

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021

(With Independent Auditor's Report Thereon)

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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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, 2021, 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, 2021, 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 January 19, 2022, 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.

Clauxon, Mouser & Co.

Certified Public Accountants

January 19, 2022

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021. 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 (\$2,340,206). The ending net position for the LTADD was (\$2,254,155). LTADD's total net position increased by \$86,051 or 3.68%, from this period last year. In the prior year net position increased by \$27,184. The LTADD is in the seventh year of implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and the fourth 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, 2021

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

	2021	2020	Dollar Change	Percent Change
Assets				
Current assets	\$ 2,836,594	\$ 2,605,408	\$ 231,186	8.87%
Capital assets, net	45,822	38,576	7,246	18.78%
Revolving loan funds				
Cash & receivables, net	636,049	465,732	170,317	36.57%
Total Assets	<u>3,518,465</u>	<u>3,109,716</u>	<u>408,749</u>	13.14%
Deferred Outflows of Resources	<u>1,585,006</u>	<u>1,132,826</u>	<u>452,180</u>	39.92%
Liabilities				
Current liabilities	844,268	888,461	(44,193)	-4.97%
Non-current liabilities	5,656,644	4,553,305	1,103,339	24.23%
Total Liabilities	<u>6,500,912</u>	<u>5,441,766</u>	<u>1,059,146</u>	19.46%
Deferred Inflows of Resources	<u>856,714</u>	<u>1,140,982</u>	<u>(284,268)</u>	-24.91%
Net Position				
Invested in capital assets	45,822	38,576	7,246	18.78%
Restricted	636,049	465,732	170,317	36.57%
Unrestricted	<u>(2,936,026)</u>	<u>(2,844,514)</u>	<u>(91,512)</u>	3.22%
Total Net Position	<u>\$ (2,254,155)</u>	<u>\$ (2,340,206)</u>	<u>\$ 86,051</u>	-3.68%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2021

LTADD's net position increased \$86,051, or 3.68%, for the year ended June 30, 2021. The FY21 ending ratio of current assets to current liabilities is a little over 3.3 times. Cash increased by \$256,112, grant receivables decreased by \$10,178, accounts payable decreased by \$57,032, funds due to grantor decreased by \$4,969 and deferred revenue increased by \$99,523 in comparison to the prior year. The \$7,246 increase in capital assets was due to purchases, net of current year depreciation. The General Fund cash account increased by \$91,577 caused mainly by a reduction in payables to LTADD from Participant Directed Services program by \$40,819 and from the Workforce Innovation and Opportunity Act program by \$11,935 when compared to the prior year.

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

	2021	2020	Dollar Change	Percent Change
Revenues				
Operating grants and contributions	\$ 9,809,347	\$ 8,956,272	\$ 853,075	9.52%
Charges for services	41,014	47,033	(6,019)	-12.80%
Member dues	89,617	87,753	1,864	2.12%
Interest	2,518	4,618	(2,100)	-45.47%
RLF - Loan loss allowance provision	-	2,071	(2,071)	100.00%
Other non-budget revenue	3,447	61	3,386	5550.82%
Total Revenues	9,945,943	9,097,808	848,135	9.32%
Expenses				
General government	72,036	94,208	(22,172)	-23.54%
Community and economic development	500,814	365,810	135,004	36.91%
Revolving loan funds	41,942	12,335	29,607	240.02%
Employment and training	1,591,623	1,727,345	(135,722)	-7.86%
Social services	7,178,523	6,598,989	579,534	8.78%
Transportation	474,954	271,937	203,017	74.66%
Total Expenses	9,859,892	9,070,624	789,268	8.70%
Increase (Decrease) in Net Position	\$ 86,051	\$ 27,184	\$ 58,867	216.55%

LTADD recognized a \$848,135, or 9.32% increase in revenue in FY 2021 when compared to revenue recognized in the FY 2020 period. The current year's increase can be attributed to an increase of \$557,132 in Social Services funding due a \$611,038 increase in Participant Directed Services program due to continued growth in client base. Title III-C1 & C2 meal services saw combined growth of \$230,070 over prior year while Title III-B, Title III-E Caregiver and Personal Care Attendant Program saw a net decrease of \$272,836 when compared to FY 2020. Community Development and Transportation funds increased by \$296,857 mainly due to JFA CARES Act funds of \$95,690, Hazard Mitigation funds of \$38,982 and East E-town Connectivity Study fund of \$178,205. The estimated allowance for loan losses is zero for both the RLF Legacy and RLF CARES Act programs due to direct deposit for revolving loan payments. At June 30, 2021, seven RLF Legacy loans and seven RLF CARES Act loans were paid through an ACH Authorized direct deposit program.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

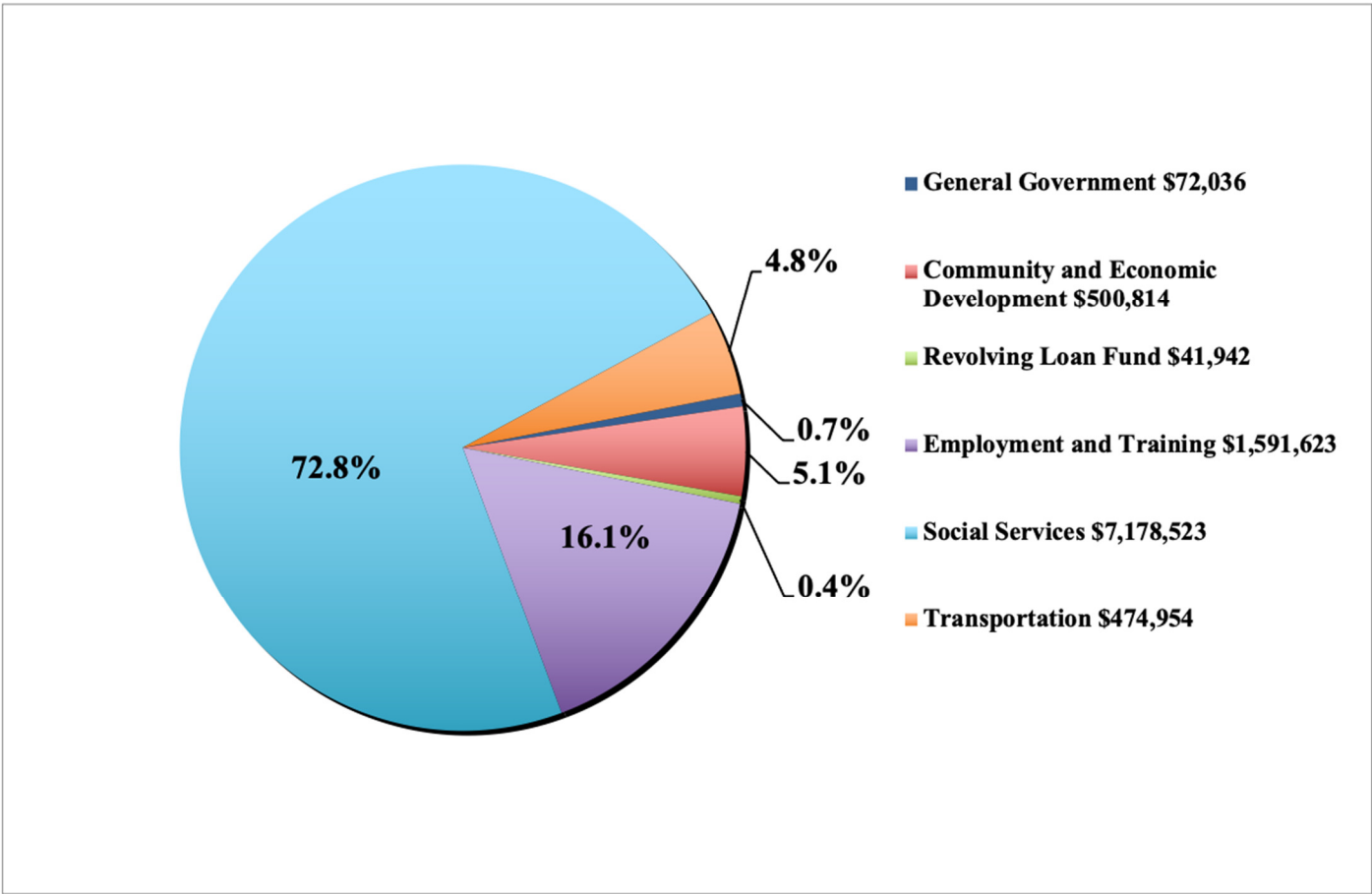
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

