in Net Position of Governmental Activities</b> | <b>-</b> | <b>\$476,842</b> |
|--|----------|------------------|

See notes to financial statements.



## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### 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

The financial statements of the Lincoln Trail Area Development District have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

- (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.

# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

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

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. The District has neither nonmajor funds nor fiduciary funds.

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

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, 2018

### 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.

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 considers all cash on hand, demand deposits and 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 – LTADD is required by the Department of Local Government, to operate under a cost allocation plan (CAP) that conforms with 2 CFR Part 200. LTADD drafts the CAP using 2 CFR 200. A schedule of shared costs for FY18 is on page 40. In management's judgment LTADD is in conformity with 2 CFR 200.
- (10) Pension and OPEB Plans – For purposes of measuring the (1) net pension liability, (2) net OPEB liability, (3) deferred outflows and deferred inflows of resources related to pensions and OPEB, and (4) pension and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

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

basis as they are reported by CERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

(11) 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.

(12) 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.

(13) Subsequent Events – Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were 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, 2018

### **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, 2018, the carrying amounts of the District's deposits were \$1,131,111 and the bank balances were \$1,305,097. Of the bank balances, \$250,000 was covered by FDIC insurance, and \$1,055,097 was covered 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, 2018 are as follows:

| <u>Due To</u>         | <u>Due From</u>                                 | <u>Amount</u>    |
|-----------------------|---|------------------|
| Special Revenue Fund: | Special Revenue Fund:                           |                  |
| Operational           | Revolving Loan Fund                             | \$989            |
| Operational           | Participant Directed Services                   | 234,234          |
| Operational           | Workforce Innovation and Opportunity Act (WIOA) | 81,085           |
| WIOA                  | Operational                                     | 6,851            |
| General Fund          | Operational                                     | 514,846          |
|                       |   | <u>\$838,005</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 but not guaranteed to be collected within the next year. The amount of non-collectable receivables, if any, could to be significant. Grant receivables at June 30, 2018 consisted of the following:

|  |                    |
|--|--------------------|
| FY'18  |                    |
| Cabinet for Heath & Family Services - Aging                | \$356,230          |
| Department for Local Government - JFA                      | 85,721             |
| KY Transportation Cabinet                                  | 41,521             |
| Division of Aging Services – Participant Directed Services | 415,982            |
| KY Cabinet for Workforce Development                       | 172,047            |
|  | <u>\$1,071,501</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, 2018, there were ten active loans with an outstanding principal balance of \$414,740. All loans were current at June 30, 2018.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

**NOTE G – REVOLVING LOAN FUND RECEIVABLES, Continued**

The revolving loan fund receivables at June 30, 2018, are summarized as follows:

|   |                  |
|---|------------------|
| Principal balance of loans outstanding            | \$414,740        |
| Allowance for loan losses                         | --               |
| Revolving loan fund receivables, net of allowance | <u>\$414,740</u> |

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

|  |             |
|--|-------------|
| Estimated allowance for loan losses, June 20, 2017 | \$26,070    |
| Recoveries of loans previously reserved            | 26,070      |
| Provisions for the year                            | --          |
| Estimated allowance for loan losses, June 30, 2018 | <u>\$ 0</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, 2018. In management's opinion, all known loan losses have been previously written off, and there are no anticipated loan losses requiring provision.

**NOTE H – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, was as follows:

|                                       | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Deletions</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Vehicles and Equipment                | \$275,275                    | \$0              | \$4,325          | \$270,950                 |
| Equipment - Grant Purchased           | 206,234                      | 0                | 34,473           | 171,761                   |
| <b>Total Costs</b>                    | <u>481,509</u>               | <u>0</u>         | <u>38,798</u>    | <u>442,711</u>            |
| Less Accumulated Depreciation         |                              |                  |                  |                           |
| Vehicles and Equipment                | 183,392                      | 28,603           | 4,254            | 207,741                   |
| Equipment - Grant Purchased           | 172,353                      | 15,147           | 34,346           | 153,154                   |
| <b>Total Accumulated Depreciation</b> | <u>355,745</u>               | <u>43,750</u>    | <u>38,600</u>    | <u>360,895</u>            |
| <b>Net Capital Assets</b>             | <u>\$125,764</u>             | <u>-\$43,750</u> | <u>\$198</u>     | <u>\$81,816</u>           |

Depreciation expense was charged to governmental functions as follows:

|                                   |                 |
|-----------------------------------|-----------------|
| General government                | \$28,603        |
| Community & economic development  | 1,571           |
| Revolving loan fund               | --              |
| Employment and training           | 5,580           |
| Social services                   | 7,732           |
| Transportation                    | 264             |
| <b>Total depreciation expense</b> | <u>\$43,750</u> |

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

**NOTE I – UNEARNED GRANT REVENUE DUE TO GRANTOR**

At June 30, 2018 unearned grant revenue of \$74,988 includes revenues received but not earned, from District grant agreements, and is as follows:

| <b>Contract/Billing Name</b>             | <b>FY18<br/>Revenue<br/>Received</b> | <b>FY18<br/>Expenditures</b> | <b>Amount<br/>Due to<br/>Grantor</b> |
|--|--------------------------------------|------------------------------|--------------------------------------|
| FY07 and prior - all sources             | \$-                                  | \$-                          | \$5,409                              |
| FY08                                     |                                      |                              |                                      |
| Kentucky Infrastructure Authority        | -                                    | -                            | 25,877                               |
| FY09                                     |                                      |                              |                                      |
| Kentucky Infrastructure Authority        | -                                    | -                            | 239                                  |
| 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                                     |                                      |                              |                                      |
| Adult Day Care Admin                     | -                                    | -                            | 788                                  |
| CMS SHIP                                 | -                                    | -                            | 241                                  |
| ACA MIPPA/ADRC                           | -                                    | -                            | 774                                  |
| Kentucky Prescription Assistance Program | -                                    | -                            | 238                                  |
| FY16                                     |                                      |                              |                                      |
| Kentucky Prescription Assistance Program | -                                    | -                            | 3,212                                |
| FY18                                     |                                      |                              |                                      |
| Cumberlands WD Board Support – Ky Health | 2,813                                | 2,428                        | 385                                  |
| ACA MIPPA/AAA                            | 6,975                                | 6,974                        | 1                                    |
| ACA MIPPA/SHIP                           | 17,911                               | 17,897                       | 14                                   |
| Workforce Innovation and Opportunity Act | -                                    | -                            | 6,851                                |
|  |                                      |                              | <b>\$74,988</b>                      |

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

**NOTE J – LONG-TERM LIABILITIES**

A summary of the changes in long-term liabilities for the year ended June 30, 2018 is as follows:

|                                    | <b>Beginning<br/>Balance</b> | <b>Additions</b>   | <b>Payments/<br/>Reductions</b> | <b>Ending<br/>Balance</b> | <b>Amount Due<br/>Within<br/>One Year</b> |
|------------------------------------|------------------------------|--------------------|---------------------------------|---------------------------|---|
| Compensated absences               | \$104,788                    | \$-                | \$19,810                        | \$84,978                  | \$22,978                                  |
| Revolving Loans Payable - KHC      | 2,027                        | -                  | 2,027                           | -                         | -   |
| Net Pension Liability              | 3,423,862                    | 336,888            | -                               | 3,760,750                 | -   |
| Net OPEB Liability                 | -                            | 1,291,645          | -                               | 1,291,645                 | -   |
| <b>Total Long-Term Liabilities</b> | <b>\$3,530,677</b>           | <b>\$1,628,533</b> | <b>\$21,837</b>                 | <b>\$5,137,373</b>        | <b>\$22,978</b>                           |

Additions and reductions to compensated absences represent the net change in compensated absences for the fiscal year. Additions to long-term debt of \$336,888 for net pension liability is a result of the reporting requirements, of GASB 68, *Accounting and Financial Reporting for Pensions*. Implementation of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* resulted in an increase of \$1,291,645 to net OPEB liability.

The District participated in the Non-profit Housing Production Loan Program administered by the Kentucky Housing Corporation, whereby the District received funds for the purpose of making low interest loans to eligible applicants. The District was 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 District paid the outstanding loan balance in full on July 31, 2018.

**NOTE K – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. LTADD has two items that qualify for reporting in this category: The pension deferred outflows of \$1,218,976 and the other post employment benefit deferred outflows of \$352,341 at June 30, 2018. The pension deferred outflows are described in Note L to the financial statements. The other post employment benefit deferred outflows are described in Note M.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LTADD has three items that qualified for reporting in this category: the pension deferred inflows of \$519,776, other post employment benefit deferred inflows of \$67,625 and deferred revenue of \$25,636 at June 30, 2018. The pension deferred inflows are described in Note L to the financial statements. The other post employment benefit deferred outflows are described in Note M.

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. LTADD reports deferred revenue in its financial statements as deferred inflows of resources.



# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

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

June 30, 2018

### **NOTE K – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, continued**

Deferred revenue at June 30, 2018 is as follows:

| <b>Funding Source</b>                    | <b>Amount</b>   |
|--|-----------------|
| ADRC - Medicaid Federal Funds            | \$15,194        |
| City of Cloverport                       | 1,605           |
| Participant Directed Services            | 4,393           |
| Service Providers & Elder Abuse          | 2,876           |
| Workforce Innovation and Opportunity Act | 1,450           |
| Others                                   | 118             |
|  | <u>\$25,636</u> |

### **NOTE L – PENSION PLAN**

**Plan Description** – The Lincoln Trail Area Development District participates in the County Employees Retirement System (CERS), a component unit of the Commonwealth of Kentucky. CERS covers substantially all regular full-time members and is a cost-sharing multiple-employer defined benefit pension plan. Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The CERS issues a publicly available financial report that includes financial statements and required supplementary information. CERS' report may be obtained by visiting [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Benefits Provided** – CERS provides for retirement, disability and death benefits to system members through its pension fund. Retirement benefits may be extended to beneficiaries of Plan members under circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008, are eligible to retire with full benefits at any time with 27 or more years of service credit, or at the age of 65 with at least 48 months of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at the age of 57 if the member's age and years of service equals 87, or at the age of 65 with at least 60 months of service credit. Plan members with a participating date on or after January 1, 2014 are eligible for retirement benefits under the provisions established for a hybrid Cash Balance Plan.

