

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020

(With Independent Auditor's Report Thereon)

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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 and each major fund of the Lincoln Trail Area Development District (LTADD), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 and each major fund of the Lincoln Trail Area Development District, as of June 30, 2020, 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.

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 34 – 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 31, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LTADD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LTADD's internal control over financial reporting and compliance.

Clauson, Mouser & Co.

Certified Public Accountants

December 31, 2020

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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, 2020. 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 beginning net position for LTADD was (\$2,367,390). The ending net position for the LTADD was (\$2,340,206). LTADD's total net position increased by \$27,184 or 1.15%, from this period last year. In the prior year net position decreased by \$241,732. The LTADD is in the sixth year of implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and the third year of implementation of GASB 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*"; both have become more stable with regards to their effect on reporting, and contribute significantly to LTADD's deficit net position.

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, 2020

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

	2020	2019	Dollar Change	Percent Change
Assets				
Current Assets	\$ 2,605,408	\$ 2,515,679	\$ 89,729	3.57%
Capital Assets, net	38,576	50,010	(11,434)	-22.86%
Revolving Loan Fund				
Cash & Receivables, net	465,732	454,552	11,180	2.46%
Total Assets	<u>3,109,716</u>	<u>3,020,241</u>	<u>89,475</u>	2.96%
Deferred Outflows of Resources	<u>1,132,826</u>	<u>1,155,447</u>	<u>(22,621)</u>	-1.96%
Liabilities				
Current liabilities	888,461	909,241	(20,780)	-2.29%
Non-Current Liabilities	4,553,305	4,868,104	(314,799)	-6.47%
Total Liabilities	<u>5,441,766</u>	<u>5,777,345</u>	<u>(335,579)</u>	-5.81%
Deferred Inflows of Resources	<u>1,140,982</u>	<u>765,144</u>	<u>375,838</u>	49.12%
Net Position				
Invested in Capital Assets	38,576	50,010	(11,434)	-22.86%
Restricted	465,126	453,871	11,255	2.48%
Unrestricted	<u>(2,843,908)</u>	<u>(2,871,271)</u>	<u>27,363</u>	-0.95%
Total Net Position	<u><u>\$ (2,340,206)</u></u>	<u><u>\$ (2,367,390)</u></u>	<u><u>\$ 27,184</u></u>	-1.15%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2020

LTADD's net position increased \$27,184, or approximately 1.15%, for the year ended June 30, 2020. The FY20 ending ratio of current assets to current liabilities is a little over 2.9 times. Cash increased by \$352,957, grant receivables decreased by \$211,154 accounts payable decreased by \$36,897, funds due to grantor decreased by \$9,726 and deferred revenue increased by \$10,526 in comparison to the prior year. The \$11,434 decrease in capital assets was due to depreciation of assets, net of current year acquisitions. The General Fund cash account increased by \$380,596 caused mainly by a reduction in payables to LTADD from Participant Directed Services program by \$281,496 and from the Workforce Innovation and Opportunity Act program by \$42,993 when compared to the prior year. The most significant changes in the grant receivables were due to 1) a decrease of \$103,391 due from the Grantor for Participant Directed Services and 2) a decrease of \$138,977 in Workforce Innovation and Opportunity Act receivables at year end.

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

	2020	2019	Dollar Change	Percent Change
Revenues				
Operating grants and contributions	\$ 8,956,272	\$ 8,007,665	\$ 948,607	11.85%
Charges for services	47,033	50,660	(3,627)	-7.16%
Member dues	87,753	86,119	1,634	1.90%
Interest	4,618	3,733	885	23.71%
RLF - Loan Loss allowance provision	2,071	-	2,071	100.00%
Other non-budget revenue	61	3,500	(3,439)	-98.26%
Total Revenues	9,097,808	8,151,677	946,131	11.61%
Expenses				
General government	94,208	69,603	24,605	35.35%
Community and economic development	365,810	290,997	74,813	25.71%
Revolving loan funds	12,335	10,409	1,926	18.50%
Employment and training	1,727,345	1,817,017	(89,672)	-4.94%
Social services	6,598,989	5,905,975	693,014	11.73%
Transportation	271,937	299,408	(27,471)	-9.18%
Total Expenses	9,070,624	8,393,409	677,215	8.07%
Increase (Decrease) in net position	\$ 27,184	\$ (241,732)	\$ 268,916	-111.25%

LTADD recognized a \$946,131, or approximately 11.6%, increase in revenue in FY 2020 when compared to revenue recognized in the FY 2019 period. The current year's increase can be attributed to an increase of \$844,195 in Social Services funding mainly from \$50,765 in CARES and \$179,635 in COVID funds and \$551,804 increase in Participant Directed Services program due to continued growth in client base. Community Development funds increased mainly due to a direct award from the Department of Defense – Office of Economic Adjustment. The estimated allowance for loan losses is zero with the implementation of direct deposit for revolving loan payments. At June 30, 2020, six loans are paid through an ACH Authorized direct deposit program.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

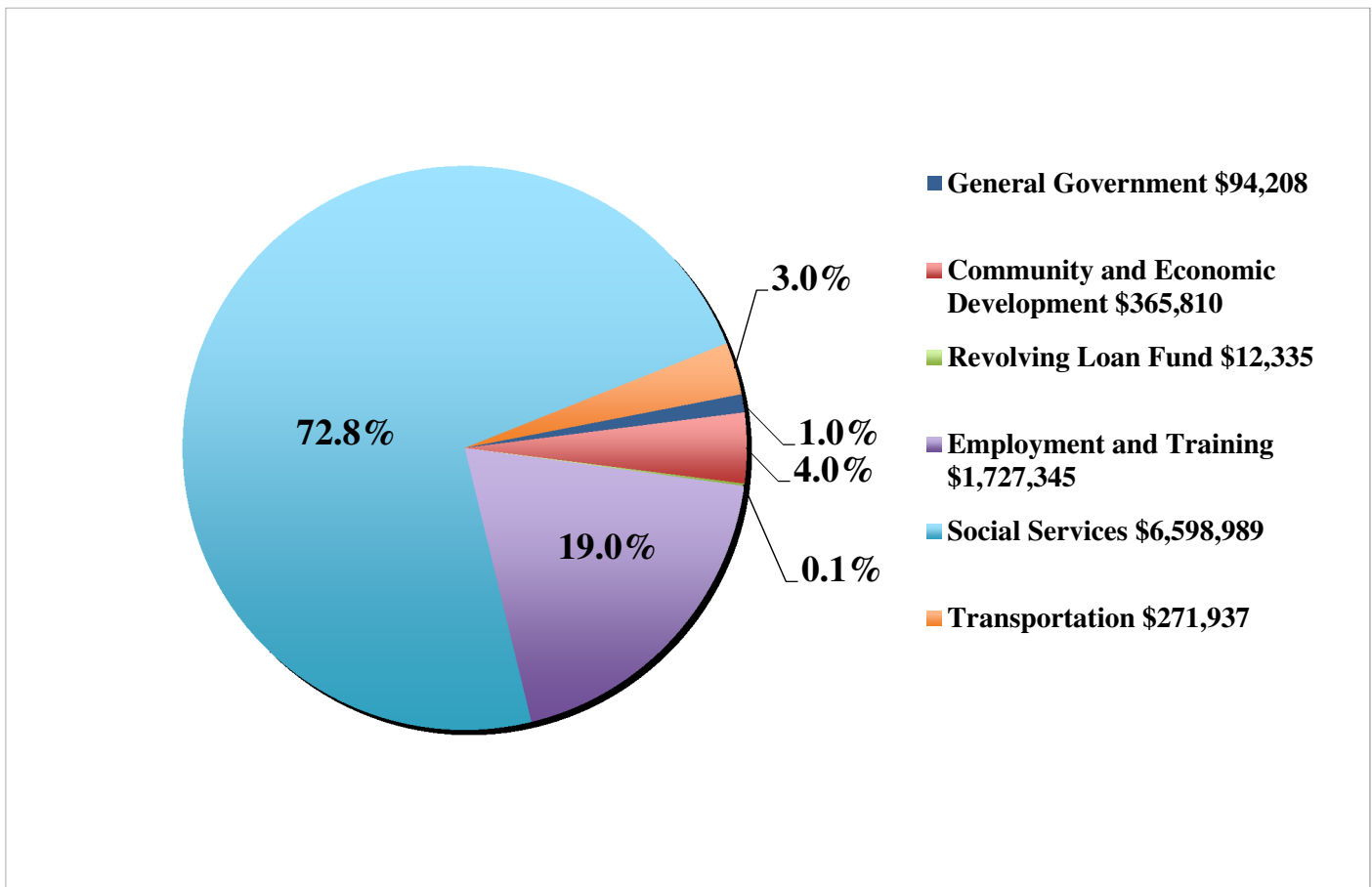
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

June 30, 2020

Expenses:

LTADD recognized an 8.07% increase in expenses in FY 2020 in comparison to the prior period. Community Development expenditures increased by \$74,813, principally due to the Office of Adjustment award. Social Services expenditures increased \$693,014, due to CARES and COVID funds awarded and an increase in Participant Directed Services program client base.