June 30, 2021

Expenses:

LTADD recognized an 8.70% increase in expenses in FY 2021 in comparison to the prior period. Community Development expenditures increased by \$135,004, due to the addition of JFA CARES Act and Hazard Mitigation funding. Transportation expenditures increased by \$203,017 mainly due to increased funding in the Metropolitan Planning Organization and the East E-town Connectivity Study programs. Social Services expenditures increased \$508,550 principally due to 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 equal to last year’s percentage. Community Development saw a 1.1% increase and Transportation 1.8% when compared to the prior period. Employment and Training activities made up 16.1% of expenditures, which is down 2.9% from its FY 2020 share.



LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2021

BUDGETARY HIGHLIGHTS

LTADD had \$9,958,049 in revenues (budget basis) for FY21. This is an increase of approximately \$835,144 or approximately 9.15% 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 FY21 the Department for Local Government (and as allocated by the KY General Assembly) followed the traditional funding formula and allocation structure of the JFA program. The FY21 JFA contract represented a 4.78% increase in federal and state funds received in FY20. Funding for the KY Infrastructure Authority (KIA), a state-funded planning program, remained unchanged for FY20, and required \$1,754 of General funds to meet the necessary scope of work.

The overall Transportation Planning component of the LTADD (Metropolitan, Rural and other Transportation funds) saw a \$182,339, or 68.22%, increase in FY21 funds when compared to FY20, primarily due to the \$178,205 pass-thru funds of the East Elizabethtown Transportation Study. The MPO program also saw a \$8,274 increase (6.10%), with the Rural Program remaining relative unchanged from FY20 with a 0.81% increase. The Local Road Update funding slightly increased by \$536 in FY21. The Federal Transit Administration program saw a 64.45% or \$5,379 decrease in funding due to a reduction in the Scope of Work provided in FY21.

The overall increase of CED revenues in the amount of \$114,518 can be primarily attributed to the Economic Development Administration – Coronavirus Aid, Relief, and Economic Security (CARES) Act planning grant funds; Department of Defense, Office of Local Defense Community Cooperation (OLDCC) 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 \$170,330, or 10.01%, when compared to FY20. This decrease can largely be attributed to the decrease in traditional LTADD WIOA funds of \$73,733 and the completion of the Greater Knox Academy Project at \$228,303. However, those decreases were offset by the additional Unemployment Insurance funding of \$132,977 in FY21.

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 (Title III) experienced a \$24,502, or 1.4%, increase when compared to FY20 figures, with slight reductions coming predominantly from the Homecare program (\$6,920 decrease or 0.7%) with our focus on CARES and COVID relief provided in Title III programs. The Home & Community Based Participant Directed Services (PDS) program grew by \$611,038, or approximately 19.1% over FY20. The Personal Care Attendant Program (PCAP) declined by \$77,386 or 19.7% from the prior year. Overall, combined federal and state revenue increased by 8.42% (\$557,132) from Social Services' FY20 funding levels.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end 2021, LTADD had invested \$415,409 in capital assets, including vehicles, office furniture, office equipment and computers. Overall, investment in capital assets increased by \$10,946 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 increased \$1,101,952 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 13.1% over actual amounts expended in FY 2021.

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, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,565,513
Grant receivables	1,168,095
Other receivables	97,742
Prepaid expenses	5,244
Total current assets	<u>2,836,594</u>

Capital assets, net of depreciation

45,822

Restricted Assets:

Cash - Revolving Loan Fund - Legacy	173,744
Cash - Revolving Loan Fund - CARES Act funds	13,820
Revolving loan funds receivable, net of allowance - Legacy	299,162
Revolving loan funds receivable, net of allowance - CARES Act	149,323
Total restricted assets	<u>636,049</u>

Total Assets

3,518,465

Deferred Outflows of Resources:

Deferred outflows related to pensions	931,585
Deferred outflows related to OPEB	653,421
Total deferred outflows of resources	<u>1,585,006</u>

LIABILITIES

Current Liabilities:

Accounts payable	346,226
Advanced from grantors	197,504
Unearned grant revenue due to grantor	66,024
Accrued wages	195,193
Payroll withholdings and accruals	16,467
Compensated absences, current	22,854
Total current liabilities	<u>844,268</u>

Noncurrent liabilities:

Compensated absences, net of current portion	73,693
Net pension liability	4,246,296
Net OPEB liability	1,336,655
Total noncurrent liabilities	<u>5,656,644</u>

Total Liabilities

6,500,912

Deferred Inflows of Resources:

Deferred inflows related to pensions	310,373
Deferred inflows related to OPEB	400,472
Deferred revenue	145,869
Total deferred inflows of resources	<u>856,714</u>

NET POSITION

Net investment in capital assets	45,822
Restricted for Revolving Loan Fund	636,049
Unrestricted	(2,936,026)
Total Net Position	<u>\$ (2,254,155)</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

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	\$ 62,644	\$ 9,392	\$ 26,578	\$ -	\$ (45,458)
Community and economic development	400,977	99,837	-	457,044	(43,770)
Revolving loan fund	33,743	8,199	14,436	202,279	174,773
Employment and training	1,467,932	123,691	-	1,530,556	(61,067)
Social services	6,883,791	294,732	-	7,171,010	(7,513)
Transportation	419,955	54,999	-	448,458	(26,496)
Total	\$ 9,269,042	\$ 590,850	\$ 41,014	\$ 9,809,347	(9,531)

General Revenues:

Member dues	89,617
Interest	2,518
Other income	3,447
Total general revenues	95,582

Change in Net Position 86,051

Net position, beginning
of year (2,340,206)

Net position, end of year \$ (2,254,155)