Prior to July 1, 2009, cost-of-living adjustments (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. Effective July 1, 2009, and on July 1 of each year thereafter, 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 cost-of-living-adjustments if, in its judgement, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

**Contributions** – For the fiscal year ended June 30, 2018, plan members who began participating prior to 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% of their annual creditable compensation 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 Section 78.545(33), 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

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

**NOTE L – PENSION PLAN, Continued**

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. For the year ended June 30, 2018, total employer contributions for the District were \$290,911 based on a rate of 19.18% for Non-Hazardous members through covered payroll. The contribution rate of 19.18% for Non-Hazardous is comprised of amounts for pension and insurance benefits; 14.48% or \$219,624 was dedicated to pensions and 4.70% or \$71,287 was allocated to insurance.

By law, employer contributions are required to be paid. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and Pension Expense** – At June 30, 2018, The District reported a liability of \$3,760,750 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportion was 0.064250 percent, which was a decrease of .00529 percent from its proportion measured as of June 30, 2016.

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. The table below provides a summary of the deferred inflows and outflows as of the Measurement Date.

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                           | \$ 4,665                             | \$ 95,464                           |
| Changes of assumptions   | 693,960                              | -                                   |
| Net differences between projected and actual earnings<br>on plan investments | 297,847                              | 251,331                             |
| Change in employer proportionate share of net pension liability              | 2,880                                | 172,981                             |
| Employer contributions subsequent to the measurement date                    | 219,624                              | -                                   |
| Total  | <u>\$ 1,218,976</u>                  | <u>\$ 519,776</u>                   |

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

**NOTE L – PENSION PLAN, Continued**

Deferred outflows of resources of \$219,624 resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30, | Pension<br>Expense |
|----------------------|--------------------|
| 2018                 | \$ 215,601         |
| 2019                 | 217,120            |
| 2020                 | 95,144             |
| 2021                 | (48,289)           |
|                      | <u>\$ 479,576</u>  |

For the year ended June 30, 2018, the District recognized pension expense of \$571,399.

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation – 2.30 percent
- Salary increases – 3.05 percent, average, including inflation
- Investment rate of return – 6.25 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013 and adopted by the Board on December 4, 2014.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated December 3, 2015. 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 log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The 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.

**Discount Rate** – The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 year amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CERS Comprehensive Annual Financial Report. Projected future benefit payments for all current plan members were projected through 2117.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

## NOTE L – PENSION PLAN, Continued

**Assumed Asset Allocation** – The target asset allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table:

| Asset Class          | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| U.S. Equity          | 17.5%             | 5.97%                                  |
| International Equity | 17.5%             | 7.85%                                  |
| Global Bonds         | 4%                | 2.63%                                  |
| Global Credit        | 2%                | 3.63%                                  |
| High Yield           | 7%                | 5.75%                                  |
| Emerging Market Debt | 5%                | 5.50%                                  |
| Private Credit       | 10%               | 8.75%                                  |
| Real Estate          | 5%                | 7.63%                                  |
| Absolute Return      | 10%               | 5.63%                                  |
| Real Return          | 10%               | 6.13%                                  |
| Private Equity       | 10%               | 8.25%                                  |
| Cash Equivalent      | 2%                | 1.88%                                  |
| Total                | 100%              |  |

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

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

| 1% Decrease<br>(5.25%) | Current Discount<br>Rate (6.25%) | 1% Increase<br>(7.25%) |
|------------------------|----------------------------------|------------------------|
| \$ 4,743,119           | \$ 3,760,750                     | \$ 2,939,006           |

**Pension Plan Fiduciary Net Position** - Detailed information about the Plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

#### NOTE M - OTHER POST-EMPLOYMENT BENEFIT PLANS

**Plan Description** – The Lincoln Trail Area Development District participates in the County Employees Retirement System (CERS), a component unit of the Commonwealth of Kentucky. CERS covers substantially all regular full-time members and is a cost-sharing multiple-employer defined benefit pension plan. CERS provides other post-employment benefits to plan members and beneficiaries. Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The CERS issues a publicly available financial report that includes financial statements and required supplementary information. CERS' report may be obtained by visiting [www.kyret.ky.gov](http://www.kyret.ky.gov).

The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

**Benefits provided** - For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

**Contributions** - For the fiscal year ended June 30, 2018, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credit to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last 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 District's contractually required rate for the year ended June 30, 2018 was 4.70 percent of annual creditable compensation. Contributions to the plan from the District were \$71,287.

**OPEB liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** - At June 30, 2018, the District reported a liability of \$1,291,645 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was .064250 percent, which was a decrease of .00529 percent from its proportion measured as of June 30, 2016.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

**NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued**

For the year ended June 30, 2018, the District recognized OPEB expense of \$147,188. At June 30, 2018, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

|  | <u>Deferred Outflows<br/>Of Resources</u> | <u>Deferred Inflows<br/>Of Resources</u> |
|--|---|--|
| Differences between expected and actual experience                           | \$ --                                     | \$ 3,587                                 |
| Changes of assumptions   | 281,054                                   | --                                       |
| Net differences between projected and actual earnings<br>on plan investments | --  | 61,042                                   |
| Change in employer proportionate share of net pension liability              | --  | 2,996                                    |
| Employer contributions subsequent to the measurement date                    | <u>71,287</u>                             | <u>--</u>                                |
| Total  | <u>\$ 352,341</u>                         | <u>\$ 67,625</u>                         |

Of the total amount reported as deferred outflows of resources related to OPEB, \$71,287 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

|                             | <u>OPEB Expense</u> |
|-----------------------------|---------------------|
| <b>Year ending June 30,</b> |                     |
| 2018                        | \$ 36,723           |
| 2019                        | 36,723              |
| 2020                        | 36,723              |
| 2021                        | 36,723              |
| 2022                        | 51,983              |
| Thereafter                  | <u>14,554</u>       |
|                             | <u>\$ 213,429</u>   |

**Actuarial assumptions** - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |   |
|----------------------------|---|
| Investment rate of return  | 6.25%, net of OPEB plan investment expense, including inflation   |
| Projected salary increases | 3.05%, average  |
| Inflation rate             | 2.30%   |
| Payroll Wage Growth        | 2.00%   |
| Healthcare Trend Rate:     |   |
| Pre-65                     | Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05 % over a period of 13 years. |
| Post-65                    | Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05 % over a period of 11 years. |
| Municipal Bond Index Rate  | 3.56%   |
| Discount Rate              | 5.84%   |

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2018

**NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued**

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

The long-term expected return on the plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated December 3, 2015. Several factors are considered in evaluating the long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and then adding expected inflation. The capital market assumption 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 return in future years.

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

| Asset Class          | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| U.S. Equity          | 17.5%             | 5.97%                                  |
| International Equity | 17.5%             | 7.85%                                  |
| Global Bonds         | 4%                | 2.63%                                  |
| Global Credit        | 2%                | 3.63%                                  |
| High Yield           | 7%                | 5.75%                                  |
| Emerging Market Debt | 5%                | 5.50%                                  |
| Private Credit       | 10%               | 8.75%                                  |
| Real Estate          | 5%                | 7.63%                                  |
| Absolute Return      | 10%               | 5.63%                                  |
| Real Return          | 10%               | 6.13%                                  |
| Private Equity       | 10%               | 8.25%                                  |
| Cash Equivalent      | 2%                | 1.88%                                  |
| Total                | 100%              |  |

The projection of cash flows used to determine the discount rate of 5.84% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20-Year

# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

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

June 30, 2018

### **NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued**

Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

#### **Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate**

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.84%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.84%) or 1-percentage-point higher (6.84%) than the current rate:

| 1% Decrease<br>(4.84%) | Current Discount<br>Rate (5.84%) | 1% Increase<br>(6.84%) |
|------------------------|----------------------------------|------------------------|
| \$ 1,643,546           | \$ 1,291,645                     | \$ 998,807             |

**Sensitivity Of The District's Proportionate Share Of The Collective Net OPEB Liability To Changes In The Healthcare Cost Trend Rates** - The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| 1% Decrease | Current Discount<br>Rate | 1% Increase  |
|-------------|--------------------------|--------------|
| \$ 990,758  | \$ 1,291,645             | \$ 1,682,780 |

**OPEB Plan Fiduciary Net Position** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report.

### **DEFERRED COMPENSTATION**

The District offers its employees a deferred compensation plan created 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. LTADD makes no contributions to these plans.

### **NOTE N – 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 \$33,558 for the year ended June 30, 2018.



**LINCOLN TRAIL AREA DEVELOPMENT DISTRICT****NOTES TO FINANCIAL STATEMENTS, Continued**

June 30, 2018

**NOTE O – FUND BALANCES**

Fund balances at June 30, 2018 are classified as follows: Nonspendable in the amount of \$8,278 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 \$30,503; Committed for the purpose of funding compensated absences in the amount of \$84,978. Committed and assigned fund balance classifications are determined by action of the Board of Directors.

**NOTE P – 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 Revenues   | \$8,040,648        |
| Agency owned assets are depreciated for budget basis but expensed in fund financial statements: |                    |
| Agency depreciation allocation  | -28,603            |
| Fund Financial Statement Revenues   | <u>\$8,012,045</u> |
| Grants Management (Budget) Basis Expenditures   | \$8,100,610        |
| Change in compensated absences liability not recognized in fund financial statements            | 19,810             |
| Agency owned assets are depreciated for budget basis but expensed in fund financial statements: |                    |
| Agency depreciation allocation  | -28,603            |
| Depreciation expense on agency owned assets and loss on disposal                                | -28,674            |
| Debt service expense recognized in the fund financial statements                                | 2,027              |
| Fund Financial Statement Expenditures   | <u>\$8,065,170</u> |

**NOTE Q – 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.

**NOTE R – CONCENTRATION OF RISK**

During the year ended June 30, 2018, the District received 98.3% 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, could 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.