LTADD expenses cover a range of services. The following pie chart outlines the percentages and amounts expended by activity. Social Services makes up 72.8% of the expenditures; which is up 2.4% from last year’s percentage. About 19.0% of expenditures were associated with Employment and Training activities, which is down 2.6% from its FY 2019 share.



LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2020

BUDGETARY HIGHLIGHTS

LTADD had \$9,122,905 in revenues (budget basis) for FY20. This is an increase of approximately \$944,031 or approximately 11.54% 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. In FY20 the Department for Local Government (along with the KY General Assembly) followed the traditional funding formula and allocation structure of the JFA program from years prior with the exception of FY 17 & 18 where the formula was not followed. The FY20 JFA contract represented a 9.32% increase in federal and state funds over funds paid in FY19. The KY Infrastructure Authority (KIA), a state-funded planning program, remained the same as funding for FY19, and was able to meet the scope of work without infusing General funds as was necessary in FY19.
- In FY20 LTADD applied for and received funding from the Department of Defense, Office of Economic Adjustment to perform a Compatible Use Plan on behalf of the Fort Knox Military Installation in amount of \$250,408. This grant has a 10% or \$27,823 match requirement which will come from the LTADD General Fund. The plan development and grant agreement period will extend through FY21. LTADD expended \$96,456 or approximately 38.5% of the total funding allocation in FY20. Of the amount expended at June 30, 2020, the LTADD has provided \$9,646 in matching funds.
- The overall Transportation Planning component of the LTADD (Metropolitan, Rural and other Transportation funds) saw a \$6,000, or 2.3%, increase in FY20 funds when compared to FY19, primarily due to the inclusion of the East Elizabethtown Transportation Study (pass-thru funds). With the exception of the \$18,316 increase for the Study, transportation funding experienced a decrease of 4.71%. More specifically, a \$2,267 decrease in the Rural program and a \$3,432 decrease in the Metropolitan program partly due to the need to supplement both programs with General Funds in FY19. The Federal Transit Administration program saw a 49.6% or \$8,223 decrease in funding due to a reduction in the Scope of Work provided in FY20. The exception being a \$1,700 increase in the Local Road Update funding in FY20.
- The overall increase of CED revenues in the amount of \$111,079 can be primarily attributed to the Department of Defense, Office of Economic Adjustment (OEA) Planning grant funds and the addition of the East Elizabethtown Transportation Study pass-thru funds.
- **WORKFORCE INVESTMENT** – The programs of the Workforce Innovation & Opportunity Act (WIOA) performed by the LTADD Employment and Training Department saw revenues decrease by \$18,440, or 1.1%, when compared to the prior period. This decrease can largely be attributed to the decrease in traditional LTADD WIOA funds of \$228,169 or 14.9% as compared to the FY19 funding levels, as well as the end of SNAP and Keesuite funding in FY19. However, those decreases were offset by the Greater Knox Academy Project with additional funding of \$228,303. The LTADD has \$2,275,735 in carryover funds.
- **SOCIAL SERVICES** – Kentucky's Area Development District's (ADDs) social services funding 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 traditional social services funding levels (specifically Title III) experienced a \$417,467, or 31.4%, increase when compared to FY19 figures, with slight reductions coming predominantly from the Homecare program with our focus on CARES and COVID relief provided in Title III programs. The Home & Community Based Participant Directed Services (PDS) program grew by \$551,804, or approximately 20.7% over FY19. Overall, combined federal and state revenue increased by 15.7% from Social Services' FY19 funding levels.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end 2020, LTADD had invested \$404,463 in capital assets, including vehicles, office furniture, office equipment and computers. Overall, investment in capital assets decreased by \$15,954 from last year. More detailed information about LTADD's capital assets is presented in Note H to the financial statements.

Long-term Liabilities

Long-term liabilities consisting of compensated absences, net pension liability and net OPEB liability decreased \$317,264 from the prior year. 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 2021 budget was based on actual information received from the federal, state and local government contracts as of September 2020. Revenues and expenditures were budgeted at \$10,901,153, which is a 20.75% increase from the FY 2020 actual amounts expended.

FUTURE OPERATIONS

Federal, state, and local governments fund the 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 effect 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, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,373,190
Grant receivables	1,178,273
Other receivables	46,737
Prepaid expenses	7,208
Total current assets	<u>2,605,408</u>

Capital assets, net of depreciation

38,576

Restricted Assets:

Cash - Revolving Loan Fund	123,775
Revolving loan funds receivable, net of allowance	341,957
Total restricted assets	<u>465,732</u>

Total Assets

3,109,716

Deferred Outflows of Resources:

Deferred outflows of related to pensions	803,028
Deferred outflows related to OPEB	329,798
Total deferred outflows of resources	<u>1,132,826</u>

LIABILITIES

Current Liabilities:

Accounts payable	403,258
Advanced from grantors	197,504
Unearned grant revenue due to grantor	70,993
Accrued wages	170,335
Payroll withholdings and accruals	22,130
Compensated absences, current	24,241
Total current liabilities	<u>888,461</u>

Noncurrent liabilities:

Compensated absences, net of current portion	59,373
Net pension liability	3,626,800
Net OPEB liability	867,132
Total noncurrent liabilities	<u>4,553,305</u>

Total Liabilities

5,441,766

Deferred Inflows of Resources:

Deferred inflows of related to pensions	601,764
Deferred inflows related to OPEB	492,872
Deferred revenue	46,346
Total deferred inflows of resources	<u>1,140,982</u>

NET POSITION

Net investment in capital assets	38,576
Restricted for Revolving Loan Fund	465,126
Unrestricted	<u>(2,843,908)</u>
Total Net Position	<u><u>\$ (2,340,206)</u></u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Function/Programs	Direct Expenses	Indirect Cost Allocated	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
Governmental activities:					
General government	\$ 86,235	\$ 7,973	\$ 28,663	\$ 26,696	\$ (38,849)
Community and economic development	280,830	84,980	-	343,103	(22,707)
Revolving loan fund	9,831	2,504	18,370	-	6,035
Employment and training	1,582,230	145,115	-	1,701,851	(25,494)
Social services	6,306,531	292,458	-	6,617,840	18,851
Transportation	213,318	58,619	-	266,782	(5,155)
Total	\$ 8,478,975	\$ 591,649	\$ 47,033	\$ 8,956,272	(67,319)

General Revenues:

Member Dues	87,753
Interest	4,618
Other income	61
Total general revenues	<u>92,432</u>

Revolving Loan Fund - Loan

Loss Recovery	<u>2,071</u>
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Change in Net Position 27,184

Net position, adjusted beginning
of year (2,367,390)

Net position, end of year \$ (2,340,206)

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Special Revenue Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,074,479	\$ 422,486	\$ 1,496,965
Interfund receivables	536,546	174,286	710,832
Grant receivables	-	1,178,273	1,178,273
Other receivables	-	46,737	46,737
Prepaid expenses	809	6,399	7,208
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 1,611,834</u></u>	<u><u>\$ 1,828,181</u></u>	<u><u>\$ 3,440,015</u></u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts payable	\$ -	\$ 403,258	\$ 403,258
Interfund payables	-	710,832	710,832
Advances from grantors	-	197,504	197,504
Unearned grant revenue due to grantor	-	70,993	70,993
Deferred revenue	-	46,346	46,346
Accrued wages	-	170,335	170,335
Payroll withholdings and accruals	-	22,130	22,130
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>1,621,398</u>	<u>1,621,398</u>
Fund Balances:			
Nonspendable	7,208	-	7,208
Restricted	-	123,169	123,169
Committed	-	83,614	83,614
Unassigned	1,604,626	-	1,604,626
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,611,834</u>	<u>206,783</u>	<u>1,818,617</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$ 1,611,834</u></u>	<u><u>\$ 1,828,181</u></u>	<u><u>\$ 3,440,015</u></u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICTRECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2020