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2021

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,166,056	\$ 587,021	\$ 1,753,077
Interfund receivables	597,828	123,883	721,711
Grant receivables	-	1,168,095	1,168,095
Other receivables	-	97,742	97,742
Prepaid expenses	1,410	3,834	5,244
Total Assets	<u>\$ 1,765,294</u>	<u>\$ 1,980,575</u>	<u>\$ 3,745,869</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts payable	\$ -	\$ 346,226	\$ 346,226
Interfund payables	-	721,711	721,711
Advances from grantors	-	197,504	197,504
Unearned grant revenue due to grantor	-	66,024	66,024
Deferred revenue	-	145,869	145,869
Accrued wages	-	195,193	195,193
Payroll withholdings and accruals	-	16,467	16,467
Total Liabilities	<u>-</u>	<u>1,688,994</u>	<u>1,688,994</u>
Fund Balances:			
Nonspendable	5,244	-	5,244
Restricted	-	195,034	195,034
Committed	-	96,547	96,547
Unassigned	1,760,050	-	1,760,050
Total Fund Balances	<u>1,765,294</u>	<u>291,581</u>	<u>2,056,875</u>
Total Liabilities and Fund Balances	<u>\$ 1,765,294</u>	<u>\$ 1,980,575</u>	<u>\$ 3,745,869</u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2021

Total Fund Balances - Governmental Funds**\$ 2,056,875**

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	\$ 415,409	
Accumulated depreciation	<u>(369,587)</u>	45,822

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

Revolving loan fund receivables - Legacy	299,162	
Revolving loan fund receivables - CARES Act	<u>149,323</u>	448,485

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	931,585	
Deferred inflows related to pension	<u>(310,373)</u>	621,212

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	653,421	
Deferred inflows related to OPEB	<u>(400,472)</u>	252,949

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	(96,547)	
Net pension liability	(4,246,296)	
Net OPEB liability	<u>(1,336,655)</u>	<u>(5,679,498)</u>

Net Position of Governmental Activities**\$ (2,254,155)**

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal revenue	\$ -	\$ 3,752,845	\$ 3,752,845
State revenue	-	5,761,663	5,761,663
Local revenue	116,195	30,835	147,030
Transfer of local funds	(17,018)	17,018	-
Cash match	-	161,224	161,224
Program income	-	11,229	11,229
Interest income	2,518	15,052	17,570
Other income	2,266	2,211	4,477
In-kind contributions	-	89,905	89,905
Total Revenues	103,961	9,841,982	9,945,943
Expenditures:			
General government	67,919	-	67,919
Community and economic development	-	465,187	465,187
Revolving loan fund	-	38,142	38,142
Employment and training	-	1,528,604	1,528,604
Social services	-	7,052,892	7,052,892
Transportation	-	448,412	448,412
Total Expenditures	67,919	9,533,237	9,601,156
Excess of Revenues Over Expenditures	36,042	308,745	344,787
Other Financing Sources (Uses)			
Operating Transfers In (Out)	117,418	(117,418)	-
RLF principal received/(disbursed), net	-	(106,529)	(106,529)
Total Other Financing Sources (Uses)	117,418	(223,947)	(106,529)
Net Change in Fund Balances	153,460	84,798	238,258
Fund Balances, beginning of year	1,611,834	206,783	1,818,617
Fund Balances, end of year	<u>\$ 1,765,294</u>	<u>\$ 291,581</u>	<u>\$ 2,056,875</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 238,258
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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	\$ 27,538	
Depreciation expense	<u>(20,292)</u>	7,246

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

Change in revolving loan fund receivable, net of allowance - Legacy	(42,795)	
Change in revolving loan fund receivable, net of allowance - RLF CARES Act	<u>149,323</u>	106,528

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	(12,933)
--	----------

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.

	(199,548)
--	-----------

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.

	(53,500)
--	----------

Change in net position of governmental activities	<u>\$ 86,051</u>
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LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021

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 expenditure 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, 2021

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 FY21 is on page 40. In management's judgment LTADD is in conformity with 2 CFR 200.
- (10) Pension and OPEB Plans – For purposes of measuring the (1) net pension liability, (2) net OPEB liability, (3) deferred outflows and deferred inflows of resources related to pensions and OPEB, and (4) pension and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021

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, 2021, the carrying amounts of the District's deposits were \$1,982,727 and the bank balances were \$1,667,067. Of the bank balances, \$250,000 was covered by FDIC insurance, and \$1,732,727 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, 2021 are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Special Revenue Fund:	Special Revenue Fund:	
Operational	Revolving Loan Fund	\$ 562
Operational	Participant Directed Services	61,747
Operational	Workforce Innovation and Opportunity Act (WIOA)	59,179
General Fund	Operational	597,723
General Fund	Revolving Loan Fund - CARES Act	2,500
		<u>\$ 721,711</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-collectible receivables, if any, could to be significant. Grant receivables at June 30, 2021 consisted of the following:

FY21		
Cabinet for Health & Family Services - Aging	\$	553,915
Department for Local Government		69,476
Transportation Cabinet		102,483
Office of Local Defense Community Cooperation		4,213
Department of Commerce		14,179
Division of Aging services - Participant Directed Services		315,742
KY Cabinet for Workforce Development		108,087
	\$	<u>1,168,095</u>

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

June 30, 2021

NOTE G – REVOLVING LOAN FUND RECEIVABLES

The Revolving Loan - Legacy 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, 2021, there were eight active loans with an outstanding principal balance of \$299,162.

In FY 2021 LTADD received a direct federal award from the Economic Development Administration for Revolving Loan CARES Act funds for \$550,000. \$500,000 to be loaned out to small business and \$50,000 for administration of the loans. As of June 30, 2021, there were seven active loans in the amount of \$160,000 with an outstanding balance of \$149,323.

All loans for both the RLF Legacy and RLF CARES Act programs were current at June 30, 2021.

The revolving loan fund receivables at June 30, 2021, are summarized as follows:

	RLF Legacy	RLF CARES Act
Principal balance of loans outstanding	\$ 299,162	\$ 149,323
Allowance for loan losses	-	-
Revolving loan fund receivables, net of allowance	<u>\$ 299,162</u>	<u>\$ 149,323</u>

Recoveries and provisions are recorded in the statement of activities. 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, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Vehicles and equipment	\$ 262,349	\$ -	\$ 12,510	\$ 249,839
Equipment - grant purchased	142,114	27,538	4,082	165,570
Total cost	<u>404,463</u>	<u>27,538</u>	<u>16,592</u>	<u>415,409</u>
Less accumulated depreciation				
Vehicles and equipment	238,619	12,106	12,510	238,215
Equipment - grant purchased	<u>127,268</u>	<u>8,186</u>	<u>4,082</u>	<u>131,372</u>
Total accumulated depreciation	<u>365,887</u>	<u>20,292</u>	<u>16,592</u>	<u>369,587</u>
Net capital assets	<u>\$ 38,576</u>	<u>\$ 7,246</u>	<u>\$ -</u>	<u>\$ 45,822</u>

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

June 30, 2021

NOTE H – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

General government	\$	12,106
Community and economic development		1,580
Revolving loan fund		-
Employment and training		1,234
Social services		4,349
Transportation		1,023
Total depreciation expense	\$	<u>20,292</u>

NOTE I – UNEARNED GRANT REVENUE DUE TO GRANTOR

At June 30, 2021 unearned grant revenue of \$66,024 includes revenues received but not earned, from District grant agreements, and is as follows:

Contract/Billing Name	FY21 Revenue Received	FY21 Expenditures	Amount Due to Grantor
FY07 and prior - all sources	\$ -	\$ -	\$ 5,351
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
FY12			
Workforce Innovation & Opportunity Act	-	-	1,970
FY18			
Cumberlands WD Board Support - KY Health	-	-	385
FY20			
Kentucky Infrastructure Authority	-	-	305
FY21			
ADRC - State Funds	8,874	8,586	288
ADRC - State Funds	8,874	8,586	288
PCAP Admin	58,787	57,055	1,732
PCAP Subsidy & Coordination	337,443	336,524	919
Prescription Assistance Program	52,614	52,447	167
Participant Directed Services	-	-	662
Workforce Innovation & Opportunity Act	-	-	965
			<u>\$ 66,024</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J – LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Beginning		Payments/	Ending	Amount Due
	Balance	Additions	Reductions	Balance	Within
					One Year
Compensated absences	\$ 83,614	\$ 12,933	\$ -	\$ 96,547	\$ 22,854
Net pension liability	3,626,800	619,496	-	4,246,296	-
Net OPEB liability	867,132	469,523	-	1,336,655	-
Total long-term liabilities	<u>\$ 4,577,546</u>	<u>\$ 1,101,952</u>	<u>\$ -</u>	<u>\$ 5,679,498</u>	<u>\$ 22,854</u>

Additions and reductions to compensated absences represent the net change in compensated absences for the fiscal year. Additions to long-term debt of \$619,496 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 an increase of \$469,523 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 \$931,585 and the other post-employment benefit deferred outflows of \$653,421 at June 30, 2021. 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 \$310,373, other post-employment benefit deferred inflows of \$400,472 and deferred revenue of \$145,869 at June 30, 2021. 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, 2021

NOTE K – DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, continued

Deferred revenue at June 30, 2021 is as follows:

Funding Source	Amount
ADRC - Medicaid Federal Funds	\$ 40,884
Breckinridge County FY22 Local Contribution	1,695
City of Bloomfield FY22 Local Contributions	283
City of Fairfield FY22 Local Contributions	38
City of Irvington FY22 Local Contributions	1,695
Participant Directed Services	4,393
Service Providers	8,165
Workforce Investment and Opportunity Act	88,716
	<u>\$ 145,869</u>

NOTE L – PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of Lincoln Trail Area Development District are provided a defined benefit pension plan through the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA). The CERS pension plan has two categories: Non-Hazardous and Hazardous. Lincoln Trail Area Development District employees participate in Non-Hazardous. The KPPA is the successor to Kentucky Retirement Systems and was created by state statute under Kentucky Revised Statute Section 61.645 as amended by House Bill 484 and House Bill 9 of the 2020 and 2021 regular sessions, respectively, of the Kentucky General Assembly. These amendments transferred governance of the CERS to a separate nine member board of trustees. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, there are currently three benefit Tiers. Tier 1 members are those participating in the plan before 9/1/2008, Tier 2 are those that began participation 9/1/2008 through 12/31/2013, and Tier 3 are those members that began participation on or after 1/1/2014.

Benefits provided – Non-Hazardous. Tier 1 Non-Hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service related disability benefits are provided after five years of service. Tier 2 Non-Hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57 and age + earned service must equal 87 years at retirement or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-Hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the KPPA Board based on a members accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE L – PENSION PLAN, continued

General Information about the Pension 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. Contributions for employees are established in the statutes governing the KPPA and may only be changed by the Kentucky General Assembly. Non-hazardous employees contribute 5% of salary if they were plan members prior to September 1, 2008. Non-hazardous employees that entered the plan after September 1, 2008 are required to contribute 6% of their annual creditable compensation. The additional 1% is deposited into to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, total employer contributions for the District were \$381,603 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 \$306,122 was dedicated to pensions and 4.76% or \$75,481 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. The District's proportion of the collective net pension liability and pension expense was determined using the employers' actual contributions for Fiscal Year 2020. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2020 the District's proportion was .055363 percent, which was an increase of .003795 percent from its proportion measured as of June 30, 2019.

Net Pension Liability

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

Actuarial Assumptions. The Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018." The total pension liability as of June 30, 2020, was determined using these updated assumptions.

The assumptions are:

- Inflation – 2.30%
- Payroll growth rate – 2.00%
- Salary increases – 3.30% to 10.30%, varies by service
- Investment rate of return – 6.25%

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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE L – PENSION PLAN, continued

Net Pension Liability

Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the total pension liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit / High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Expected Real Return	100.00%	3.96%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.26%

Discount rate. The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes the local employers would contribute with required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the KPPA financial report.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE L – PENSION PLAN, continued
Net Pension Liability

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the District calculated using the discount rate of 6.25 percent, as well as the net pension liability (asset) if 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>\$ 5,236,607</u>	<u>\$ 4,246,296</u>	<u>\$ 3,426,281</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued KPPA financial report.

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2021, the District recognized pension expense of \$595,670.

Deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 184,063	\$ 77,804
Net difference between expected and actual experience	105,889	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	169,700	232,569
Changes of assumptions	165,811	-
Contributions subsequent to the measurement date of June 30, 2020	306,122	-
Total	<u>\$ 931,585</u>	<u>\$ 310,373</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Pension Expense
2022	\$ 78,785
2023	131,120
2024	62,510
2025	42,675
	<u>\$ 315,090</u>

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE M - OTHER POST-EMPLOYMENT BENEFIT PLANS

General Information about the OPEB Plan

Plan description. Employees of the District are provided hospital and medical insurance through the Lincoln Trail Area Development District's County Employees' Retirement Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KPPA was created by State statute under Kentucky Revised Statute Section 61.645. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits Provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Contributions. Contribution requirements of the participating employers are established and may be amended by the CERS Board of Trustees. The District's contractually required contribution rate for the year ended June 30, 2021, was 4.76 percent of annual creditable compensation. Contributions to the Insurance Fund from the District were \$75,481 for the year ended June 30, 2021. Employees that entered the plan prior to September 1, 2008, are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008, are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

The District's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for Fiscal Year 2020. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2020 the District's proportion was .055355 percent, which was a decrease of .003800 percent from its proportion measured as of June 30, 2019.

Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2020 was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date as of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, continued

Net OPEB Liability

Actuarial Assumptions. The total OPEB liability as of June 30, 2020 was determined using the updated assumptions as follows:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-64	Initial trend starting at 2.90% at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in medical costs. The anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019 are reflected in the June 30, 2020 GASB 75 actuarial information. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

Senate Bill 249 passed during 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, continued

Net OPEB Liability

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit / High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Expected Real Return	100.00%	3.96%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.26%

Discount rate. The discount rate used to measure the total OPEB liability was 5.34% for the Non-Hazardous employees. The discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance future benefit payments of 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 was not included in the calculation of the retirement plan's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the retirement plan's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the KPPA financial report.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, continued
Changes in the Net OPEB Liability

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate. 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 a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
<u>\$ 1,717,209</u>	<u>\$ 1,336,655</u>	<u>\$ 1,024,093</u>

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
<u>\$ 1,034,905</u>	<u>\$ 1,336,655</u>	<u>\$ 1,702,836</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KPPA financial report.

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Pension expense. For the year ended June 30, 2021, the District recognized OPEB expense of \$128,981.

Deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources on the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 71,702	\$ 27,274
Net difference between expected and actual experience	223,327	223,501
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,412	148,283
Changes of assumptions	232,499	1,414
Contributions subsequent to the measurement date of June 30, 2020	75,481	-
Total	<u>\$ 653,421</u>	<u>\$ 400,472</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

June 30, 2021

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>OPEB Expense</u>
2022	\$ 49,060
2023	62,208
2024	37,081
2025	39,784
2026	(10,665)
	<u>\$ 177,468</u>

DEFERRED COMPENSTATION

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit employees 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 \$17,088 for the year ended June 30, 2021.

NOTE O – FUND BALANCES

Fund balances at June 30, 2021 are classified as follows: Nonspendable in the amount of \$5,244 represents amounts that cannot be spent due to form and correspond to prepaid expenses; Restricted by contractual provisions for the Revolving Loan Funds in the amount of \$195,034; Committed for the purpose of funding compensated absences in the amount of \$96,547. Committed fund balance classifications are determined by action of the Board of Directors.

NOTE P – CONCENTRATION OF RISK

During the year ended June 30, 2021, the District received 98.87% of its revenue from federal, state and local grants, and the related in-kind match and program income. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, it is determined that funds have not been used for the intended purpose, the grantor may request a refund of monies advanced, or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, could be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

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

June 30, 2021

NOTE Q – 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	\$9,958,049
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Agency depreciation allocation - equipment and vehicles	<u>(12,106)</u>
Fund Financial Statement Revenues	<u><u>\$9,945,943</u></u>
Grants Management (Budget) Basis Expenditures	\$9,638,301
Change in compensated absences liability not recognized in fund financial statements	(12,933)
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Agency depreciation allocation - vehicles	(7,835)
Depreciation expense, net of capital asset additions	<u>(16,375)</u>
Fund Financial Statement Expenses	<u><u>\$9,601,158</u></u>

NOTE R – 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 S – IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES**Impact of Recently Issued Accounting Principles**Standards that will Become Effective for FY 2021 and Later Year Financial Statements

Statement No. 87, *Leases*, the objective of which is to better meet the information needs financial statement users by improving accounting and financial reporting for leases by governments. (FY 2022)

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, this Statement was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. (FY 2021)

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides and is effective immediately.

The District has not yet determined the effect, if any, that the adoption of these Statements may have on its financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**BUDGETARY COMPARISON SCHEDULE****GOVERNMENTAL FUNDS - GRANTS MANAGEMENT BASIS**

Year Ended June 30, 2021

	Original and Final Budget	Actual Amounts
Revenues:		
Federal revenue	\$ 4,614,236	\$ 3,752,845
State revenue	5,782,581	5,761,663
Local revenue	162,948	147,030
Cash match	234,917	161,224
Program income	-	11,229
Interest income	20,343	17,570
Other income	36,940	16,583
In-kind contributions	49,188	89,905
Total Revenue	10,901,153	9,958,049
Expenditures:		
Salaries	1,573,356	1,624,495
Fringe	918,352	857,347
Contractual services	4,385,895	3,086,938
Client services/program costs	3,556,697	3,689,947
Travel	65,961	21,860
Training	21,208	5,066
Ads, printing, publishing and copies	19,525	23,765
Equipment rent and maintenance	63,195	63,645
Capital outlay (equipment)	24,100	27,537
Supplies and postage	38,449	51,978
Phone	24,789	26,550
Dues and registrations	50,102	34,577
Other expenses	53,620	28,684
Rent	91,909	81,423
Insurance	13,995	14,489
Total Expenditures	10,901,153	9,638,301
Excess Revenue over Expenditures	\$ -	319,748
Fund balance, beginning of year		2,100,690
Fund balance, end of year		\$ 2,420,438

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, 2021

Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of net pension liability	0.055363%	0.051568%	0.061190%	0.064250%
Proportionate share of the net pension liability	\$ 4,246,296	\$ 3,626,800	\$ 3,726,658	\$ 3,760,750
Covered employee payroll	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Proportionate share of the net pension liability as a percentage of covered payroll	267.73%	255.73%	286.50%	247.94%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%

	<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 seven years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**

June 30, 2021

Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of net OPEB liability	0.055355%	0.051555%	0.061196%	0.064250%
Proportionate share of the net OPEB liability	\$ 1,336,655	\$ 867,132	\$ 1,086,523	\$ 1,291,645
Covered employee payroll	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Proportionate share of the net OPEB liability as a percentage of covered payroll	84.28%	61.14%	83.53%	85.16%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.39%

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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF CONTRIBUTIONS TO PENSION**

June 30, 2021

Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 306,122	\$ 273,732	\$ 210,978	\$ 219,624
Contributions in relation to the actuarially determined contribution	<u>(306,122)</u>	<u>(273,732)</u>	<u>(210,978)</u>	<u>(219,624)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Contributions as a percentage of covered employee payroll	19.30%	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 seven years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF CONTRIBUTIONS TO OPEB**

June 30, 2021

Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 75,481	\$ 67,494	\$ 68,426	\$ 71,287
Contributions in relation to the actuarially determined contribution	<u>(75,481)</u>	<u>(67,494)</u>	<u>(68,426)</u>	<u>(71,287)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Contributions as a percentage of covered employee payroll	4.76%	4.76%	5.26%	4.70%

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

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

June 30, 2021

CERS PENSION

Changes of benefit terms: There were no changes in benefit terms for plan years ended 2014 through 2020

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

2020:

- Salary increase was changed from a range of 3.30% to 11.55% to a range from 3.30% to 10.30% which varies by service
- Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the total pension liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

June 30, 2021

CERS OPEB

Changes of benefit terms : There were no changes in benefit terms for plan years ended 2017 to 2020

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

2020:

- For the Non-Hazardous Plan, the single discount rate changed from 5.68% to 5.34%
- Salary increase was changed from a range of 3.30% to 11.55% to a range from 3.30% to 10.30% which varies by service
- Healthcare trend rates for Pre-65 initial trend changed from 7.25% to 6.40% on January 1, 2022 the period was increased by 1 year to 14 years
- Healthcare trend rates for Post-64 initial trend changed from 5.10% to 2.90% at January 1, 2022 and increasing to 6.30% in 2023. The period increased by 1 year to 14 years
- Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the total OPEB liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020
- The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF SHARED COSTS**

Year Ended June 30, 2021

	Operational	Indirect	Common	Total
Salaries	\$ 125,780	\$ 106,336	\$ 41,336	\$ 273,452
Fringe benefits	61,120	56,638	22,098	139,856
Contractual services	8,094	24,228	-	32,322
Travel	7,499	52	6	7,557
Ads, printing, publications & copies	1,188	906	2,771	4,865
Equipment rent and maintenance	930	3,893	5,204	10,027
Supplies and postage	7,550	2,613	3,930	14,093
Phone	5,674	1,245	709	7,628
Dues and registrations	15,472	453	512	16,437
Other costs	3,407	203	-	3,610
Rent	5,192	5,112	57,750	68,054
Insurance & bond expenses	11,416	1,533	-	12,949
	<u>\$ 253,322</u>	<u>\$ 203,212</u>	<u>\$ 134,316</u>	<u>\$ 590,850</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2021