**LINCOLN TRAIL AREA DEVELOPMENT DISTRICT****NOTES TO FINANCIAL STATEMENTS, Continued**

June 30, 2018

**NOTE S – RESTATEMET OF BEGINNING NET POSITION**

During fiscal year 2018, the District adopted the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This required a restatement to beginning net position. Beginning net position as originally reported of -\$717,200 has been decreased by \$931,028, resulting in a restated beginning net position of -\$1,648,228.

**NOTE T – IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES**Recently Issued and Adopted Accounting Principles

In June of 2015, GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after June 15, 2017. The statement was adopted during the fiscal year and required a restatement of the District's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. This statement is effective for periods beginning after June 15, 2017. The statement was adopted during the fiscal year and did not have an effect on the District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. This statement is effective for periods beginning after June 15, 2017. The statement was adopted during the fiscal year and did not have an effect on the District's financial statements.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE  
GOVERNMENTAL FUNDS – GRANTS MANAGEMENT BASIS

Year Ended June 30, 2018

|  | Original and<br>Final<br>Budget | Actual<br>Amounts |
|--|---------------------------------|-------------------|
| <b>Revenues:</b>                         |                                 |                   |
| Federal revenue                          | \$3,232,538                     | \$2,992,817       |
| State revenue                            | 4,356,853                       | 4,515,463         |
| Local revenue                            | 290,767                         | 151,847           |
| Cash match                               | 114,470                         | 163,791           |
| Program income                           | 38,157                          | 107,859           |
| Interest income                          | 21,485                          | 21,665            |
| Other income                             | 30,544                          | 34,657            |
| In-kind contributions                    | 51,771                          | 52,549            |
| <b>Total Revenues</b>                    | <b>8,136,585</b>                | <b>8,040,648</b>  |
| <b>Expenditures:</b>                     |                                 |                   |
| Salaries                                 | 1,708,987                       | 1,564,170         |
| Fringe                                   | 816,146                         | 759,514           |
| Contractual services                     | 3,207,107                       | 3,142,543         |
| Client services/Program costs            | 1,906,620                       | 2,215,988         |
| Travel                                   | 84,586                          | 67,227            |
| Training                                 | 17,515                          | 9,392             |
| Ads, printing, publishing, and copies    | 18,237                          | 17,722            |
| Equipment rent and maintenance           | 43,650                          | 40,722            |
| Grant purchased equipment                | 3,800                           | --                |
| Supplies and postage                     | 39,689                          | 37,699            |
| Phone                                    | 24,100                          | 19,421            |
| Dues, conferences and meeting costs      | 60,280                          | 53,145            |
| Other costs                              | 64,198                          | 53,597            |
| Rent                                     | 125,500                         | 104,226           |
| Insurance                                | 16,170                          | 15,244            |
| <b>Total Expenditures</b>                | <b>8,136,585</b>                | <b>8,100,610</b>  |
| <b>Excess Revenues over Expenditures</b> | <b>\$0</b>                      | <b>-59,962</b>    |
| Fund balance, beginning of year          |                                 | 1,984,764         |
| Fund balance, end of year                |                                 | \$1,924,802       |

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 PROPORTIONATE SHARE OF NET PENSION LIABILITY

June 30, 2018

Last 10 Years\*

|   | 2018        | 2017        | 2016        | 2015        |
|---|-------------|-------------|-------------|-------------|
| Proportion of net pension liability   | 0.064250%   | 0.069540%   | 0.070682%   | 0.070132%   |
| Proportionate share of the net pension liability                                    | \$3,760,750 | \$3,423,862 | \$3,038,979 | \$2,275,000 |
| Covered - employee payroll  | \$1,516,807 | \$1,562,646 | \$1,658,723 | \$1,644,544 |
| Proportionate share of the net pension liability as a percentage of covered payroll | 247.94%     | 219.11%     | 183.21%     | 138.34%     |
| Plan fiduciary net position as a percentage of the total pension liability          | 53.30%      | 55.50%      | 59.97%      | 66.80%      |

\* Fiscal year 2015 was the first year of implementation; therefore, only four years are shown.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY

June 30, 2018

Last 10 Years\*

|  | <u>2018</u> |
|--|-------------|
| Proportion of net OPEB liability   | 0.064250%   |
| Proportionate share of the net OPEB liability                                    | \$1,291,645 |
| Covered - employee payroll   | \$1,516,807 |
| Proportionate share of the net OPEB liability as a percentage of covered payroll | 85.16%      |
| Plan fiduciary net position as a percentage of the total OPEB liability          | 52.39%      |

\* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## SCHEDULE OF CONTRIBUTIONS TO PENSION

June 30, 2018

Last 10 Years \*

|   | 2018        | 2017        | 2016        | 2015        |
|---|-------------|-------------|-------------|-------------|
| Contractually required contribution<br>(actuarially determined)         | \$219,624   | \$217,963   | \$206,015   | \$214,320   |
| Contributions in relation to the<br>actuarially determined contribution | -219,624    | -217,963    | -206,015    | -214,320    |
| Contribution deficiency (excess)  | \$ -        | \$ -        | \$ -        | \$ -        |
| Covered employee payroll  | \$1,516,807 | \$1,562,646 | \$1,658,723 | \$1,644,544 |
| Contributions as a percentage of<br>covered employee payroll            | 14.48%      | 13.95%      | 12.42%      | 13.03%      |

\* Fiscal year 2015 was the first year of implementation; therefore, only four years are shown.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## SCHEDULE OF CONTRIBUTIONS TO OPEB

June 30, 2018

Last 10 Years\*

|   | <u>2018</u>    |
|---|----------------|
| Contractually required contribution<br>(actuarially determined)         | \$71,287       |
| Contributions in relation to the<br>actuarially determined contribution | <u>-71,287</u> |
| Contribution deficiency (excess)  | <u>\$ -</u>    |
| Covered employee payroll  | \$1,516,807    |
| Contributions as a percentage of<br>covered employee payroll            | 4.07%          |

\* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

June 30, 2018

#### CERS PENSION

*Changes of benefit terms:* There were no changes in benefit terms for 2015 through 2018

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

2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016 and 2017:

- No changes

2018:

- The assumed investment return was changed from 7.50% to 6.25%
- The price inflation assumption was changed from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
- The payroll growth assumption  
(applicable for the amortization unfunded actuarial accrued liabilities)  
was changed from 4.00% to 2.00%



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

June 30, 2018

**CERS OPEB**

*Changes of benefit terms :* There were no changes in benefit terms for 2018

*Changes of assumptions :*

2018

- The assumed investment return was changed from 7.50% to 6.25%.
- The price inflation assumption was changed from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption at all years of service
- The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%
- For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%
- For the Hazardous Plan, the single discount rate changed from 7.37% to 5.96%

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## SCHEDULE OF SHARED COSTS

Year Ended June 30, 2018

|                                      | <u>Operational</u> | <u>Indirect</u>  | <u>Common</u>    | <u>Total</u>     |
|--------------------------------------|--------------------|------------------|------------------|------------------|
| Salaries                             | \$220,266          | \$97,703         | \$41,053         | \$359,022        |
| Fringe Benefits                      | 107,864            | 37,026           | 20,520           | 165,410          |
| Contractual Services                 | 9,757              | 20,623           | --               | 30,380           |
| Travel                               | 19,038             | 759              | 250              | 20,047           |
| Training                             | 140                | --               | --               | 140              |
| Ads, Printing, Publications & Copies | 1,665              | 750              | 3,028            | 5,443            |
| Equipment Rent & Maintenance         | 1,297              | 2,250            | 4,145            | 7,692            |
| Supplies & Postage                   | 5,110              | 2,204            | 4,905            | 12,219           |
| Phone                                | 11,349             | 40               | 422              | 11,811           |
| Dues, Conferences & Meeting Costs    | 16,056             | 1,546            | 19               | 17,621           |
| Other Costs                          | 15,240             | 1,035            | 4,707            | 20,982           |
| Rent                                 | 12,554             | 6,484            | 67,613           | 86,651           |
| Insurance & Bond Expenses            | 13,976             | 1,370            | -102             | 15,244           |
|                                      | <u>\$434,312</u>   | <u>\$171,790</u> | <u>\$146,560</u> | <u>\$752,662</u> |

# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2018

|   | Joint Funding Agreement | Kentucky Infrastructure Authority | DOD - Office of Economic Adjustment | Regional SPGE Technical Assistance | COMMUNITY & ECONOMIC DEVELOPMENT TOTAL | KTC Regional Transportation | KTC Metropolitan Planning Organization | Federal Transit Administration | Lincoln Heritage Scenic Byway (Signage) |
|---|-------------------------|-----------------------------------|-------------------------------------|------------------------------------|--|-----------------------------|--|--------------------------------|---|
| <b>Revenues</b>                           |                         |                                   |                                     |                                    |  |                             |  |                                |   |
| Federal Revenue                           | \$ 83,585               | \$ -                              | \$ 4,168                            | \$ -                               | \$ 87,753                              | \$ -                        | \$ 109,938                             | \$ 16,000                      | \$ 73,182                               |
| State Revenue                             | 93,138                  | 53,553                            | -                                   | 920                                | 147,611                                | 78,067                      | 6,871                                  | -                              | -                                       |
| Local Revenue                             | -                       | -                                 | -                                   | -                                  | -                                      | -                           | 20,613                                 | 4,000                          | 22,309                                  |
| Transfer of Local Cash                    | 15,726                  | 36,063                            | 462                                 | 107                                | 52,358                                 | 19,979                      | -                                      | 647                            | 964                                     |
| Cash Match                                | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Program Income                            | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Interest Income                           | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Other Income                              | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| In-Kind Contributions                     | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| <b>Total revenues</b>                     | <b>192,449</b>          | <b>89,616</b>                     | <b>4,630</b>                        | <b>1,027</b>                       | <b>287,722</b>                         | <b>98,046</b>               | <b>137,422</b>                         | <b>20,647</b>                  | <b>96,455</b>                           |
| <b>Expenditures</b>                       |                         |                                   |                                     |                                    |  |                             |  |                                |   |
| Personnel                                 | 87,902                  | 39,562                            | 417                                 | 479                                | 128,360                                | 43,952                      | 62,464                                 | 9,436                          | -                                       |
| Fringe Benefits                           | 43,966                  | 19,788                            | 203                                 | 239                                | 64,196                                 | 21,989                      | 31,242                                 | 4,720                          | -                                       |
| Contractual Services                      | -                       | -                                 | 3,649                               | -                                  | 3,649                                  | -                           | -                                      | -                              | 96,455                                  |
| Client Services/Program Costs             | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Travel                                    | 1,242                   | 870                               | -                                   | -                                  | 2,112                                  | 570                         | 461                                    | -                              | -                                       |
| Training                                  | -                       | -                                 | -                                   | -                                  | -                                      | 36                          | 250                                    | -                              | -                                       |
| Ads, Printing, Publications & Copies      | 313                     | 32                                | -                                   | -                                  | 345                                    | 73                          | 532                                    | -                              | -                                       |
| Equipment Rent and Maintenance            | 600                     | 2,183                             | -                                   | -                                  | 2,783                                  | 1,583                       | 1,528                                  | 409                            | -                                       |
| Grant Purchased Equipment                 | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Supplies and Postage                      | 335                     | 68                                | -                                   | -                                  | 403                                    | 222                         | 28                                     | 2                              | -                                       |
| Telephone                                 | 615                     | -                                 | -                                   | -                                  | 615                                    | -                           | -                                      | -                              | -                                       |
| Dues and Registrations                    | 840                     | 1,622                             | 113                                 | -                                  | 2,575                                  | 1,301                       | 671                                    | -                              | -                                       |
| Other Costs                               | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Rent                                      | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Insurance & Bond Expense                  | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| In-Kind Expenses                          | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| Debt Service - Principal                  | -                       | -                                 | -                                   | -                                  | -                                      | -                           | -                                      | -                              | -                                       |
| <b>Shared Costs Applied:</b>              | <b>135,813</b>          | <b>64,125</b>                     | <b>4,382</b>                        | <b>718</b>                         | <b>205,038</b>                         | <b>69,726</b>               | <b>97,176</b>                          | <b>14,567</b>                  | <b>96,455</b>                           |
| Operational Costs                         | 31,831                  | 14,326                            | 134                                 | 173                                | 46,464                                 | 15,917                      | 22,619                                 | 3,417                          | -                                       |
| Indirect Administration Costs             | 12,590                  | 5,667                             | 59                                  | 69                                 | 18,385                                 | 6,295                       | 8,947                                  | 1,352                          | -                                       |
| Shared Costs                              | 12,215                  | 5,498                             | 55                                  | 67                                 | 17,835                                 | 6,108                       | 8,680                                  | 1,311                          | -                                       |
| <b>Total expenditures</b>                 | <b>192,449</b>          | <b>89,616</b>                     | <b>4,630</b>                        | <b>1,027</b>                       | <b>287,722</b>                         | <b>98,046</b>               | <b>137,422</b>                         | <b>20,647</b>                  | <b>96,455</b>                           |
| <b>Revenues over (under) expenditures</b> | <b>-</b>                | <b>-</b>                          | <b>-</b>                            | <b>-</b>                           | <b>-</b>                               | <b>-</b>                    | <b>-</b>                               | <b>-</b>                       | <b>-</b>                                |
| <b>Other financing sources (uses):</b>    |                         |                                   |                                     |                                    |  |                             |  |                                |   |
| 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 SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2018

|   | KTC FY18 Local<br>Road Updates -<br>Centerline | TRANSPORTATION<br>TOTAL | EDA RLF<br>Administration | RLF - EDA    | REVOLVING LOAN<br>FUND TOTAL | Workforce Innovation<br>& Opportunity Act | Board Support -<br>Cumberlands WD | LTADD KY Health |
|---|--|-------------------------|---------------------------|--------------|------------------------------|---|-----------------------------------|-----------------|
| <b>Revenues</b>                           |  |                         |                           |              |                              |   |                                   |                 |
| Federal Revenue                           | \$ 16,500                                      | \$ 215,620              | \$ -                      | \$ -         | \$ -                         | \$ 1,477,290                              | \$ 176,679                        | \$ -            |
| State Revenue                             | -  | 84,938                  | -                         | -            | -                            | -   | -                                 | 46,865          |
| Local Revenue                             | -  | 46,922                  | -                         | -            | -                            | -   | -                                 | -               |
| Transfer of Local Cash                    | 290  | 21,880                  | 4,013                     | -            | 4,013                        | 6,851                                     | -                                 | 14,284          |
| Cash Match                                | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| Program Income                            | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| Interest Income                           | -  | -                       | -                         | 16,848       | 16,848                       | -   | -                                 | -               |
| Other Income                              | -  | -                       | 9,649                     | (7,200)      | 2,449                        | 3,423                                     | -                                 | -               |
| In-Kind Contributions                     | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| <b>Total revenues</b>                     | <b>16,790</b>                                  | <b>369,360</b>          | <b>13,662</b>             | <b>9,648</b> | <b>23,310</b>                | <b>1,487,564</b>                          | <b>176,679</b>                    | <b>61,149</b>   |
| <b>Expenditures</b>                       |  |                         |                           |              |                              |   |                                   |                 |
| Personnel                                 | 7,827  | 123,679                 | 5,459                     | -            | 5,459                        | 249,173                                   | 86,089                            | 27,441          |
| Fringe Benefits                           | 3,918  | 61,869                  | 2,710                     | -            | 2,710                        | 116,724                                   | 42,931                            | 13,582          |
| Contractual Services                      | -  | 96,455                  | -                         | -            | -                            | 511,290                                   | -                                 | 90              |
| Client Services/Program Costs             | -  | -                       | -                         | -            | -                            | 414,282                                   | -                                 | -               |
| Travel                                    | -  | 1,031                   | 67                        | -            | 67                           | 10,495                                    | 2,991                             | 2,913           |
| Training                                  | -  | 286                     | -                         | -            | -                            | 782                                       | 30                                | -               |
| Ads, Printing, Publications & Copies      | -  | 605                     | 17                        | -            | 17                           | 1,469                                     | -                                 | 199             |
| Equipment Rent and Maintenance            | -  | 3,520                   | 1,110                     | -            | 1,110                        | 1,504                                     | -                                 | -               |
| Grant Purchased Equipment                 | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| Supplies and Postage                      | -  | 252                     | 34                        | -            | 34                           | 7,612                                     | -                                 | -               |
| Telephone                                 | -  | -                       | -                         | -            | -                            | 1,185                                     | -                                 | -               |
| Dues and Registrations                    | -  | 1,972                   | 561                       | -            | 561                          | 4,919                                     | 1,024                             | -               |
| Other Costs                               | -  | -                       | 195                       | -            | 195                          | 762                                       | 152                               | -               |
| Rent                                      | -  | -                       | -                         | -            | -                            | 17,575                                    | -                                 | -               |
| Insurance & Bond Expense                  | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| In-Kind Expenses                          | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| Debt Service - Principal                  | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| <b>Shared Costs Applied:</b>              | <b>11,745</b>                                  | <b>289,669</b>          | <b>10,153</b>             | -            | <b>10,153</b>                | <b>1,337,772</b>                          | <b>133,217</b>                    | <b>44,225</b>   |
| Operational Costs                         | 2,835  | 44,788                  | 1,972                     | -            | 1,972                        | 88,299                                    | 31,143                            | 9,903           |
| Indirect Administration Costs             | 1,122  | 17,716                  | 780                       | -            | 780                          | 34,935                                    | 12,319                            | 3,916           |
| Shared Costs                              | 1,088  | 17,187                  | 757                       | -            | 757                          | 26,558                                    | -                                 | 3,105           |
| <b>Total expenditures</b>                 | <b>16,790</b>                                  | <b>369,360</b>          | <b>13,662</b>             | -            | <b>13,662</b>                | <b>1,487,564</b>                          | <b>176,679</b>                    | <b>61,149</b>   |
| <b>Revenues over (under) expenditures</b> | -  | -                       | -                         | 9,648        | 9,648                        | -   | -                                 | -               |
| <b>Other financing sources (uses):</b>    |  |                         |                           |              |                              |   |                                   |                 |
| RLF principal received (disbursed), net   | -  | -                       | -                         | -            | -                            | -   | -                                 | -               |
| Net change in fund balances               | -  | -                       | -                         | 9,648        | 9,648                        | -   | -                                 | -               |
| Fund balances, beginning of year          | -  | -                       | -                         | 435,594      | 435,594                      | -   | -                                 | -               |
| Fund balances, end of year                | -  | -                       | \$ -                      | \$ 445,242   | \$ 445,242                   | \$ -                                      | \$ -                              | \$ -            |

# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2018

|   | Board Support -<br>Cumberland KY<br>Health | SNAP E and T<br>Admin | EMPLOYMENT &<br>TRAINING TOTAL | Title III Aging<br>Planning &<br>Administration | Title III-B<br>Support<br>Services | Title III-B<br>Ombudsman | Title III-C1<br>Congregate<br>Meals | Title III-C2<br>Home Delivered<br>Meals | Title III-D<br>Preventive<br>Health |
|---|--|-----------------------|--------------------------------|---|------------------------------------|--------------------------|-------------------------------------|---|-------------------------------------|
| <b>Revenues</b>                           |  |                       |                                |   |                                    |                          |                                     |   |                                     |
| Federal Revenue                           | \$ -                                       | \$ -                  | \$ 1,653,969                   | \$ 85,469                                       | \$ 165,332                         | \$ 13,991                | \$ 268,806                          | \$ 158,175                              | \$ 17,373                           |
| State Revenue                             | 2,428                                      | 10,494                | 59,787                         | 39,020  | 156,716                            | 13,262                   | 65,586                              | 3,158                                   | -                                   |
| Local Revenue                             | -  | -                     | -                              | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| Transfer of Local Cash                    | -  | -                     | 21,135                         | -   | -                                  | -                        | -                                   | -                                       | 43                                  |
| Cash Match                                | -  | -                     | -                              | -   | 56,505                             | -                        | -                                   | 27,481                                  | -                                   |
| Program Income                            | -  | -                     | -                              | -   | 5,624                              | -                        | 38,207                              | -                                       | -                                   |
| Interest Income                           | -  | -                     | -                              | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| Other Income                              | -  | -                     | 3,423                          | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| In-Kind Contributions                     | -  | -                     | -                              | -   | -                                  | -                        | 52,549                              | -                                       | -                                   |
| <b>Total revenues</b>                     | <b>2,428</b>                               | <b>10,494</b>         | <b>1,738,314</b>               | <b>124,489</b>                                  | <b>384,177</b>                     | <b>27,253</b>            | <b>425,148</b>                      | <b>188,814</b>                          | <b>17,416</b>                       |
| <b>Expenditures</b>                       |  |                       |                                |   |                                    |                          |                                     |   |                                     |
| Personnel                                 | 1,127                                      | 327                   | 364,157                        | 53,024  | 14,665                             | -                        | -                                   | -                                       | 6,205                               |
| Fringe Benefits                           | 564  | 163                   | 173,964                        | 26,465  | 7,679                              | -                        | -                                   | -                                       | 3,103                               |
| Contractual Services                      | -  | 9,794                 | 521,174                        | 2,028   | 345,403                            | 27,101                   | 425,148                             | 183,208                                 | 2,240                               |
| Client Services/Program Costs             | -  | -                     | 414,282                        | -   | 4,877                              | -                        | -                                   | 5,606                                   | -                                   |
| Travel                                    | 167  | -                     | 16,566                         | 2,767   | 498                                | -                        | -                                   | -                                       | 1,551                               |
| Training                                  | -  | -                     | 812                            | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| Ads. Printing, Publications & Copies      | -  | -                     | 1,668                          | 2,016   | 55                                 | -                        | -                                   | -                                       | -                                   |
| Equipment Rent and Maintenance            | -  | -                     | 1,504                          | 17  | 49                                 | -                        | -                                   | -                                       | -                                   |
| Grant Purchased Equipment                 | -  | -                     | -                              | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| Supplies and Postage                      | -  | -                     | 7,612                          | 1,172   | 205                                | -                        | -                                   | -                                       | 319                                 |
| Telephone                                 | -  | -                     | 1,185                          | 600   | -                                  | 152                      | -                                   | -                                       | -                                   |
| Dues and Registrations                    | -  | -                     | 5,943                          | 2,238   | 1,150                              | -                        | -                                   | -                                       | -                                   |
| Other Costs                               | -  | -                     | 914                            | 21  | -                                  | -                        | -                                   | -                                       | -                                   |
| Rent                                      | -  | -                     | 17,575                         | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| Insurance & Bond Expense                  | -  | -                     | -                              | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| In-Kind Expenses                          | -  | -                     | -                              | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| Debt Service - Principal                  | -  | -                     | -                              | -   | -                                  | -                        | -                                   | -                                       | -                                   |
| <b>Shared Costs Applied:</b>              | <b>1,858</b>                               | <b>10,284</b>         | <b>1,527,356</b>               | <b>90,348</b>                                   | <b>374,581</b>                     | <b>27,253</b>            | <b>425,148</b>                      | <b>188,814</b>                          | <b>13,418</b>                       |
| Operational Costs                         | 408  | 118                   | 129,871                        | 19,188  | 5,393                              | -                        | -                                   | -                                       | 2,247                               |
| Indirect Administration Costs             | 162  | 47                    | 51,379                         | 7,590   | 2,133                              | -                        | -                                   | -                                       | 889                                 |
| Shared Costs                              | -  | 45                    | 29,708                         | 7,363   | 2,070                              | -                        | -                                   | -                                       | 862                                 |
| <b>Total expenditures</b>                 | <b>2,428</b>                               | <b>10,494</b>         | <b>1,738,314</b>               | <b>124,489</b>                                  | <b>384,177</b>                     | <b>27,253</b>            | <b>425,148</b>                      | <b>188,814</b>                          | <b>17,416</b>                       |
| <b>Revenues over (under) expenditures</b> | <b>-</b>                                   | <b>-</b>              | <b>-</b>                       | <b>-</b>  | <b>-</b>                           | <b>-</b>                 | <b>-</b>                            | <b>-</b>                                | <b>-</b>                            |
| <b>Other financing sources (uses):</b>    |  |                       |                                |   |                                    |                          |                                     |   |                                     |
| 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 SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2018

|   | Title III-E<br>Caregiver | Title VII<br>Elder Abuse | Title VII<br>Ombudsman | Nutrition<br>Services<br>Incentive Prog<br>"NSIP" | Homecare<br>Administration | Homecare<br>Social Services | Homecare<br>Home Delivered<br>Meals | KY Caregiver<br>Support<br>Administration | KY Caregiver<br>Support<br>Grandparent<br>Services |
|---|--------------------------|--------------------------|------------------------|---|----------------------------|-----------------------------|-------------------------------------|---|--|
| <b>Revenues</b>                           |                          |                          |                        |   |                            |                             |                                     |   |  |
| Federal Revenue                           | \$ 118,413               | \$ 5,884                 | \$ 8,662               | \$ 76,913   | \$ 121,346                 | \$ 754,703                  | \$ 169,992                          | \$ 3,052                                  | \$ 15,745  |
| State Revenue                             | 39,673                   | 1,293                    | 1,707                  | -   | -                          | -                           | -                                   | -   | -  |
| Local Revenue                             | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| Transfer of Local Cash                    | -                        | -                        | -                      | -   | 92                         | -                           | -                                   | 230                                       | 39   |
| Cash Match                                | -                        | -                        | -                      | -   | -                          | 53,158                      | 25,206                              | -   | -  |
| Program Income                            | 10                       | -                        | -                      | -   | -                          | 3,710                       | -                                   | -   | -  |
| Interest Income                           | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| Other Income                              | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| In-Kind Contributions                     | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| <b>Total revenues</b>                     | <b>158,096</b>           | <b>7,177</b>             | <b>10,369</b>          | <b>76,913</b>                                     | <b>121,438</b>             | <b>811,571</b>              | <b>195,198</b>                      | <b>3,282</b>                              | <b>15,784</b>                                      |
| <b>Expenditures</b>                       |                          |                          |                        |   |                            |                             |                                     |   |  |
| Personnel                                 | 29,899                   | 1,259                    | 3,042                  | -   | 55,853                     | 133,718                     | -                                   | 1,534                                     | 2,349  |
| Fringe Benefits                           | 15,789                   | 644                      | 1,534                  | -   | 27,833                     | 68,113                      | -                                   | 764                                       | 1,124  |
| Contractual Services                      | 92,020                   | 415                      | 415                    | 76,913  | -                          | 494,734                     | 193,894                             | -   | -  |
| Client Services/Program Costs             | -                        | -                        | -                      | -   | -                          | -                           | 1,304                               | -   | 10,752   |
| Travel                                    | 311                      | -                        | 3                      | -   | 1,074                      | 3,096                       | -                                   | -   | 88   |
| Training                                  | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| Ads, Printing, Publications & Copies      | 70                       | -                        | 587                    | -   | 62                         | 2,204                       | -                                   | -   | 8  |
| Equipment Rent and Maintenance            | 17                       | 12                       | 1,651                  | -   | 24                         | 17,105                      | -                                   | -   | -  |
| Grant Purchased Equipment                 | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| Supplies and Postage                      | 342                      | 3,029                    | 714                    | -   | 112                        | 1,861                       | -                                   | 4   | 16   |
| Telephone                                 | -                        | -                        | -                      | -   | -                          | 3,255                       | -                                   | -   | -  |
| Dues and Registrations                    | 25                       | 1,000                    | 457                    | -   | 294                        | 799                         | -                                   | -   | -  |
| Other Costs                               | -                        | -                        | -                      | -   | 243                        | -                           | -                                   | -   | -  |
| Rent                                      | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| Insurance & Bond Expense                  | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| In-Kind Expenses                          | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| Debt Service - Principal                  | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| <b>Shared Costs Applied:</b>              | <b>138,473</b>           | <b>6,359</b>             | <b>8,403</b>           | <b>76,913</b>                                     | <b>85,495</b>              | <b>724,885</b>              | <b>195,198</b>                      | <b>2,302</b>                              | <b>14,337</b>                                      |
| Operational Costs                         | 11,029                   | 460                      | 1,105                  | -   | 20,201                     | 48,719                      | -                                   | 557                                       | 785  |
| Indirect Administration Costs             | 4,362                    | 182                      | 437                    | -   | 7,990                      | 19,271                      | -                                   | 202                                       | 333  |
| Shared Costs                              | 4,232                    | 176                      | 424                    | -   | 7,752                      | 18,696                      | -                                   | 221                                       | 329  |
| <b>Total expenditures</b>                 | <b>158,096</b>           | <b>7,177</b>             | <b>10,369</b>          | <b>76,913</b>                                     | <b>121,438</b>             | <b>811,571</b>              | <b>195,198</b>                      | <b>3,282</b>                              | <b>15,784</b>                                      |
| <b>Revenues over (under) expenditures</b> | -                        | -                        | -                      | -   | -                          | -                           | -                                   | -   | -  |
| <b>Other financing sources (uses):</b>    |                          |                          |                        |   |                            |                             |                                     |   |  |
| 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 SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2018