Total Fund Balances - Governmental Funds	\$ 1,818,617
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost	\$ 404,463	
Accumulated depreciation	(365,887)	38,576

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

Revolving loan fund receivables		341,957
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Deferred outflows and inflows of resources related to pensions are applicable to future period, therefore, are not reported in the fund statements:

Deferred outflows related to pension	803,028	
Deferred inflows related to pension	(601,764)	201,264

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	329,798	
Deferred inflows related to OPEB	(492,872)	(163,074)

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	(83,614)	
Net pension liability	(3,626,800)	
Net OPEB liability	(867,132)	(4,577,546)

Net Position of Governmental Activities	\$ (2,340,206)
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LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal revenue	\$ 9,500	\$ 3,407,319	\$ 3,416,819
State revenue	-	5,180,853	5,180,853
Local revenue	133,612	35,363	168,975
Transfer of local funds	(14,792)	14,792	-
Cash match	-	161,947	161,947
Program income	-	70,373	70,373
Interest income	4,618	16,819	21,437
Other income	61	3,825	3,886
In-kind contributions	-	73,518	73,518
Total Revenues	132,999	8,964,809	9,097,808
Expenditures:			
General government	105,789	-	105,789
Community and economic development	-	352,570	352,570
Revolving loan fund	-	11,937	11,937
Employment and training	-	1,701,331	1,701,331
Social services	-	6,549,812	6,549,812
Transportation	-	267,082	267,082
Total Expenditures	105,789	8,882,732	8,988,521
Excess of Revenues Over Expenditures	27,210	82,077	109,287
Other Financing Sources (Uses)			
Operating Transfers In (Out)	68,836	(68,836)	-
RLF principal received/(disbursed), net	-	20,226	20,226
Total Other Financing Sources (Uses)	68,836	(48,610)	20,226
Net Change in Fund Balances	96,046	33,467	129,513
Fund Balances, adjusted beginning of year	1,515,788	173,316	1,689,104
Fund Balances, end of year	<u>\$ 1,611,834</u>	<u>\$ 206,783</u>	<u>\$ 1,818,617</u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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

Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 129,513
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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:

Capital outlays	\$ 22,047	
Depreciation expense	<u>(33,481)</u>	(11,434)

The decrease in note long-term revolving loan fund receivable does not provide current financial resources, and thus is to report in governmental funds:

Change in revolving loan fund receivable, net of allowance		(20,226)
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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		(1,985)
--	--	---------

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.

		(93,158)
--	--	----------

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.

		24,474
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Change in net position of governmental activities	<u><u>\$ 27,184</u></u>
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LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

June 30, 2020

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

June 30, 2020

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 FY20 is on page 39. 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 basis as they

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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**

June 30, 2020

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, 2020, the carrying amounts of the District's deposits were \$1,496,965 and the bank balances were \$1,667,067. Of the bank balances, \$250,000 was covered by FDIC insurance, and \$1,417,067 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, 2020 are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Special Revenue Fund:	Special Revenue Fund:	
Operational	Revolving Loan Fund	\$ 606
Operational	Participant Directed Services	102,566
Operational	Workforce Innovation and Opportunity Act (WIOA)	71,114
General Fund	Operational	536,546
		<u>\$ 710,832</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 be significant. Grant receivables at June 30, 2020 consisted of the following:

FY20		
Cabinet for Health & Family Services - Aging	\$	596,159
Transportation Cabinet		84,447
Office of Economic Adjustment		14,814
Division of Aging services - Participant Directed Services		300,526
KY Cabinet for Workforce Development		182,327
	<u>\$</u>	<u>1,178,273</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, 2020, there were nine active loans with an outstanding principal balance of \$341,957. All loans were current at June 30, 2020.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – REVOLVING LOAN FUND RECEIVABLES, Continued

The revolving loan fund receivables at June 30, 2020, are summarized as follows:

Principal balance of loans outstanding	\$ 341,957
Allowance for loan losses	-
Revolving loan fund receivables, net of allowance	<u>\$ 341,957</u>

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

Estimated allowance for loan losses, June 30 2019	\$ -
Recoveries of loans previously reserved	2,071
Provisions for the year	-
Loan loss recovery, FYE June 30, 2020	<u>\$ 2,071</u>

Recoveries and provisions are recorded in the statement of activities. There was a \$2,071 recovery on a previously written off loan due to a bankruptcy settlement for the year ended June 30, 2020. 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, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Vehicles and Equipment	\$ 270,950	\$ 12,815	\$ 21,416	\$ 262,349
Equipment - Grant Purchased	149,467	9,232	16,585	142,114
Total Cost	<u>420,417</u>	<u>22,047</u>	<u>38,001</u>	<u>404,463</u>
Less Accumulated Depreciation				
Vehicles and Equipment	234,938	25,097	21,416	238,619
Equipment - Grant Purchased	135,469	8,384	16,585	127,268
Total Accumulated Depreciation	<u>370,407</u>	<u>33,481</u>	<u>38,001</u>	<u>365,887</u>
Net Capital Assets	<u>\$ 50,010</u>	<u>\$ (11,434)</u>	<u>\$ -</u>	<u>\$ 38,576</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 25,097
Community and economic development	680
Revolving loan fund	-
Employment and training	2,375
Social services	4,687
Transportation	642
Total depreciation expense	<u>\$ 33,481</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE I – UNEARNED GRANT REVENUE DUE TO GRANTOR

At June 30, 2020 unearned grant revenue of \$70,993 includes revenues received but not earned, from District grant agreements, and is as follows:

Contract/Billing Name	FY20 Revenue Received	FY20 Expenditures	Amount Due to Grantor
FY07 and prior - all sources	\$ -	\$ -	\$ 5,409
FY08			
Kentucky Infrastructure Authority	-	-	25,877
FY09			
Kentucky Infrastructure Authority	-	-	239
DOE-JAG	-	-	2,465
Participant Directed Services	-	-	5,090
FY10			
Kentucky Infrastructure Authority	-	-	715
DOE-JAG	-	-	56
Participant Directed Services	-	-	18,550
Kentucky Prescription Assistance Program	-	-	25
FY11			
Kentucky Prescription Assistance Program	-	-	4
FY12			
Kentucky Prescription Assistance Program	-	-	1,938
Workforce Innovation & Opportunity 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	-	-	385
ACA MIPPA/AAA	-	-	1
ACA MIPPA/SHIP	-	-	14
FY19			
Kentucky Prescription Assistance Program	-	-	754
FY20			
Joint Funding Agreement	191,800	190,703	1,097
Kentucky Infrastructure Authority	66,000	65,695	305
Title VII Elder Abuse	4,518	4,516	2
Functional Assessment Service Team	1,000	995	5
Kentucky Prescription Assistance Program	54,129	54,098	31
Participant Directed Services	-	-	662
			\$ 70,993

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE J – LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Amount Due Within One Year
Compensated Absences	\$ 81,629	\$ 1,985	\$ -	\$ 83,614	\$ 24,241
Net Pension Liability	3,726,658	-	99,858	3,626,800	-
Net OPEB Liability	1,086,523	-	219,391	867,132	-
Total Long-Term Liabilities	<u>\$ 4,894,810</u>	<u>\$ 1,985</u>	<u>\$ 319,249</u>	<u>\$ 4,577,546</u>	<u>\$ 24,241</u>

Additions and reductions to compensated absences represent the net change in compensated absences for the fiscal year. Reduction to long-term debt of \$99,858 for net pension liability is a result of the reporting requirements, of GASB 68, *Accounting and Financial Reporting for Pensions*. GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* resulted in a decrease of \$219,391 to net OPEB liability.