	Joint Funding Agreement	Joint Funding Agreement - EDA CARES Act	Kentucky Infrastructure Authority	OLDCC - Compatible Use Plan	FEMA Hazard Mitigation Plan	COMMUNITY & ECONOMIC DEVELOPMENT TOTAL	KTC Regional Transportation
Revenues							
Federal revenue	\$ 79,339	\$ 95,690	\$ -	\$ 56,872	\$ 29,237	\$ 261,138	\$ -
Federal revenue - CARES (aging)	-	-	-	-	-	-	-
Federal revenue - COVID (aging)	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-
State revenue	120,161	-	66,000	-	9,745	195,906	78,254
Local revenue	-	-	-	-	-	-	8,664
Transfer of local cash	2,255	-	1,754	6,319	-	10,328	126
Contractor cash match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-
Total revenues	201,755	95,690	67,754	63,191	38,982	467,372	87,044
Expenditures							
Personnel	98,800	41,230	32,751	31,728	19,662	224,171	42,008
Fringe benefits	52,814	22,042	17,509	16,959	10,511	119,835	22,457
Contractual services	-	-	-	-	-	-	-
Client services / program costs	-	-	-	-	-	-	-
Travel	236	-	77	-	-	313	-
Training	2,175	-	-	-	-	2,175	100
Ads, printing, publications & copies	788	635	24	1	-	1,448	53
Equipment rent and maintenance	636	-	2,474	219	-	3,329	1,837
Grant purchased equipment	-	12,234	-	-	-	12,234	-
Supplies and postage	623	1,136	-	-	28	1,787	745
Phone	962	-	320	-	-	1,282	321
Dues and registrations	720	-	12	154	25	911	814
Other costs	-	50	-	-	-	50	-
Rent	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-
	157,754	77,327	53,167	49,061	30,226	367,535	68,335
Shared costs applied:							
Operational costs	18,568	7,749	6,155	5,962	3,695	42,129	7,895
Indirect administration costs	14,890	6,214	4,936	4,781	2,963	33,784	6,331
Shared costs	10,543	4,400	3,496	3,387	2,098	23,924	4,483
Total expenditures	201,755	95,690	67,754	63,191	38,982	467,372	87,044
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, 2021

	KTC Metropolitan Planning Organization	MPO East Elizabethtown Transportation Connectivity Study	Federal Transit Administration	KTC Local Road Updates Centerline	TRANSPORTATION TOTAL	EDA RLF Administration	RLF - EDA
Revenues							
Federal revenue	\$ 115,082	\$ 196,521	\$ 2,373	\$ -	\$ 313,976	\$ -	\$ -
Federal revenue - CARES (aging)	-	-	-	-	-	-	-
Federal revenue - COVID (aging)	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-
State revenue	7,193	-	-	18,200	103,647	-	-
Local revenue	21,578	-	593	-	30,835	-	-
Transfer of local cash	-	-	1	1,032	1,159	-	-
Contractor cash match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	14,408
Other income	-	-	-	-	-	7,218	(7,190)
In-kind contributions	-	-	-	-	-	-	-
Total revenues	143,853	196,521	2,967	19,232	449,617	7,218	7,218
Expenditures							
Personnel	71,087	-	1,498	9,836	124,429	2,125	-
Fringe benefits	36,887	-	799	5,109	65,252	1,132	-
Contractual services	-	196,521	-	-	196,521	-	-
Client services / program costs	-	-	-	-	-	-	-
Travel	2	-	-	-	2	-	-
Training	-	-	-	-	100	-	-
Ads, printing, publications & copies	246	-	3	-	302	13	-
Equipment rent and maintenance	2,165	-	-	-	4,002	1,618	-
Grant purchased equipment	-	-	-	-	-	-	-
Supplies and postage	13	-	-	-	758	5	-
Phone	1,062	-	-	-	1,383	-	-
Dues and registrations	1,055	-	-	-	1,869	-	-
Other costs	-	-	-	-	-	147	-
Rent	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-
	112,517	196,521	2,300	14,945	394,618	5,040	-
Shared costs applied:							
Operational costs	13,223	-	282	1,808	23,208	399	-
Indirect administration costs	10,604	-	225	1,455	18,615	320	-
Shared costs	7,509	-	160	1,024	13,176	227	-
Total expenditures	143,853	196,521	2,967	19,232	449,617	5,986	-
Revenues over (under) expenditures	-	-	-	-	-	1,232	7,218
Other financing sources (uses):							
Operating transfers in (out)	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	1,232	7,218
Fund balances, beginning of year	-	-	-	-	-	-	465,126
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,232	\$ 472,344

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2021

	EDA CARES Act RLF Administration	EDA CARES Act RLF	REVOLVING LOAN FUND TOTAL	Workforce Innovation & Opportunity Act	Unemployment Insurance Funds FY20	Unemployment Insurance Funds FY21	Bd Support - Cumberlands WD
Revenues							
Federal revenue	\$ 32,335	\$ 169,300	\$ 201,635	\$ 1,228,518	\$ 74,326	\$ 58,651	\$ 169,061
Federal revenue - CARES (aging)	-	-	-	-	-	-	-
Federal revenue - COVID (aging)	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-
State revenue	-	-	-	-	-	-	-
Local revenue	-	-	-	-	-	-	-
Transfer of local cash	-	-	-	965	-	-	-
Contractor cash match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Interest income	-	644	15,052	-	-	-	-
Other income	-	-	28	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-
Total revenues	32,335	169,944	216,715	1,229,483	74,326	58,651	169,061
Expenditures							
Personnel	16,290	-	18,415	195,801	10,041	9,591	89,774
Fringe benefits	8,706	-	9,838	95,840	5,522	4,742	47,929
Contractual services	-	-	-	572,731	55,415	41,629	-
Client services / program costs	-	-	-	249,483	-	-	-
Travel	-	-	-	122	-	-	871
Training	-	-	-	-	-	-	-
Ads, printing, publications & copies	23	-	36	935	8	80	-
Equipment rent and maintenance	-	-	1,618	1,857	-	-	-
Grant purchased equipment	-	-	-	-	-	-	-
Supplies and postage	14	-	19	6,996	-	6	-
Phone	-	-	-	1,897	-	-	-
Dues and registrations	10	-	10	1,551	-	-	100
Other costs	39	-	186	-	-	-	-
Rent	-	-	-	14,909	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-
	25,082	-	30,122	1,142,122	70,986	56,048	138,674
Shared costs applied:							
Operational costs	3,061	-	3,460	35,658	2,079	1,632	16,864
Indirect administration costs	2,455	-	2,775	31,576	-	-	13,523
Shared costs	1,737	-	1,964	20,127	1,261	971	-
Total expenditures	32,335	-	38,321	1,229,483	74,326	58,651	169,061
Revenues over (under) expenditures	-	169,944	178,394	-	-	-	-
Other financing sources (uses):							
Operating transfers in (out)	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-
Net change in fund balances	-	169,944	178,394	-	-	-	-
Fund balances, beginning of year	-	-	465,126	-	-	-	-
Fund balances, end of year	\$ -	\$ 169,944	\$ 643,520	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2021