|   | CMS-SHIP      | PCAP<br>Administration | PCAP Subsidy &<br>Coordination | ADRC - Medicaid<br>Federal Funding | ACA<br>MIPPA/AAA | ACA<br>MIPPA/ADRC | ACA<br>MIPPA/SHIP | Functional<br>Assessment<br>Service Team | State LTC<br>Ombudsman |
|---|---------------|------------------------|--------------------------------|------------------------------------|------------------|-------------------|-------------------|--|------------------------|
| <b>Revenues</b>                           |               |                        |                                |                                    |                  |                   |                   |  |                        |
| Federal Revenue                           | \$ 35,558     | \$ -                   | \$ -                           | \$ 1,559                           | \$ 6,974         | \$ 3,469          | \$ 17,897         | \$ 1,000                                 | \$ -                   |
| State Revenue                             | -             | 47,071                 | 516,095                        | -                                  | -                | -                 | -                 | -  | 37,042                 |
| Local Revenue                             | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Transfer of Local Cash                    | -             | 139                    | -                              | -                                  | -                | -                 | -                 | 6  | -                      |
| Cash Match                                | -             | -                      | 1,441                          | -                                  | -                | -                 | -                 | -  | -                      |
| Program Income                            | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Interest Income                           | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Other Income                              | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| In-Kind Contributions                     | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| <b>Total revenues</b>                     | <b>35,558</b> | <b>47,210</b>          | <b>517,536</b>                 | <b>1,559</b>                       | <b>6,974</b>     | <b>3,469</b>      | <b>17,897</b>     | <b>1,006</b>                             | <b>37,042</b>          |
| <b>Expenditures</b>                       |               |                        |                                |                                    |                  |                   |                   |  |                        |
| Personnel                                 | 1,799         | 21,913                 | -                              | 612                                | 181              | 973               | 4,036             | 426                                      | -                      |
| Fringe Benefits                           | 887           | 10,910                 | -                              | 304                                | 93               | 483               | 2,023             | 219                                      | -                      |
| Contractual Services                      | 31,058        | -                      | 517,536                        | -                                  | 6,344            | 1,333             | 9,001             | -  | 36,032                 |
| Client Services/Program Costs             | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Travel                                    | -             | 74                     | -                              | -                                  | -                | -                 | 20                | -  | -                      |
| Training                                  | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | 114                    |
| Ads, Printing, Publications & Copies      | 6             | 40                     | -                              | -                                  | -                | 56                | 47                | -  | 3                      |
| Equipment Rent and Maintenance            | -             | -                      | -                              | -                                  | 239              | -                 | -                 | -  | -                      |
| Grant Purchased Equipment                 | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Supplies and Postage                      | 338           | 2                      | -                              | -                                  | -                | -                 | 102               | 84                                       | 41                     |
| Telephone                                 | 215           | -                      | -                              | -                                  | -                | -                 | 66                | -  | 761                    |
| Dues and Registrations                    | 100           | 175                    | -                              | 250                                | -                | -                 | -                 | -  | 91                     |
| Other Costs                               | 20            | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Rent                                      | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Insurance & Bond Expense                  | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| In-Kind Expenses                          | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| Debt Service - Principal                  | -             | -                      | -                              | -                                  | -                | -                 | -                 | -  | -                      |
| <b>Shared Costs Applied:</b>              | <b>34,423</b> | <b>33,114</b>          | <b>517,536</b>                 | <b>1,166</b>                       | <b>6,857</b>     | <b>2,845</b>      | <b>15,295</b>     | <b>729</b>                               | <b>37,042</b>          |
| Operational Costs                         | 630           | 7,923                  | -                              | 221                                | 66               | 350               | 1,462             | 155                                      | -                      |
| Indirect Administration Costs             | 252           | 3,133                  | -                              | 87                                 | 26               | 139               | 579               | 62                                       | -                      |
| Shared Costs                              | 253           | 3,040                  | -                              | 85                                 | 25               | 135               | 561               | 60                                       | -                      |
| <b>Total expenditures</b>                 | <b>35,558</b> | <b>47,210</b>          | <b>517,536</b>                 | <b>1,559</b>                       | <b>6,974</b>     | <b>3,469</b>      | <b>17,897</b>     | <b>1,006</b>                             | <b>37,042</b>          |
| <b>Revenues over (under) expenditures</b> | <b>-</b>      | <b>-</b>               | <b>-</b>                       | <b>-</b>                           | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>                                 | <b>-</b>               |
| <b>Other financing sources (uses):</b>    |               |                        |                                |                                    |                  |                   |                   |  |                        |
| 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 SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2018

|   | Participant<br>Directed<br>Services | Service<br>Providers &<br>Elder Abuse<br>Coalition | Prescription<br>Assistance<br>Program (KPAP) | SOCIAL<br>SERVICES<br>TOTAL | SPECIAL REVENUE<br>FUND TOTAL -<br>GRANTS<br>MANAGEMENT BASIS | GENERAL FUND<br>TOTAL GRANTS<br>MANAGEMENT<br>BASIS | GRANTS<br>MANAGEMENT<br>BASIS TOTAL | SHARED COST<br>ALLOCATION |
|---|-------------------------------------|--|--|-----------------------------|---|---|-------------------------------------|---------------------------|
| <b>Revenues</b>                           |                                     |  |  |                             |   |   |                                     |                           |
| Federal Revenue                           | \$ -                                | \$ -   | \$ -   | \$ 985,475                  | \$ 2,942,817  | \$ 50,000   | \$ 2,992,817                        | \$ -                      |
| State Revenue                             | 2,172,332                           | -  | 57,834                                       | 4,215,627                   | 4,507,963   | 7,500   | 4,515,463                           | -                         |
| Local Revenue                             | -                                   | 6,108  | -  | 6,108                       | 53,030  | 98,817  | 151,847                             | -                         |
| Transfer of Local Cash                    | 21,550                              | -  | 55   | 22,154                      | 121,540   | (121,540)   | -                                   | -                         |
| Cash Match                                | -                                   | -  | -  | 163,791                     | 163,791   | -   | 163,791                             | -                         |
| Program Income                            | 60,308                              | -  | -  | 107,859                     | 107,859   | -   | 107,859                             | -                         |
| Interest Income                           | -                                   | -  | -  | -                           | 16,848  | 4,817   | 21,665                              | -                         |
| Other Income                              | -                                   | -  | -  | -                           | 5,872   | 28,785  | 34,657                              | -                         |
| In-Kind Contributions                     | -                                   | -  | -  | 52,549                      | 52,549  | -   | 52,549                              | -                         |
| <b>Total revenues</b>                     | <b>2,254,190</b>                    | <b>6,108</b>                                       | <b>57,889</b>                                | <b>5,553,563</b>            | <b>7,972,269</b>  | <b>68,379</b>                                       | <b>8,040,648</b>                    | -                         |
| <b>Expenditures</b>                       |                                     |  |  |                             |   |   |                                     |                           |
| Personnel                                 | 211,220                             | -  | 1,658  | 544,366                     | 1,166,021   | 39,127  | 1,205,148                           | 359,022                   |
| Fringe Benefits                           | 103,258                             | -  | 827  | 272,052                     | 574,791   | 19,313  | 594,104                             | 165,410                   |
| Contractual Services                      | 1,430                               | -  | 44,632                                       | 2,490,885                   | 3,112,163   | -   | 3,112,163                           | 30,380                    |
| Client Services/Program Costs             | 1,779,167                           | -  | -  | 1,801,706                   | 2,215,988   | -   | 2,215,988                           | -                         |
| Travel                                    | 12,522                              | -  | -  | 22,004                      | 41,780  | 5,400   | 47,180                              | 20,047                    |
| Training                                  | 40                                  | -  | 8,000  | 8,154                       | 9,252   | -   | 9,252                               | 140                       |
| Ads, Printing, Publications & Copies      | 1,771                               | 2,422  | 342  | 9,642                       | 12,277  | 2   | 12,279                              | 5,443                     |
| Equipment Rent and Maintenance            | 2,582                               | -  | -  | 21,743                      | 30,660  | 2,370   | 33,030                              | 7,692                     |
| Grant Purchased Equipment                 | -                                   | -  | -  | -                           | -   | -   | -                                   | -                         |
| Supplies and Postage                      | 5,504                               | 792  | 1,363  | 16,000                      | 24,301  | 1,179   | 25,480                              | 12,219                    |
| Telephone                                 | -                                   | -  | -  | 5,049                       | 6,849   | 761   | 7,610                               | 11,811                    |
| Dues and Registrations                    | 1,244                               | 2,894  | -  | 10,717                      | 21,768  | 13,756  | 35,524                              | 17,621                    |
| Other Costs                               | 385                                 | -  | -  | 669                         | 1,778   | 30,837  | 32,615                              | 20,982                    |
| Rent                                      | -                                   | -  | -  | -                           | 17,575  | -   | 17,575                              | 86,651                    |
| Insurance & Bond Expense                  | -                                   | -  | -  | -                           | -   | -   | -                                   | 15,244                    |
| In-Kind Expenses                          | -                                   | -  | -  | -                           | -   | -   | -                                   | -                         |
| Debt Service - Principal                  | -                                   | -  | -  | -                           | -   | -   | -                                   | -                         |
| <b>Shared Costs Applied:</b>              | <b>2,119,123</b>                    | <b>6,108</b>                                       | <b>56,822</b>                                | <b>5,202,987</b>            | <b>7,235,203</b>  | <b>112,745</b>                                      | -                                   | -                         |
| Operational Costs                         | 75,911                              | -  | 600  | 197,002                     | 420,097   | 14,215  | 434,312                             | (434,312)                 |
| Indirect Administration Costs             | 30,026                              | -  | 237  | 77,930                      | 166,190   | 5,600   | 171,790                             | (171,790)                 |
| Shared Costs                              | 29,130                              | -  | 230  | 75,644                      | 141,131   | 5,429   | 146,560                             | (146,560)                 |
| <b>Total expenditures</b>                 | <b>2,254,190</b>                    | <b>6,108</b>                                       | <b>57,889</b>                                | <b>5,553,563</b>            | <b>7,962,621</b>  | <b>137,989</b>                                      | <b>8,100,610</b>                    | -                         |
| <b>Revenues over (under) expenditures</b> | -                                   | -  | -  | -                           | 9,648   | (69,610)  | (59,962)                            | -                         |
| <b>Other financing sources (uses):</b>    |                                     |  |  |                             |   |   |                                     |                           |
| RLF principal received (disbursed), net   | -                                   | -  | -  | -                           | -   | -   | -                                   | -                         |
| <b>Net change in fund balances</b>        | -                                   | -  | -  | -                           | 9,648   | (69,610)  | (59,962)                            | -                         |
| <b>Fund balances, beginning of year</b>   | -                                   | -  | -  | -                           | 435,594   | 1,549,171   | 1,984,765                           | -                         |
| <b>Fund balances, end of year</b>         | <b>\$ -</b>                         | <b>\$ -</b>  | <b>\$ -</b>                                  | <b>\$ -</b>                 | <b>\$ 445,242</b>   | <b>\$ 1,479,561</b>                                 | <b>\$ 1,924,803</b>                 | <b>\$ -</b>               |



# LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

## COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2018

|   | GRANTS<br>MANAGEMENT<br>BASIS WITH<br>SHARED COSTS<br>ALLOCATED | GRANTS<br>MANAGEMENT<br>BASIS TO FUND<br>CONVERSION | GOVERNMENTAL<br>FUNDS TOTAL (after<br>conversion) |
|---|---|---|---|
| <b>Revenues</b>                           |   |   |   |
| Federal Revenue                           | \$ 2,992,817  | \$ -  | \$ 2,992,817                                      |
| State Revenue                             | 4,515,463   | -   | 4,515,463   |
| Local Revenue                             | 151,847   | -   | 151,847   |
| Transfer of Local Cash                    | -   | -   | -   |
| Cash Match                                | 163,791   | -   | 163,791   |
| Program Income                            | 107,859   | -   | 107,859   |
| Interest Income                           | 21,665  | -   | 21,665  |
| Other Income                              | 34,657  | (28,603)  | 6,054   |
| In-Kind Contributions                     | 52,549  | -   | 52,549  |
| <b>Total revenues</b>                     | <b>8,040,648</b>  | <b>(28,603)</b>                                     | <b>8,012,045</b>                                  |
| <b>Expenditures</b>                       |   |   |   |
| Personnel                                 | 1,564,170   | 19,810  | 1,583,980   |
| Fringe Benefits                           | 759,514   | -   | 759,514   |
| Contractual Services                      | 3,142,543   | -   | 3,142,543   |
| Client Services/Program Costs             | 2,215,988   | -   | 2,215,988   |
| Travel                                    | 67,227  | (22,587)  | 44,640  |
| Training                                  | 9,392   | -   | 9,392   |
| Ads, Printing, Publications & Copies      | 17,722  | -   | 17,722  |
| Equipment Rent and Maintenance            | 40,722  | -   | 40,722  |
| Grant Purchased Equipment                 | -   | -   | -   |
| Supplies and Postage                      | 37,689  | -   | 37,689  |
| Telephone                                 | 19,421  | -   | 19,421  |
| Dues and Registrations                    | 53,145  | -   | 53,145  |
| Other Costs                               | 53,597  | (34,690)  | 18,907  |
| Rent                                      | 104,226   | -   | 104,226   |
| Insurance & Bond Expense                  | 15,244  | -   | 15,244  |
| In-Kind Expenses                          | -   | -   | -   |
| Debt Service - Principal                  | -   | 2,027   | 2,027   |
| <b>Shared Costs Applied:</b>              |   |   |   |
| Operational Costs                         | -   | -   | -   |
| Indirect Administration Costs             | -   | -   | -   |
| Shared Costs                              | -   | -   | -   |
| <b>Total expenditures</b>                 | <b>8,100,610</b>  | <b>(35,440)</b>                                     | <b>8,065,170</b>                                  |
| <b>Revenues over (under) expenditures</b> | <b>(59,962)</b>   | <b>6,837</b>  | <b>(53,125)</b>                                   |
| <b>Other financing sources (uses):</b>    |   |   |   |
| RLF principal received (disbursed), net   | -   | (75,395)  | (75,395)  |
| <b>Net change in fund balances</b>        | <b>(59,962)</b>   | <b>(68,558)</b>                                     | <b>(128,520)</b>                                  |
| <b>Fund balances, beginning of year</b>   | <b>1,984,765</b>  | <b>(324,414)</b>                                    | <b>1,660,351</b>                                  |
| <b>Fund balances, end of year</b>         | <b>\$ 1,924,803</b>   | <b>\$ (392,972)</b>                                 | <b>\$ 1,531,831</b>                               |

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

48

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2018

|   | CFDA<br>Number | Grant<br>Number | Federal<br>Award<br>Expended | Expenditures<br>To<br>Subrecipients |
|---|----------------|-----------------|------------------------------|-------------------------------------|
| <b><u>U.S. Department of Commerce</u></b>   |                |                 |                              |                                     |
| <u>Economic Development Administration</u>  |                |                 |                              |                                     |
| <u>Passed-through State Department: Economic Development Administration</u>           |                |                 |                              |                                     |
| Economic Development - Support for Planning Organizations                             | 11.302         | 1800000295      | \$ 70,000                    | \$ -                                |
| <u>Direct Received Funds</u>  |                |                 |                              |                                     |
| Economic Adjustment Assistance  | 11.307         | 04-39-03494     | 344,921                      | -                                   |
| <b>Total U.S. Department of Commerce</b>  |                |                 | <b>414,921</b>               | <b>-</b>                            |
| <b><u>U.S. Department of Defense</u></b>  |                |                 |                              |                                     |
| <u>Office of Economic Adjustment</u>  |                |                 |                              |                                     |
| <u>Direct Received Funds</u>  |                |                 |                              |                                     |
| Community Economic Adjustment Assistance for Reductions in Defense Spending           | 12.604         | HQ00051510058   | 4,168                        | 3,284                               |
| <b>Total U.S. Department of Defense</b>   |                |                 | <b>4,168</b>                 | <b>3,284</b>                        |
| <b><u>U.S. Department of Housing and Urban Development</u></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         | 1800000295      | 13,585                       | -                                   |
| <u>Passed-through Local Sources</u>   |                |                 |                              |                                     |
| Community Development Block Grants - State Program                                    | 14.228         | n/a             | 9,040                        | -                                   |
| <b>Total U.S. Department of Housing and Urban Development</b>                         |                |                 | <b>22,625</b>                | <b>-</b>                            |
| <b><u>U.S. Department of Labor</u></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         | 205BE15         | 6,338                        | -                                   |
| Trade Adjustment Assistance   | 17.245         | 205BE16         | 3,253                        | -                                   |
|   |                |                 | <b>9,591</b>                 | <b>-</b>                            |
| <u>Office of Employment &amp; Training Administration</u>                             |                |                 |                              |                                     |
| WIOA Adult Program  | 17.258 a       | 270AD17         | 17,771                       | -                                   |
| WIOA Adult Program  | 17.258 a       | 273AD17         | 132,229                      | 19,886                              |
| WIOA Adult Program  | 17.258 a       | 270AD18         | 64,915                       | 27,371                              |
| WIOA Adult Program  | 17.258 a       | 273AD18         | 318,087                      | 121,050                             |
| WIOA Adult Program  | 17.258 a       | 273SR16         | 81,000                       | 81,000                              |
| <u>Passed-through Lake Cumberland Area Development District</u>                       |                |                 |                              |                                     |
| WIOA Adult Program  | 17.258 a       | n/a             | 73,993                       | -                                   |
|   |                |                 | <b>687,995</b>               | <b>249,307</b>                      |
| <u>Office of Employment &amp; Training Administration</u>                             |                |                 |                              |                                     |
| WIOA Youth Activities   | 17.259 a       | 274YT17         | 113,777                      | 70,433                              |
| WIOA Youth Activities   | 17.259 a       | 274YT18         | 200,518                      | 28,557                              |
| <u>Passed-through Lake Cumberland Area Development District</u>                       |                |                 |                              |                                     |
| WIOA Youth Activities   | 17.259 a       | n/a             | 87,768                       | -                                   |
|   |                |                 | <b>402,063</b>               | <b>98,990</b>                       |
| <u>Office of Employment &amp; Training Administration</u>                             |                |                 |                              |                                     |
| WIOA Dislocated Worker Formula Grants   | 17.278 a       | 272CM16         | 3,785                        | 383                                 |
| WIOA Dislocated Worker Formula Grants   | 17.278 a       | 272RR16         | 4,844                        | -                                   |
| WIOA Dislocated Worker Formula Grants   | 17.278 a       | 271DW17         | 444,303                      | 144,226                             |
| WIOA Dislocated Worker Formula Grants   | 17.278 a       | 272DW17         | 76,868                       | 17,688                              |
| WIOA Dislocated Worker Formula Grants   | 17.278 a       | 271DW18         | 9,093                        | 395                                 |
| WIOA Dislocated Worker Formula Grants   | 17.278 a       | 272DW18         | 509                          | -                                   |
| <u>Passed-through Lake Cumberland Area Development District</u>                       |                |                 |                              |                                     |
| WIOA Dislocated Worker Formula Grants   | 17.278 a       | n/a             | 14,918                       | -                                   |
|   |                |                 | <b>554,320</b>               | <b>162,692</b>                      |
| <b>a - Department of Labor - Workforce Investment Act Cluster</b>                     |                |                 | <b>1,644,378</b>             |                                     |
| <b>Total U.S. Department of Labor</b>   |                |                 | <b>1,653,969</b>             | <b>510,989</b>                      |