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 \$803,028 and the other post-employment benefit deferred outflows of \$329,798 at June 30, 2020. 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 \$601,764, other post-employment benefit deferred inflows of \$492,872 and deferred revenue of \$46,346 at June 30, 2020. 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

June 30, 2020

NOTE K – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, Continued

Deferred revenue at June 30, 2020 is as follows:

Funding Source	Amount
ADRC - Medicaid Federal Funds	\$ 32,298
Fairfield Local Contribution FY19	1
Fairfield Local Contribution FY20	38
Participant Directed Services	4,393
Service Providers	8,161
Washington County Fiscal Court	5
Workforce Innovation and Opportunity Act	1,450
	<u>\$ 46,346</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 for the Plan. CERS' report may be obtained by visiting 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 certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008, are eligible to retire with full benefits at any time with 27 or more years of service credit, or at 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, 2020, 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 determined

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE L – PENSION PLAN, Continued

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, 2020, total employer contributions for the District were \$341,226 based on a rate of 24.06% for Non-Hazardous members through covered payroll. The contribution rate of 24.06% for Non-Hazardous is comprised of amounts for pension and insurance benefits; 19.30% or \$273,732 was dedicated to pensions and 4.76% or \$67,494 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, 2020, the District reported a liability of \$3,626,800 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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. For the plan year ended June 30, 2019, the District's proportion was 0.051568 percent, which was a decrease of .009622 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$366,890. At June 30, 2020, the District reported its proportionate share of the CERS deferred inflows and outflows related to pensions as of the measurement date from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,603	\$ 15,324
Changes of assumptions	367,073	-
Net differences between projected and actual earnings on plan investments	69,620	128,086
Change in employer proportionate share of net pension liability	-	458,354
Employer contributions subsequent to the measurement date	273,732	-
Total	<u>\$ 803,028</u>	<u>\$ 601,764</u>

The amount reported as deferred outflows of resources for the District's contributions subsequent of the measurement date of \$273,732 will be recognized as a reduction of net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>OPEB Expense</u>
2021	\$ 27,976
2022	(80,470)
2023	(24,120)
2024	4,146
	<u>\$ (72,468)</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE L – PENSION PLAN, Continued

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

- Inflation – 2.30 percent
- Payroll growth rate – 2.00 percent
- Salary increases – 3.30% to 11.55%, varies by service
- Investment rate of return – 6.25 percent

The mortality table used for active members is RP-2000 Combined Mortality Table projected 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.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected rates of return were determined by using a building-block method in which best estimated ranges of expected future real rate of returns are developed for each asset class. The ranges were combined by weighting the expected future real rates of return by the target asset allocation percentage. 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 – A single discount rate of 6.25% was used to measure the total pension liability for the fiscal year ending June 30, 2019. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018).

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	Allocation	Expected Real
U.S. Equity	18.75%	4.30%
Non-U.S. Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	3.89%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE L – PENSION PLAN, Continued

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 (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
<u>\$ 4,536,099</u>	<u>\$ 3,626,800</u>	<u>\$ 2,868,909</u>

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.

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.

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, 2020, 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 credited 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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE M - OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

bases adopted by the Board. The District's contractually required rate for the year ended June 30, 2020 was 4.76 percent of annual creditable compensation. Contributions to the plan from the District were \$67,494.

OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs and OPEB Expense – At June 30, 2020, the District reported a liability of \$867,132 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. For the plan year ended June 30, 2019, the District's proportion was .051555 percent, which was a decrease of .009641 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$43,020. At June 30, 2020, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 261,634
Changes of assumptions	256,592	1,716
Net differences between projected and actual earnings on plan investments	5,712	44,226
Change in employer proportionate share of net pension liability	-	185,296
Employer contributions subsequent to the measurement date	67,494	-
Total	<u>\$ 329,798</u>	<u>\$ 492,872</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$67,494 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, 2021. 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>Year Ending June 30</u>	<u>OPEB Expense</u>
2021	\$ (43,465)
2022	(43,465)
2023	(31,220)
2024	(54,594)
2025	(47,379)
Thereafter	(10,444)
	<u>\$ (230,567)</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE M - OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

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

Investment rate of return	6.25%
Projected salary increases	3.30 to 11.55%, varies by service
Inflation rate	2.30%
Payroll growth rate	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.

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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

The long-term expected rates of return were determined by using a building-block method in which best estimated ranges of expected future real rate of returns are developed for each asset class. The ranges were combined by weighting the expected future real rates of return by the target asset allocation percentage. 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 - Single discount rates of 5.68% for the non-hazardous system and 5.69% for hazardous system were used to measure the total OPEB liability as of June 30, 2019. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2019. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018).

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE M - OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	18.75%	4.30%
Non-U.S. Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	3.89%

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 5.68%, 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 (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

1% Decrease (4.68%)	Current Discount Rate (5.68%)	1% Increase (6.68%)
\$ 1,161,600	\$ 867,132	\$ 624,510

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 Healthcare Cost Trend Rates	1% Increase
\$ 644,890	\$ 867,132	\$ 1,136,626

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB 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**

June 30, 2020

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued**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 and storage space 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 \$16,755 for the year ended June 30, 2020.

NOTE O – FUND BALANCES

Fund balances at June 30, 2020 are classified as follows: Nonspendable in the amount of \$7,208 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 \$123,169; Committed for the purpose of funding compensated absences in the amount of \$83,614. 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	\$ 9,122,905
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Agency depreciation allocation - equipment and vehicles	(25,097)
Fund Financial Statement Revenues	<u>\$ 9,097,808</u>
Grants Management (Budget) Basis Expenditures	\$ 9,027,884
Change in compensated absences liability not recognized in fund financial statements	(1,985)
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Agency depreciation allocation - vehicles	(22,587)
Depreciation expense, net of capital asset additions	(14,791)
Fund Financial Statement Expenses	<u>\$ 8,988,521</u>

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

June 30, 2020

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, 2020, the District received 98.91% 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.

NOTE S – IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLESRecently Issued Accounting Pronouncements*GASB No 87 Leases*

In June of 2017, the Government Accounting Standard Board (GASB) issued Statement No. 87 to improve accounting and financial reporting for leases by governments, by establishing standard for leases that previously were classified as operating leases. It established a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right to use lease asset, and Lessors to recognize a lease receivable and a deferred inflow of resources. The Statement is effective for reporting periods beginning after December 15, 2019. The district is currently evaluating the impact that the standard will have on its financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE

GOVERNMENTAL FUNDS - GRANTS MANAGEMENT BASIS

Year Ended June 30, 2020

	Original and Final Budget	Actual Amounts
Revenues:		
Federal revenue	\$ 3,428,929	\$ 3,416,819
State revenue	5,194,900	5,180,853
Local revenue	160,808	168,975
Cash match	178,500	161,947
Program income	36,917	70,373
Interest income	23,887	21,437
Other income	41,846	26,912
In-kind contributions	54,243	73,518
RLF loan recovery	-	2,071
Total Revenue	<u>9,120,030</u>	<u>9,122,905</u>
Expenditures:		
Salaries	1,448,625	1,462,204
Fringe	808,533	765,878
Contractual Services	3,251,391	3,547,315
Client Services/Program Costs	3,144,112	2,827,863
Travel	67,994	55,600
Training	36,818	6,571
Ads, printing, publishing and copies	18,886	16,139
Equipment rent and maintenance	66,680	63,140
Capital Outlay (Equipment)	1,500	9,232
Supplies and postage	37,839	33,961
Phone	15,895	17,632
Dues and registrations	58,205	38,495
Other expenses	55,982	90,466
Rent	91,400	79,440
Insurance	16,170	13,948
Total Expenditures	<u>9,120,030</u>	<u>9,027,884</u>
Excess Revenue over Expenditures	<u>\$ -</u>	95,021
Fund balance, beginning of year adjusted		<u>2,005,669</u>
Fund balance, end of year		<u>\$ 2,100,690</u>

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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

June 30, 2020

Last 10 Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of net pension liability	0.051568%	0.061190%	0.064250%
Proportionate share of the net pension liability	\$ 3,626,800	\$ 3,726,658	\$ 3,760,750
Covered employee payroll	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Proportionate share of the net pension liability as a percentage of covered payroll	255.73%	286.50%	247.94%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.32%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	0.069540%	0.070682%	0.070132%
Proportionate share of the net pension liability	\$ 3,423,862	\$ 3,038,979	\$ 2,275,000
Covered employee payroll	\$ 1,562,646	\$ 1,658,723	\$ 1,644,544
Proportionate share of the net pension liability as a percentage of covered payroll	219.11%	183.21%	138.34%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%