	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
Revenues							
Federal revenue	\$ 1,530,556	\$ 71,608	\$ 78,746	\$ 27,301	\$ 213,622	\$ 166,532	\$ 1,055
Federal revenue - CARES (aging)	-	37,792	73,835	-	-	381,758	-
Federal revenue - COVID (aging)	-	6,521	-	-	-	23,919	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	75,842	-
State revenue	-	58,774	147,425	-	49,997	5,000	-
Local revenue	-	-	-	-	-	-	-
Transfer of local cash	965	-	-	-	-	-	-
Contractor cash match	-	-	34,619	-	-	60,382	-
Program income	-	-	2,187	-	4,553	4,489	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	42,261	47,644	-
Total revenues	1,531,521	174,695	336,812	27,301	310,433	765,566	1,055
Expenditures							
Personnel	305,207	85,202	32,631	-	-	-	-
Fringe benefits	154,033	45,537	17,874	-	-	-	-
Contractual services	669,775	1,355	259,467	27,301	306,059	755,795	240
Client services / program costs	249,483	-	2,911	-	4,374	9,771	-
Travel	993	176	184	-	-	-	-
Training	-	300	-	-	-	-	-
Ads, printing, publications & copies	1,023	225	9	-	-	-	-
Equipment rent and maintenance	1,857	27	8,157	-	-	-	-
Grant purchased equipment	-	412	731	-	-	-	-
Supplies and postage	7,002	525	139	-	-	-	740
Phone	1,897	2,762	-	-	-	-	-
Dues and registrations	1,651	230	42	-	-	-	75
Other costs	-	-	10	-	-	-	-
Rent	14,909	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-
	1,407,830	136,751	322,155	27,301	310,433	765,566	1,055
Shared costs applied:							
Operational costs	56,233	16,011	6,185	-	-	-	-
Indirect administration costs	45,099	12,840	4,960	-	-	-	-
Shared costs	22,359	9,093	3,512	-	-	-	-
Total expenditures	1,531,521	174,695	336,812	27,301	310,433	765,566	1,055
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, 2021

	Title III-E Caregiver	Title VII Elder Abuse	Title VII Ombudsman	Nutrition Services Incentive Program "NSIP"	Homecare Administration	Homecare Social Services	Homecare Home Delivered Meals
Revenues							
Federal revenue	\$ 66,537	\$ 2,719	\$ 6,360	\$ 67,565	\$ -	\$ -	\$ -
Federal revenue - CARES (aging)	41,210	-	6,688	-	-	-	-
Federal revenue - COVID (aging)	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-
State revenue	49,730	877	2,156	-	76,993	610,244	174,558
Local revenue	-	-	-	-	-	-	-
Transfer of local cash	-	-	-	-	539	-	-
Contractor cash match	-	-	-	-	-	40,636	25,587
Program income	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	2	-	-	-	1,000	-
In-kind contributions	-	-	-	-	-	-	-
Total revenues	157,477	3,598	15,204	67,565	77,532	651,880	200,145
Expenditures							
Personnel	30,689	663	216	-	38,925	140,744	-
Fringe benefits	16,953	355	115	-	20,808	76,351	-
Contractual services	84,606	1,443	8,807	67,565	-	338,759	196,826
Client services / program costs	-	-	3,009	-	-	2,768	3,319
Travel	18	-	-	-	-	221	-
Training	-	-	-	-	-	1,200	-
Ads, printing, publications & copies	6,725	841	-	-	-	1,459	-
Equipment rent and maintenance	3,468	-	-	-	-	10,561	-
Grant purchased equipment	-	-	-	-	412	4,078	-
Supplies and postage	1,123	-	2,961	-	23	6,859	-
Phone	25	-	-	-	-	4,767	-
Dues and registrations	43	-	-	-	-	745	-
Other costs	-	-	-	-	-	359	-
Rent	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-
	143,650	3,302	15,108	67,565	60,196	588,871	200,145
Shared costs applied:							
Operational costs	5,835	125	41	-	7,315	26,586	-
Indirect administration costs	4,679	100	32	-	5,867	21,323	-
Shared costs	3,313	71	23	-	4,154	15,100	-
Total expenditures	157,477	3,598	15,204	67,565	77,532	651,880	200,145
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, 2021

	CMS-SHIP	PCAP Administration	PCAP Subsidy & Coordination	ADRC No Wrong Door Funds	ACA MIPPA/AAA	ACA MIPPA/ADRC	ACA MIPPA/SHIP
Revenues							
Federal revenue	\$ 29,256	\$ -	\$ -	\$ 32,500	\$ 10,343	\$ 5,257	\$ 17,574
Federal revenue - CARES (aging)	-	-	-	-	-	-	-
Federal revenue - COVID (aging)	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-
State revenue	-	57,055	336,524	-	-	-	-
Local revenue	-	-	-	-	-	-	-
Transfer of local cash	-	-	-	-	-	-	-
Contractor cash match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-
Total revenues	29,256	57,055	336,524	32,500	10,343	5,257	17,574
Expenditures							
Personnel	-	27,867	20,027	16,248	-	67	769
Fringe benefits	-	14,910	11,070	8,940	-	36	409
Contractual services	28,779	-	-	-	9,703	4,027	15,127
Client services / program costs	-	-	294,743	-	-	-	-
Travel	-	-	-	-	-	-	-
Training	-	-	75	-	-	-	-
Ads, printing, publications & copies	-	135	67	-	-	-	69
Equipment rent and maintenance	-	134	890	-	-	-	-
Grant purchased equipment	-	-	-	-	-	-	-
Supplies and postage	477	566	195	-	462	798	858
Phone	-	851	321	-	178	277	-
Dues and registrations	-	-	78	-	-	23	-
Other costs	-	177	33	-	-	-	-
Rent	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-
	29,256	44,640	327,499	25,188	10,343	5,228	17,232
Shared costs applied:							
Operational costs	-	5,239	3,808	3,085	-	12	144
Indirect administration costs	-	4,201	3,054	2,475	-	10	116
Shared costs	-	2,975	2,163	1,752	-	7	82
Total expenditures	29,256	57,055	336,524	32,500	10,343	5,257	17,574
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, 2021

	Functional Assessment Service Team	State LTC Ombudsman	Home & Community Based PDS	Preferred Community Health Partners (PCHP)	Service Providers & Elder Abuse Coalition	Prescription Assistance Program (KPAP)	SOCIAL SERVICES TOTAL
Revenues							
Federal revenue	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,975
Federal revenue - CARES (aging)	-	-	-	-	-	-	541,283
Federal revenue - COVID (aging)	-	-	-	-	-	-	30,440
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	75,842
State revenue	-	37,449	3,802,881	-	-	52,447	5,462,110
Local revenue	-	-	-	-	-	-	-
Transfer of local cash	10	-	-	3,949	-	68	4,566
Contractor cash match	-	-	-	-	-	-	161,224
Program income	-	-	-	-	-	-	11,229
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	1,181	-	-	2,183
In-kind contributions	-	-	-	-	-	-	89,905
Total revenues	1,010	37,449	3,802,881	5,130	-	52,515	7,176,757
Expenditures							
Personnel	154	-	259,408	2,591	-	1,803	658,004
Fringe benefits	84	-	141,451	1,385	-	962	357,240
Contractual services	-	37,449	380	-	-	44,632	2,188,320
Client services / program costs	703	-	3,118,866	-	-	-	3,440,464
Travel	-	-	71	-	-	-	670
Training	-	-	631	-	-	585	2,791
Ads, printing, publications & copies	-	-	6,147	-	-	412	16,089
Equipment rent and maintenance	-	-	17,615	-	-	-	40,880
Grant purchased equipment	-	-	7,774	-	-	1,896	15,303
Supplies and postage	-	-	10,141	-	-	1,274	27,141
Phone	-	-	4,679	-	-	-	13,860
Dues and registrations	-	-	611	-	-	150	1,997
Other costs	-	-	1,269	-	-	-	1,848
Rent	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-
	941	37,449	3,569,043	3,976	-	51,714	6,764,607
Shared costs applied:							
Operational costs	29	-	49,091	487	-	338	124,331
Indirect administration costs	23	-	39,417	391	-	271	99,759
Shared costs	17	-	27,912	276	-	192	70,642
Total expenditures	1,010	37,449	3,685,463	5,130	-	52,515	7,059,339
Revenues over (under) expenditures	-	-	117,418	-	-	-	117,418
Other financing sources (uses):							
Operating transfers in (out)	-	-	(117,418)	-	-	-	(117,418)
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, 2021