See notes to Schedule of Expenditures of Federal Awards

## LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

49

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2018

|  | CFDA<br>Number | Grant<br>Number     | Federal<br>Award<br>Expended | Expenditures<br>To<br>Subrecipients |
|--|----------------|---------------------|------------------------------|-------------------------------------|
| <b><u>U.S. Department of Transportation</u></b>                              |                |                     |                              |                                     |
| <b><u>Federal Highway Administration</u></b>                                 |                |                     |                              |                                     |
| <b><u>Passed-through Kentucky Transportation Cabinet</u></b>                 |                |                     |                              |                                     |
| Highway Planning and Construction:   |                |                     |                              |                                     |
| Metropolitan Planning Organization - Unified Planning Work Programs          | 20.205         | 1700005050          | 109,938                      | -                                   |
| FY2018 Local Road Updates  | 20.205         | 1800001854          | 16,500                       | -                                   |
| Metropolitan Planning Organization - Lincoln Heritage Scenic Byway           | 20.205         | 1600006008          | 73,182                       | -                                   |
|  |                |                     | <u>199,620</u>               | <u>-</u>                            |
| <b><u>Federal Transit Administration</u></b>                                 |                |                     |                              |                                     |
| <b><u>Passed-through Kentucky Transportation Cabinet</u></b>                 |                |                     |                              |                                     |
| Metropolitan Transportation Planning - Section 5303                          | 20.505         | P030217442          | 16,000                       | -                                   |
|  |                |                     | <u>16,000</u>                | <u>-</u>                            |
| <b>Total U.S. Department of Transportation</b>                               |                |                     | <b><u>215,620</u></b>        | <b><u>-</u></b>                     |
| <b><u>Environmental Protection Agency</u></b>                                |                |                     |                              |                                     |
| <b><u>Office of Water</u></b>  |                |                     |                              |                                     |
| <b><u>Passed-through City of Lebanon</u></b>                                 |                |                     |                              |                                     |
| ARRA - Capitalization Grants for Drinking Water State Revolving Funds        | 66.468         | n/a                 | 25,776                       | -                                   |
|  |                |                     | <u>25,776</u>                | <u>-</u>                            |
| <b>Total Environmental Protection Agency</b>                                 |                |                     | <b><u>25,776</u></b>         | <b><u>-</u></b>                     |
| <b><u>U.S. Department of Health and Human Services</u></b>                   |                |                     |                              |                                     |
| <b><u>Administration for Community Living</u></b>                            |                |                     |                              |                                     |
| <b><u>Passed-through Kentucky Cabinet for Health and Family Services</u></b> |                |                     |                              |                                     |
| Special Programs for the Aging:  |                |                     |                              |                                     |
| Title VII Elder Abuse Prevention   | 93.041         | PON2 725 1700002626 | 5,884                        | -                                   |
| Title VII Ombudsman Services   | 93.042         | PON2 725 1700002626 | 8,662                        | -                                   |
| Title III-D Disease Prevention-Health Promotion                              | 93.043         | PON2 725 1700002624 | 17,373                       | 2,240                               |
| Title III-B Supportive Services  | 93.044 b       | PON2 725 1700002624 | 204,577                      | 150,955                             |
| Title III-C Nutrition Services   | 93.045 b       | PON2 725 1700002624 | 476,808                      | 410,341                             |
| Title III-E National Family Caregiver Support                                | 93.052         | PON2 725 1700002624 | 128,801                      | 69,096                              |
| Nutrition Services Incentive Program (NSIP)                                  | 93.053 b       | PON2 725 1800000566 | 76,913                       | 76,913                              |
|  |                |                     | <u>758,298</u>               | <u>-</u>                            |
| <b><u>b - Department of Health and Human Services - Aging Cluster</u></b>    |                |                     |                              |                                     |
| <b><u>Centers for Disease Control and Prevention</u></b>                     |                |                     |                              |                                     |
| <b><u>Passed-through Kentucky Cabinet for Health and Family Services</u></b> |                |                     |                              |                                     |
| Public Health Emergency Preparedness - Functional Assessment Service Teams   | 93.069         | PON2 725 1700002632 | 1,000                        | -                                   |
| <b><u>Administration for Community Living</u></b>                            |                |                     |                              |                                     |
| <b><u>Passed-through Kentucky Cabinet for Health and Family Services</u></b> |                |                     |                              |                                     |
| Medicare Enrollment Assistance Program - MIPPA AAA                           | 93.071         | PON2 725 1700000082 | 2,374                        | -                                   |
| Medicare Enrollment Assistance Program - MIPPA AAA                           | 93.071         | PON2 725 1800000579 | 4,600                        | -                                   |
| Medicare Enrollment Assistance Program - MIPPA ADRC                          | 93.071         | PON2 725 1700000082 | 3,185                        | -                                   |
| Medicare Enrollment Assistance Program - MIPPA ADRC                          | 93.071         | PON2 725 1800000579 | 284                          | -                                   |
| Medicare Enrollment Assistance Program - MIPPA SHIP                          | 93.071         | PON2 725 1700000082 | 4,759                        | -                                   |
| Medicare Enrollment Assistance Program - MIPPA SHIP                          | 93.071         | PON2 725 1800000579 | 13,138                       | -                                   |
|  |                |                     | <u>28,340</u>                | <u>-</u>                            |
| State Health Insurance Assistance Program                                    | 93.324         | PON2 725 1700002623 | 35,558                       | -                                   |
| <b><u>Centers for Medicare and Medicaid Services</u></b>                     |                |                     |                              |                                     |
| <b><u>Passed-through Kentucky Cabinet for Health and Family Services</u></b> |                |                     |                              |                                     |
| Medical Assistance Program - ADRC Medicaid Federal Funding                   | 93.778         | PON2 725 1700002631 | 1,559                        | -                                   |
|  |                |                     | <u>1,559</u>                 | <u>-</u>                            |
| <b>Total U.S. Department of Health and Human Services</b>                    |                |                     | <b><u>985,475</u></b>        | <b><u>709,545</u></b>               |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                  |                |                     | <b><u>\$3,322,554</u></b>    | <b><u>\$1,223,818</u></b>           |

See notes to Schedule of Expenditures of Federal Awards.

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2018

**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 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of 2CRF Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F - *Audit Requirements*. Therefore some amounts presented in this schedule may differ from amounts in or used in the preparation of the financial statements.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

Lincoln Trail Area Development District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4 - 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:

|  |    |         |
|--|----|---------|
| Balance of RLF loans outstanding at year end               | \$ | 414,740 |
| Cash and investment balance at year end                    |    | 31,492  |
| Administrative expenses paid out of RLF income during year |    | 13,662  |
| Unpaid principal of loans written off during the year      |    | -       |
| Total  |    | 459,894 |
| Multiply federal share of RLF                              |    | 75%     |
| Federal expenditures for SEFA reporting                    | \$ | 344,921 |

**Note 5 - Data Universal Numbering System (DUNS) Number**

The District is registered in Dun & Bradstreet's Data Universal Numbering System database under the name Lincoln Trail Area Development District. The DUNS number assigned to the District is 07-102-3808

**Note 6 - 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                       | \$ | 2,992,817 |
| 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         |    | 344,921   |
| Programs with timing differences in revenue/expenditure recognition for grant administration services passed through local sources: |    |           |
| Community Development Block Grants - State program  |    | (4,960)   |
| EPA - State Revolving Funds   |    | (10,224)  |
| Total Expenditures of Federal Awards  | \$ | 3,322,554 |

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2018

**Note 7 - 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<br/>Provided</u> |
|---|---|----------------------------|
| <b>Aging</b>  |   |                            |
| Title III Planning & Admin                              | Dietary Consultants, Inc.                   | \$ 1,392                   |
| Title III-B Supportive Services                         | Central KY Community Action Council         | 29,398                     |
| Title III-B Supportive Services                         | Lifeline Homecare, Inc.                     | 69,034                     |
| Title III-B Supportive Services                         | Legal Aid Society Inc.                      | 8,787                      |
| Title III-B Supportive Services                         | Sunrise Manor                               | 9,029                      |
| Title III-B Supportive Services                         | Transit Authority of Central KY             | 34,297                     |
| Title III-C1 Nutrition Services                         | Central KY Community Action Council         | 252,194                    |
| Title III-C1 Nutrition Services                         | Dietary Consultants, Inc.                   | 3,855                      |
| Title III-C2 Nutrition Services                         | Purfoods, LLC                               | 153,479                    |
| Title III-D Health Prevention                           | Central KY Community Action Council         | 2,240                      |
| Title III-E FCGP  | Lifeline Homecare, Inc.                     | 68,927                     |
| Nutrition Service Incentive Program                     | Central KY Community Action Council         | 76,913                     |
| <b>Total Aging</b>                                      |   | <b>709,545</b>             |
| <b>Department of Defense</b>                            |   |                            |
| Office of Economic Adjustment                           | Heartland Communications Consultants, Inc   | 3,284                      |
| <b>Total Department of Defense</b>                      |   | <b>3,284</b>               |
| <b>Workforce Innovation &amp; Opportunity Act</b>       |   |                            |
| Adult   | Brown's Heating & Air                       | 605                        |
| Adult   | Heartland Communication Consultants, Inc.   | 33,640                     |
| Adult   | ITSUWA, KY                                  | 1,934                      |
| Adult   | Kentucky Indiana Exchange                   | 4,343                      |
| Adult   | Lake Cumberland Area Development District   | 62,759                     |
| Adult   | Strategy Matters                            | 81,000                     |
| Adult   | Thai Summit Ky                              | 27,433                     |
| Adult   | Tower International, Inc.                   | 30,619                     |
| Adult   | Whitworth Tool                              | 6,974                      |
| Dislocated Workers                                      | Bardstown Radio Team, LLC                   | 4,520                      |
| Dislocated Workers                                      | Heartland Communication Consultants, Inc.   | 16,294                     |
| Dislocated Workers                                      | ITSUWA, KY                                  | 3,689                      |
| Dislocated Workers                                      | Kentucky Indiana Exchange                   | 654                        |
| Dislocated Workers                                      | Lake Cumberland Area Development District   | 92,531                     |
| Dislocated Workers                                      | Thai Summit Ky                              | 12,059                     |
| Dislocated Workers                                      | Tower International, Inc.                   | 18,078                     |
| Dislocated Workers                                      | Whitworth Tool                              | 14,867                     |
| Youth   | Elizabethtown Community & Technical College | 12,611                     |
| Youth   | Heartland Communication Consultants, Inc.   | 45,794                     |
| Youth   | Lake Cumberland Area Development District   | 40,585                     |
| <b>Total Workforce Innovation &amp; Opportunity Act</b> |   | <b>510,989</b>             |
| <b>Total Funds Passed Thru to Subrecipients</b>         |   | <b>\$ 1,223,818</b>        |

# Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Trail Area Development District (LTADD), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lincoln Trail Area Development District's basic financial statements, and have issued our report thereon dated December 18, 2018.

### **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 18, 2018

# Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Lincoln Trail Area Development District  
Elizabethtown, Kentucky

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

We have audited the Lincoln Trail Area Development District (LTADD)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LTADD's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2018.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

December 18, 2018



# **LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS and PRIOR AUDIT FINDINGS**

Year Ended June 30, 2018

### **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?   | No            |
| • Significant deficiency(ies) identified that are not considered to be material weakness? | None Reported |
| Noncompliance material to financial statements noted?                                     | No            |

#### *Federal Awards*

|  |               |
|--|---------------|
| Type of auditor's report issued on compliance for major programs:  | Unmodified    |
| Internal control over major programs:  |               |
| • Material weakness(es) identified?  | No            |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses?                | None Reported |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No            |

#### Identification of major programs:

93.044, 93.045, 93.053 – Aging Cluster  
93.052 – Title III-E National Family Caregiver Support

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

Auditee qualified as low-risk auditee? Yes

### **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.