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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY

June 30, 2020

Last 10 Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of net OPEB liability	0.051555%	0.061196%	0.064250%
Proportionate share of the net OPEB liability	\$ 867,132	\$ 1,086,523	\$ 1,291,645
Covered employee payroll	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Proportionate share of the net OPEB liability as a percentage of covered payroll	61.14%	83.53%	85.16%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.39%

* Fiscal year 2018 was the first year of implementation; therefore, only three years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF CONTRIBUTIONS TO PENSION

June 30, 2020

Last 10 Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 273,732	\$ 210,978	\$ 219,624
Contributions in relation to the actuarially determined contribution	<u>(273,732)</u>	<u>(210,978)</u>	<u>(219,624)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Contributions as a percentage of covered employee payroll	19.30%	16.22%	14.48%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 217,963	\$ 206,015	\$ 214,320
Contributions in relation to the actuarially determined contribution	<u>(217,963)</u>	<u>(206,015)</u>	<u>(214,320)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,562,646	\$ 1,658,723	\$ 1,644,544
Contributions as a percentage of covered employee payroll	13.95%	12.42%	13.03%

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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF CONTRIBUTIONS TO OPEB

June 30, 2020

Last 10 Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 67,494	\$ 68,426	\$ 71,287
Contributions in relation to the actuarially determined contribution	<u>(67,494)</u>	<u>(68,426)</u>	<u>(71,287)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Contributions as a percentage of covered employee payroll	4.76%	5.26%	4.70%

* Fiscal year 2018 was the first year of implementation; therefore, only three years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

June 30, 2020

CERS PENSION

Changes of benefit terms: There were no changes in benefit terms for 2014 through 2019

Changes of assumptions (as of June 30 for the year of the measurement date):

2014:

- 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.

2015 and 2016:

- No changes

2017:

- 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%

2018:

- No changes

2019:

- Salary increase was changed from 3.05% to a range from 3.30% to 11.55% which varies by service

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

June 30, 2020

CERS OPEB

Changes of benefit terms : There were no changes in benefit terms for 2017 to 2019

Changes of assumptions (as of June 30 for the year of the measurement date):

2017:

- 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%

2018:

- No changes

2019:

- Salary increase was changed from 3.05% to a range from 3.30% to 11.55% which varies by service
- Health care trends for Pre-65 initial trend changed from 7.00% to 7.25% on January 1, 2019, the period was increased by 1 year to 13 years
- Health care trends for Post-65 initial trend changed from 5.00% to 5.10% on January 1, 2019, the period was increased by 1 year to 11 years

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF SHARED COSTS

Year Ended June 30, 2020

	<u>Operational</u>	<u>Indirect</u>	<u>Common</u>	<u>Total</u>
Salaries	\$ 115,744	\$ 107,307	\$ 42,844	\$ 265,895
Fringe Benefits	58,395	53,359	22,764	134,518
Contractual Services	10,337	24,213	-	34,550
Travel	18,149	1,421	1	19,571
Training	446	-	-	446
Ads, Printing, Publications & Copies	1,475	1,051	3,441	5,967
Equipment Rent and Maintenance	1,708	3,042	5,182	9,932
Supplies and Postage	6,147	1,738	5,454	13,339
Phone	8,907	125	1,266	10,298
Dues and Registrations	13,433	1,126	102	14,661
Other Costs	2,801	1,188	4	3,993
Rent	5,009	5,368	54,154	64,531
Insurance & Bond Expenses	12,459	1,489	-	13,948
	<u>\$ 255,010</u>	<u>\$ 201,427</u>	<u>\$ 135,212</u>	<u>\$ 591,649</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2020

	Joint Funding Agreement	Kentucky Infrastructure Authority	Office of Economic Adjustment Compatible Use Plan	COMMUNITY & ECONOMIC DEVELOPMENT TOTAL	KTC Regional Transportation	KTC Metropolitan Planning Organization	MPO East Elizabethtown Transportation Connectivity Study	Federal Transit Administration
Revenues								
Federal Revenue	\$ 72,490	\$ -	\$ 86,810	\$ 159,300	\$ -	\$ 108,463	\$ 18,316	\$ 6,677
Federal Revenue - CARES (Aging)	-	-	-	-	-	-	-	-
Federal Revenue - COVID (Aging)	-	-	-	-	-	-	-	-
State Revenue	117,905	65,695	-	183,600	77,709	6,779	-	-
Local Revenue	-	-	-	-	8,632	20,337	-	1,669
Transfer of Local Cash	105	-	9,646	9,751	-	-	-	-
Contractor Cash Match	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Other Income	203	-	-	203	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-	-	-
RLF Loan Recovery	-	-	-	-	-	-	-	-
Total revenues	190,703	65,695	96,456	352,854	86,341	135,579	18,316	8,346
Expenditures								
Personnel	91,725	30,264	47,147	169,136	38,331	65,026	-	4,091
Fringe Benefits	47,928	15,875	25,034	88,837	20,397	33,932	-	2,178
Contractual Services	-	-	-	-	-	-	18,316	-
Client Services/Program Costs	-	-	-	-	-	-	-	-
Travel	1,389	414	87	1,890	437	244	-	-
Training	-	-	-	-	250	429	-	-
Ads, Printing, Publications & Copies	873	83	172	1,128	143	586	-	6
Equipment Rent and Maintenance	748	2,815	67	3,630	1,918	1,695	-	-
Grant Purchased Equipment	288	673	-	961	4,635	481	-	-
Supplies and Postage	127	252	17	396	445	17	-	6
Phone	-	-	-	-	-	-	-	-
Dues and Registrations	1,461	121	154	1,736	439	571	-	-
Other Costs	160	-	-	160	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-
	144,699	50,497	72,678	267,874	66,995	102,981	18,316	6,281
Shared Costs Applied:								
Operational Costs	19,486	6,437	10,071	35,994	8,194	13,807	-	874
Indirect Administration Costs	15,386	5,083	7,953	28,422	6,470	10,903	-	691
Shared Costs	11,132	3,678	5,754	20,564	4,682	7,888	-	500
Total expenditures	190,703	65,695	96,456	352,854	86,341	135,579	18,316	8,346
Revenues over (under) expenditures	-	-	-	-	-	-	-	-
Other financing sources (uses):								
Operating transfers in (out)	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

**COMBINING SCHEDULE OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2020

	KTC Local Road Updates Centerline	TRANSPORTATION TOTAL	EDA RLF Administration	RLF - EDA	REVOLVING LOAN FUND TOTAL	Workforce Innovation & Opportunity Act	Bd Support - Cumberlands WD	Greater Kox Academy Project Admin
Revenues								
Federal Revenue	\$ -	\$ 133,456	\$ -	\$ -	\$ -	\$ 1,303,216	\$ 170,332	\$ 228,303
Federal Revenue - CARES (Aging)	-	-	-	-	-	-	-	-
Federal Revenue - COVID (Aging)	-	-	-	-	-	-	-	-
State Revenue	18,200	102,688	-	-	-	-	-	-
Local Revenue	-	30,638	-	-	-	-	-	-
Transfer of Local Cash	496	496	2,760	-	2,760	-	-	-
Contractor Cash Match	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
Interest Income	-	-	-	16,819	16,819	-	-	-
Other Income	-	-	9,185	(7,634)	1,551	-	-	-
In-Kind Contributions	-	-	-	-	-	-	-	-
RLF Loan Recovery	-	-	-	2,071	2,071	-	-	-
Total revenues	18,696	267,278	11,945	11,256	23,201	1,303,216	170,332	228,303
Expenditures								
Personnel	9,224	116,672	4,970	-	4,970	227,026	85,935	879
Fringe Benefits	4,808	61,315	2,633	-	2,633	112,381	45,683	466
Contractual Services	-	18,316	165	-	165	665,546	-	226,490
Client Services/Program Costs	-	-	-	-	-	154,318	-	-
Travel	54	735	72	-	72	3,149	5,374	-
Training	-	679	-	-	-	-	-	-
Ads, Printing, Publications & Copies	-	735	44	-	44	1,155	-	-
Equipment Rent and Maintenance	-	3,613	1,200	-	1,200	2,023	-	-
Grant Purchased Equipment	-	5,116	-	-	-	1,119	-	-
Supplies and Postage	-	468	7	-	7	6,098	-	-
Phone	-	-	-	-	-	547	-	-
Dues and Registrations	-	1,010	171	-	171	3,138	475	25
Other Costs	-	-	179	-	179	-	-	-
Rent	-	-	-	-	-	14,909	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-
	14,086	208,659	9,441	-	9,441	1,191,409	137,467	227,860
Shared Costs Applied:								
Operational Costs	1,956	24,831	1,061	-	1,061	47,357	18,364	188
Indirect Administration Costs	1,550	19,614	837	-	837	37,394	14,501	148
Shared Costs	1,104	14,174	606	-	606	27,056	-	107
Total expenditures	18,696	267,278	11,945	-	11,945	1,303,216	170,332	228,303
Revenues over (under) expenditures	-	-	-	11,256	11,256	-	-	-
Other financing sources (uses):								
Operating transfers in (out)	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	11,256	11,256	-	-	-
Fund balances, beginning of year	-	-	-	453,870	453,870	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 465,126	\$ 465,126	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2020

	EMPLOYMENT & TRAINING TOTAL	Title III Aging Planning & Admin	Title III-B Support Services	Title III-B Ombudsman	Title III-C1 Congregate Meals	Title III-C2 Home Delivered Meals	Title III-D Preventive Health	Title III-E Caregiver	Title VII Elder Abuse
Revenues									
Federal Revenue	\$ 1,701,851	\$ 92,528	\$ 212,823	\$ 27,301	\$ 350,679	\$ 180,819	\$ 23,848	\$ 146,641	\$ 3,746
Federal Revenue - CARES (Aging)	-	11,710	35,240	-	-	-	-	-	-
Federal Revenue - COVID (Aging)	-	12,674	-	-	63,626	103,335	-	-	-
State Revenue	-	54,227	168,611	-	6,393	-	-	54,259	770
Local Revenue	-	-	-	-	-	-	-	-	-
Transfer of Local Cash	-	-	-	-	-	-	-	-	-
Contractor Cash Match	-	-	60,026	-	-	37,535	-	-	-
Program Income	-	-	3,020	-	30,024	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	73,518	-	-	-	-
RLF Loan Recovery	-	-	-	-	-	-	-	-	-
Total revenues	1,701,851	171,139	479,720	27,301	524,240	321,689	23,848	200,900	4,516
Expenditures									
Personnel	313,840	77,867	34,671	-	-	-	-	36,662	382
Fringe Benefits	158,530	41,413	19,063	-	-	-	-	20,372	204
Contractual Services	892,036	1,548	403,191	27,301	524,240	301,901	23,802	123,561	1,443
Client Services/Program Costs	154,318	-	3,397	-	-	19,788	-	-	-
Travel	8,523	1,942	411	-	-	-	-	248	-
Training	-	393	-	-	-	-	-	332	-
Ads, Printing, Publications & Copies	1,155	2,342	2	-	-	-	46	19	1
Equipment Rent and Maintenance	2,023	2,566	1,128	-	-	-	-	-	2,000
Grant Purchased Equipment	1,119	-	-	-	-	-	-	-	-
Supplies and Postage	6,098	957	156	-	-	-	-	35	-
Phone	547	1,000	-	-	-	-	-	-	67
Dues and Registrations	3,638	1,778	-	-	-	-	-	883	225
Other Costs	-	41	-	-	-	-	-	-	-
Rent	14,909	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-	-
	1,556,736	131,847	462,019	27,301	524,240	321,689	23,848	182,112	4,322
Shared Costs Applied:									
Operational Costs	65,909	16,643	7,497	-	-	-	-	7,958	82
Indirect Administration Costs	52,043	13,141	5,920	-	-	-	-	6,284	65
Shared Costs	27,163	9,508	4,284	-	-	-	-	4,546	47
Total expenditures	1,701,851	171,139	479,720	27,301	524,240	321,689	23,848	200,900	4,516
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-
Other financing sources (uses):									
Operating transfers in (out)	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2020

	Title VII Ombudsman	Nutrition Services Incentive Program "NSIP"	Homecare Administration	Homecare Social Services	Homecare Home Delivered Meals	CMS-SHIP	PCAP Administration	PCAP Subsidy & Coordination	ADRC Medicaid Federal Funds
Revenues									
Federal Revenue	\$ 4,149	\$ 72,612	\$ -	\$ -	\$ -	\$ 31,053	\$ -	\$ -	\$ 50
Federal Revenue - CARES (Aging)	3,815	-	-	-	-	-	-	-	-
Federal Revenue - COVID (Aging)	-	-	-	-	-	-	-	-	-
State Revenue	1,405	-	77,302	655,522	138,816	-	47,071	423,029	-
Local Revenue	-	-	-	-	-	-	-	-	-
Transfer of Local Cash	-	-	-	-	-	-	865	-	-
Contractor Cash Match	-	-	-	43,644	20,742	-	-	-	-
Program Income	-	-	-	451	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-	-	-	-
RLF Loan Recovery	-	-	-	-	-	-	-	-	-
Total revenues	9,369	72,612	77,302	699,617	159,558	31,053	47,936	423,029	50
Expenditures									
Personnel	-	-	37,821	139,289	-	-	22,710	1,963	-
Fringe Benefits	-	-	20,111	75,584	-	-	12,090	1,078	-
Contractual Services	8,779	72,612	-	388,374	159,558	31,053	-	418,937	50
Client Services/Program Costs	-	-	-	-	-	-	-	-	-
Travel	-	-	56	3,077	-	-	120	-	-
Training	-	-	-	104	-	-	-	-	-
Ads, Printing, Publications & Copies	1	-	-	2,055	-	-	55	50	-
Equipment Rent and Maintenance	589	-	186	13,686	-	-	-	-	-
Grant Purchased Equipment	-	-	-	-	-	-	1,040	-	-
Supplies and Postage	-	-	45	2,169	-	-	434	-	-
Phone	-	-	-	4,053	-	-	23	-	-
Dues and Registrations	-	-	-	443	-	-	-	-	-
Other Costs	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-	-
Total expenditures	9,369	72,612	58,219	628,834	159,558	31,053	36,472	422,028	50
Shared Costs Applied:									
Operational Costs	-	-	8,083	29,981	-	-	4,856	424	-
Indirect Administration Costs	-	-	6,382	23,673	-	-	3,834	335	-
Shared Costs	-	-	4,618	17,129	-	-	2,774	242	-
Total expenditures	9,369	72,612	77,302	699,617	159,558	31,053	47,936	423,029	50
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-
Other financing sources (uses):									
Operating transfers in (out)	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2020

	ACA MIPPA/AAA	ACA MIPPA/ADRC	ACA MIPPA/SHIP	Functional Assessment Service Team	State LTC Ombudsman	Home & Community Based PDS	Preferred Community Health Partners (PCHP)	Service Providers & Elder Abuse Coalition	RCF Donation Nelson County Meals
Revenues									
Federal Revenue	\$ 12,004	\$ 5,678	\$ 17,386	\$ 995	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenue - CARES (Aging)	-	-	-	-	-	-	-	-	-
Federal Revenue - COVID (Aging)	-	-	-	-	-	-	-	-	-
State Revenue	-	-	-	-	37,477	3,175,688	-	-	-
Local Revenue	-	-	-	-	-	-	-	939	1,846
Transfer of Local Cash	89	-	133	-	-	-	595	-	-
Contractor Cash Match	-	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	36,878	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-	-	-	-
RLF Loan Recovery	-	-	-	-	-	-	-	-	-
Total revenues	12,093	5,678	17,519	995	37,477	3,212,566	595	939	1,846
Expenditures									
Personnel	1,217	35	323	115	-	220,729	290	-	-
Fringe Benefits	644	18	169	62	-	120,037	158	-	-
Contractual Services	7,299	5,320	16,213	-	37,477	3,808	-	-	-
Client Services/Program Costs	-	-	-	759	-	2,645,815	-	-	1,846
Travel	-	-	-	-	-	10,386	-	-	-
Training	-	-	-	-	-	329	-	-	-
Ads, Printing, Publications & Copies	24	-	-	-	-	1,685	-	15	-
Equipment Rent and Maintenance	-	-	-	-	-	20,820	-	-	-
Grant Purchased Equipment	996	-	-	-	-	-	-	-	-
Supplies and Postage	905	286	471	-	-	5,362	-	353	-
Phone	393	-	173	-	-	697	-	-	-
Dues and Registrations	-	-	-	-	-	965	-	321	-
Other Costs	-	-	-	-	-	815	-	250	-
Rent	-	-	-	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-	-	-	-
	11,478	5,659	17,349	936	37,477	3,031,448	448	939	1,846
Shared Costs Applied:									
Operational Costs	260	8	70	25	-	47,546	62	-	-
Indirect Administration Costs	207	7	61	20	-	37,560	49	-	-
Shared Costs	148	4	39	14	-	27,176	36	-	-
Total expenditures	12,093	5,678	17,519	995	37,477	3,143,730	595	939	1,846
Revenues over (under) expenditures	-	-	-	-	-	68,836	-	-	-
Other financing sources (uses):									
Operating transfers in (out)	-	-	-	-	-	(68,836)	-	-	-
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, 2020

	Humana Funds for Emergency Meals	Prescription Assistance Program (KPAP)	SOCIAL SERVICES TOTAL	SPECIAL REVENUE FUND TOTAL - GRANTS MANAGEMENT BASIS	GENERAL FUND TOTAL - GRANTS MANAGEMENT BASIS	GRANTS MANAGEMENT BASIS TOTAL	SHARED COST ALLOCATION
Revenues							
Federal Revenue	\$ -	\$ -	\$ 1,182,312	\$ 3,176,919	\$ 9,500	\$ 3,186,419	\$ -
Federal Revenue - CARES (Aging)	-	-	50,765	50,765	-	50,765	-
Federal Revenue - COVID (Aging)	-	-	179,635	179,635	-	179,635	-
State Revenue	-	53,995	4,894,565	5,180,853	-	5,180,853	-
Local Revenue	1,940	-	4,725	35,363	133,612	168,975	-
Transfer of Local Cash	-	103	1,785	14,792	(14,792)	-	-
Contractor Cash Match	-	-	161,947	161,947	-	161,947	-
Program Income	-	-	70,373	70,373	-	70,373	-
Interest Income	-	-	-	16,819	4,618	21,437	-
Other Income	-	-	-	1,754	25,158	26,912	-
In-Kind Contributions	-	-	73,518	73,518	-	73,518	-
RLF Loan Recovery	-	-	-	2,071	-	2,071	-
Total revenues	1,940	54,098	6,619,625	8,964,809	158,096	9,122,905	-
Expenditures							
Personnel	-	1,709	575,783	1,180,401	15,908	1,196,309	265,895
Fringe Benefits	-	900	311,903	623,218	8,142	631,360	134,518
Contractual Services	-	44,632	2,601,099	3,511,616	1,149	3,512,765	34,550
Client Services/Program Costs	1,940	-	2,673,545	2,827,863	-	2,827,863	-
Travel	-	-	16,240	27,460	8,569	36,029	19,571
Training	-	4,288	5,446	6,125	-	6,125	446
Ads, Printing, Publications & Copies	-	182	6,477	9,539	633	10,172	5,967
Equipment Rent and Maintenance	-	-	40,975	51,441	1,767	53,208	9,932
Grant Purchased Equipment	-	-	2,036	9,232	-	9,232	-
Supplies and Postage	-	1,527	12,700	19,669	953	20,622	13,339
Phone	-	-	6,406	6,953	381	7,334	10,298
Dues and Registrations	-	-	4,615	11,170	12,664	23,834	14,661
Other Costs	-	-	1,106	1,445	85,028	86,473	3,993
Rent	-	-	-	14,909	-	14,909	64,531
Insurance & Bond Expense	-	-	-	-	-	-	13,948
	1,940	53,238	6,258,331	8,301,041	135,194	8,436,235	591,649
Shared Costs Applied:							
Operational Costs	-	364	123,859	251,654	3,356	255,010	(255,010)
Indirect Administration Costs	-	288	97,826	198,742	2,685	201,427	(201,427)
Shared Costs	-	208	70,773	133,280	1,932	135,212	(135,212)
Total expenditures	1,940	54,098	6,550,789	8,884,717	143,167	9,027,884	-
Revenues over (under) expenditures	-	-	68,836	80,092	14,929	95,021	-
Other financing sources (uses):						95,021	
Operating transfers in (out)	-	-	(68,836)	(68,836)	68,836	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	11,256	83,765	95,021	-
Fund balances, beginning of year	-	-	-	453,870	1,551,799	2,005,669	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 465,126	\$ 1,635,564	\$ 2,100,690	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

**COMBINING SCHEDULE OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2020

	GRANTS MANAGEMENT BASIS WITH SHARED COSTS ALLOCATED	GRANTS MANAGEMENT BASIS TO FUND BASIS CONVERSION	GOVERNMENTAL FUNDS TOTAL (after conversion)
Revenues			
Federal Revenue	\$ 3,186,419	\$ -	\$ 3,186,419
Federal Revenue - CARES (Aging)	50,765	-	50,765
Federal Revenue - COVID (Aging)	179,635	-	179,635
State Revenue	5,180,853	-	5,180,853
Local Revenue	168,975	-	168,975
Transfer of Local Cash	-	-	-
Contractor Cash Match	161,947	-	161,947
Program Income	70,373	-	70,373
Interest Income	21,437	-	21,437
Other Income	26,912	(25,097)	1,815
In-Kind Contributions	73,518	-	73,518
RLF Loan Recovery	2,071	-	2,071
Total revenues	9,122,905	(25,097)	9,097,808
Expenditures			
Personnel	1,462,204	(1,985)	1,460,219
Fringe Benefits	765,878	-	765,878
Contractual Services	3,547,315	-	3,547,315
Client Services/Program Costs	2,827,863	-	2,827,863
Travel	55,600	(22,587)	33,013
Training	6,571	-	6,571
Ads, Printing, Publications & Copies	16,139	-	16,139
Equipment Rent and Maintenance	63,140	-	63,140
Grant Purchased Equipment	9,232	-	9,232
Supplies and Postage	33,961	-	33,961
Phone	17,632	-	17,632
Dues and Registrations	38,495	-	38,495
Other Costs	90,466	(14,791)	75,675
Rent	79,440	-	79,440
Insurance & Bond Expense	13,948	-	13,948
	9,027,884	(39,363)	8,988,521
Shared Costs Applied:			
Operational Costs	-	-	-
Indirect Administration Costs	-	-	-
Shared Costs	-	-	-
Total expenditures	9,027,884	(39,363)	8,988,521
Revenues over (under) expenditures	95,021	14,266	109,287
Other financing sources (uses):			
Operating transfers in (out)	-	-	-
RLF principal received (disbursed), net	-	20,226	20,226
Net change in fund balances	95,021	34,492	129,513
Fund balances, beginning of year	2,005,669	(316,565)	1,689,104
Fund balances, end of year	\$ 2,100,690	\$ (282,073)	\$ 1,818,617

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

	CFDA Number	Grant Number	Federal Award Expended	Expenditures To Subrecipients
<u>U.S. Department of Commerce</u>				
<u>Economic Development Administration</u>				
<u>Passed-through State Department: Economic Development Administration</u>				
Economic Development - Support for Planning Organizations	11.302	PON2 112 2000000194	\$ 66,258	\$ -
<u>Direct Received Funds</u>				
Economic Adjustment Assistance	11.307	04-39-03494	358,258	-
Total U.S. Department of Commerce			424,516	-
<u>U.S. Department of Defense</u>				
<u>Office of Economic Adjustment</u>				
<u>Direct Received Funds</u>				
Community Economic Adj. Assist. for Compatible Use & Joint Land Use Studies	12.610	HQ00051910035	86,810	-
Total U.S. Department of Defense			86,810	-
<u>U.S. Department of Housing and Urban Development</u>				
<u>Assistant Secretary for Community Planning and Development</u>				
<u>Passed-through State Department: Community Planning and Development</u>				
Community Development Block Grant - JFA	14.228	PON2 112 2000000194	6,232	-
<u>Passed-through Local Sources</u>				
Community Development Block Grants - State Program	14.228	n/a	6,532	-
Total U.S. Department of Housing and Urban Development			12,764	-
<u>U.S. Department of Labor</u>				
<u>Employment and Training Administration</u>				
<u>Passed-through Kentucky Education Cabinet: Department for Workforce Investment</u>				
<u>Office of Employment & Training Administration</u>				
WIOA Adult Program	17.258 a	270AD20	17,649	-
WIOA Adult Program	17.258 a	273AD19	181,912	67,162
WIOA Adult Program	17.258 a	273SR17	10,624	10,624
<u>Passed-through Lake Cumberland Area Development District</u>				
WIOA Adult Program	17.258 a	n/a	40,408	-
			250,593	77,786
<u>Office of Employment & Training Administration</u>				
WIOA Youth Activities	17.259 a	274SRA8	12,167	7,200
WIOA Youth Activities	17.259 a	274SR19	228,303	225,890
WIOA Youth Activities	17.259 a	274YTR9	483	348
WIOA Youth Activities	17.259 a	274YT19	183,597	119,801
WIOA Youth Activities	17.259 a	274YT20	90,236	44,113
<u>Passed-through Lake Cumberland Area Development District</u>				
WIOA Youth Activities	17.259 a	n/a	58,970	-
			573,756	397,352
<u>Office of Employment & Training Administration</u>				
WIOA Dislocated Worker Formula Grants	17.278 a	271DW19	594,854	307,101
WIOA Dislocated Worker Formula Grants	17.278 a	271DW20	49,222	48,097
WIOA Dislocated Worker Formula Grants	17.278 a	272DW19	56,474	3,500
WIOA Dislocated Worker Formula Grants	17.278 a	272DW20	75,017	27,099
WIOA Dislocated Worker Formula Grants	17.278 a	272SR18	30,981	30,981
<u>Passed-through Lake Cumberland Area Development District</u>				
WIOA Dislocated Worker Formula Grants	17.278 a	n/a	70,954	-
			877,502	416,778
<i>a - Department of Labor - Workforce Investment Act Cluster</i>	1,701,851			
Total U.S. Department of Labor			1,701,851	891,916

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2020

	CFDA Number	Grant Number	Federal Award Expended	Expenditures To Subrecipients
<u>U.S. Department of Transportation</u>				
<u>Federal Highway Administration</u>				
<u>Passed-through Kentucky Transportation Cabinet</u>				
Highway Planning and Construction:				
Metropolitan Planning Organization - Unified Planning Work Programs	20.205	1900001600	108,463	-
Metropolitan Planning Organization - E. E-Town Transp. Connectivity Study	20.205	2000001260	18,316	18,316
			<u>126,779</u>	<u>18,316</u>
<u>Federal Transit Administration</u>				
<u>Passed-through Kentucky Transportation Cabinet</u>				
Metropolitan Transportation Planning - Section 5303	20.505	P030217442	6,677	-
Total U.S. Department of Transportation			<u>133,456</u>	<u>18,316</u>
<u>U.S. Department of Health and Human Services</u>				
<u>Administration for Community Living</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Special Programs for the Aging:				
Title VII Elder Abuse Prevention	93.041	PON2 725 2000002714	3,746	1,197
Title VII Ombudsman Services	93.042	PON2 725 2000002714	7,964	7,462
Title III-D Disease Prevention-Health Promotion	93.043	PON2 725 2000000214	23,848	10,752
Title III-B Supportive Services	93.044 b	PON2 725 2000000214	320,244	230,209
Title III-C Nutrition Services	93.045 b	PON2 725 2000000214	755,136	656,745
Title III-E National Family Caregiver Support	93.052	PON2 725 2000000214	161,996	90,329
Nutrition Services Incentive Program (NSIP)	93.053 b	PON2 725 1900000884	72,612	72,612
<i>b - Department of Health and Human Services - Aging Cluster</i>			<u>1,147,992</u>	
<u>Centers for Disease Control and Prevention</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Public Health Emergency Preparedness - Functional Assess. Serv. Teams	93.069	PON2 725 1900000533	995	-
<u>Administration for Community Living</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Medicare Enrollment Assistance Program - MIPPA AAA	93.071	PON2 725 1900001159	2,649	-
Medicare Enrollment Assistance Program - MIPPA AAA	93.071	PON2 725 2000000094	9,355	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON2 725 1900001159	1,541	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON2 725 2000000094	4,137	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON2 725 1900001159	6,335	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON2 725 2000000094	11,051	-
			<u>35,068</u>	<u>-</u>
State Health Insurance Assistance Program	93.324	PON2 725 1900001119	31,053	-
<u>Center for Medicare and Medicaid Services</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Medicaid Assistance Program - Aging Disability Resource Center Services	93.778	PON2 725 1900000816	50	50
Total U.S. Department of Health and Human Services			<u>1,412,712</u>	<u>1,069,356</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,772,109</u>	<u>\$ 1,979,588</u>

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2020

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, 2020. 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	\$ 341,957
Cash and investment balance at year end	123,775
Administrative expenses paid out of RLF income during year	11,945
Unpaid principal of loans written off during the year	-
Total	<u>477,677</u>
Multiply federal share of RLF	75%
Federal expenditures for SEFA reporting	<u><u>\$ 358,258</u></u>

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 our organization 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	\$ 3,416,819
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	358,258
Programs with timing differences in revenue/expenditure recognition for grant administration services passed through local sources:	
Community Development Block Grants - State program	(2,968)
Total Expenditures of Federal Awards	<u><u>\$ 3,772,109</u></u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2020

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 Provided</u>
Aging		
Title III Planning & Admin	Dietary Consultants, Inc.	\$ 1,058
Title III-B Supportive Services	Catholic Charites of Louisville	27,301
Title III-B Supportive Services	Central KY Community Action Council	39,840
Title III-B Supportive Services	Lifeline Homecare, Inc.	128,962
Title III-B Supportive Services	Legal Aid Society Inc.	5,951
Title III-B Supportive Services	Transit Authority of Central KY	27,749
Title III-C1 Nutrition Services	Central KY Community Action Council	386,889
Title III-C1 Nutrition Services	Dietary Consultants, Inc.	4,978
Title III-C2 Nutrition Services	Central KY Community Action Council	53,755
Title III-C2 Nutrition Services	Purfoods, LLC	210,610
Title III-D Health Prevention	Central KY Community Action Council	10,752
Title VII Elder Abuse	Catholic Charites of Louisville	1,197
Title VII Ombudsman	Catholic Charites of Louisville	7,462
Title III-E FCGP	Lifeline Homecare, Inc.	90,190
Nutrition Service Incentive Program	Central KY Community Action Council	72,612
Medicaid ADRC	Central KY Community Action Council	50
	Total Aging	1,069,356
Transportation		
MPO E. E-town Connectivity Study	Qk4	18,316
	Total Transportation	18,316
Workforce Innovation & Opportunity Act		
Adult	Heartland Communication Consultants, Inc.	15,808
Adult	Kentucky Community & Technical College System	10,624
Adult	Lake Cumberland Area Development District	51,354
Dislocated Workers	AGC Automotive America	5,000
Dislocated Workers	American Fuji Seal, Inc.	18,815
Dislocated Workers	Central KY Tool Corp	1,687
Dislocated Workers	Heartland Communication Consultants, Inc.	59,780
Dislocated Workers	ITSUWA, KY LLC	6,534
Dislocated Workers	Kentucky Community & Technical College System	30,981
Dislocated Workers	Lake Cumberland Area Development District	236,649
Dislocated Workers	Strategy Matters	53,514
Dislocated Workers	Tower Automotive	455
Dislocated Workers	Whitworth Tool	3,363
Youth	Elizabethtown Community & Technical College	225,890
Youth	Heartland Communication Consultants, Inc.	42,198
Youth	ITSUWA, KY LLC	106
Youth	Lake Cumberland Area Development District	122,893
Youth	Strategy Matters	6,265
	Total Workforce Innovation & Opportunity Act	891,916
	Total Funds Passed Thru to Subrecipients	\$ 1,979,588

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 and each major fund of the Lincoln Trail Area Development District (LTADD), as of and for the year ended June 30, 2020, 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 31, 2020.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Clauson, Mouser & Co.

Certified Public Accountants

December 31, 2020

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, 2020. 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, 2020.

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.

Clauson, Mouser & Co.

Certified Public Accountants

December 31, 2020

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS and PRIOR AUDIT FINDINGS

Year Ended June 30, 2020

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.