	SPECIAL REVENUE FUND TOTAL - GRANTS MANAGEMENT BASIS	Trust General Fund	District Contract Activities	SHARED COST ALLOCATION	GRANTS MANAGEMENT BASIS WITH SHARED COSTS ALLOCATED	GRANTS MANAGEMENT BASIS TO FUND BASIS CONVERSION	GOVERNMENTAL FUNDS TOTAL (after conversion)
Revenues							
Federal revenue	\$ 3,105,280	\$ -	\$ -	\$ -	\$ 3,105,280	\$ -	\$ 3,105,280
Federal revenue - CARES (aging)	541,283	-	-	-	541,283	-	541,283
Federal revenue - COVID (aging)	30,440	-	-	-	30,440	-	30,440
Federal revenue - CRRSSA (aging)	75,842	-	-	-	75,842	-	75,842
State revenue	5,761,663	-	-	-	5,761,663	-	5,761,663
Local revenue	30,835	89,617	14,381	-	147,030	-	147,030
Transfer of local cash	17,018	(17,018)	-	-	-	-	-
Contractor cash match	161,224	-	-	-	161,224	-	161,224
Program income	11,229	-	-	-	11,229	-	11,229
Interest income	15,052	2,518	-	-	17,570	-	17,570
Other income	2,211	14,372	-	-	16,583	(12,106)	4,477
In-kind contributions	89,905	-	-	-	89,905	-	89,905
Total revenues	9,841,982	89,489	14,381	-	9,958,049	(12,106)	9,945,943
Expenditures							
Personnel	1,330,226	462	12,608	273,452	1,624,495	(12,931)	1,611,564
Fringe benefits	706,198	411	6,740	139,856	857,347	-	857,347
Contractual services	3,054,616	-	-	32,322	3,086,938	-	3,086,938
Client services / program costs	3,689,947	-	-	-	3,689,947	-	3,689,947
Travel	1,978	11,426	823	7,557	21,860	(7,835)	14,025
Training	5,066	-	-	-	5,066	-	5,066
Ads, printing, publications & copies	18,898	2	-	4,865	23,765	-	23,765
Equipment rent and maintenance	51,686	37	-	10,027	63,645	-	63,645
Grant purchased equipment	27,537	-	-	-	27,537	-	27,537
Supplies and postage	36,707	1,160	-	14,093	51,978	-	51,978
Phone	18,422	120	-	7,628	26,550	-	26,550
Dues and registrations	6,438	11,665	-	16,437	34,577	-	34,577
Other costs	2,084	16,490	6,500	3,610	28,684	(16,377)	12,304
Rent	14,909	-	-	68,054	82,963	-	82,963
Insurance & bond expense	-	-	-	12,949	12,949	-	12,949
	8,964,712	41,773	26,671	590,850	9,638,301	(37,143)	9,601,156
Shared costs applied:							
Operational costs	249,361	136	2,369	(253,322)	-	-	-
Indirect administration costs	200,032	112	1,900	(203,212)	-	-	-
Shared costs	132,065	79	1,345	(134,316)	-	-	-
Total expenditures	9,546,170	42,100	32,285	-	9,638,301	(37,143)	9,601,156
Revenues over (under) expenditures	295,812	47,389	(17,904)	-	319,748	25,037	344,787
Other financing sources (uses):							
Operating transfers in (out)	(117,418)	106,343	5,526	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	(106,529)	(106,529)
Net change in fund balances	178,394	153,732	(12,378)	-	319,748	(81,491)	238,258
Fund balances, beginning of year	465,126	1,658,421	-	-	2,100,690	(282,072)	1,818,617
Fund balances, end of year	\$ 643,520	\$ 1,812,153	\$ (12,378)	\$ -	\$ 2,420,438	\$ (363,563)	\$ 2,056,875

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

	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 2000003743	\$ 66,667	\$ -
<u>Direct Received Funds</u>				
Economic Adjustment Assistance - RLF Legacy Funds	11.307	04-39-03494	359,169	-
<u>Direct Received Funds</u>				
COVID-19 - Economic Adjustment Assistance - RLF CARES Act Admin	11.307	04-79-07523	32,335	-
COVID-19 - Economic Adjustment Assistance - RLF CARES Act	11.307	04-79-07523	160,644	-
<u>Passed-through State Department: Economic Development Administration</u>				
COVID-19 - Economic Adjustment Assistance - JFA CARES Act	11.307	PON2 112 2100000402	95,690	-
			647,838	
Total U.S. Department of Commerce			714,505	-
<u>U.S. Department of Defense</u>				
<u>Office of Local Defense Community Cooperation</u>				
<u>Direct Received Funds</u>				
Community Economic Adj. Assist. for Compatible Use & Joint Land Use Studies	12.610	HQ00051910035	56,872	-
Total U.S. Department of Defense			56,872	-
<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 2000003743	12,672	-
<u>Passed-through Local Sources</u>				
Community Development Block Grants - State Program	14.228	n/a	15,930	-
Total U.S. Department of Housing and Urban Development			28,602	-
<u>U.S. Department of Labor</u>				
<u>Employment and Training Administration</u>				
<u>Passed-through Kentucky Education Cabinet: Department of Labor</u>				
<u>Office of Employment & Training Administration</u>				
Unemployment Insurance	17.225	n/a	132,977	97,045
<u>Passed-through Kentucky Education Cabinet: Department for Workforce Investment</u>				
<u>Office of Employment & Training Administration</u>				
Trade Adjustment Assistance	17.245	205BE19	96,758	27,425
<u>Office of Employment & Training Administration</u>				
WIOA Adult Program	17.258 a	270AD20	51,329	-
WIOA Adult Program	17.258 a	270AD21	6,304	-
WIOA Adult Program	17.258 a	273AD20	360,402	197,038
WIOA Adult Program	17.258 a	273AD21	139,468	97,151
<u>Passed-through Lake Cumberland Area Development District</u>				
WIOA Adult Program	17.258 a	n/a	78,735	-
			636,238	294,189
<u>Office of Employment & Training Administration</u>				
WIOA Youth Activities	17.259 a	274YT19	118,697	67,174
WIOA Youth Activities	17.259 a	274SR19	11,362	-
WIOA Youth Activities	17.259 a	274YTR9	862	-
WIOA Youth Activities	17.259 a	274YT20	9,823	4,108
WIOA Youth Activities	17.259 a	274YT21	47,178	26,207
<u>Passed-through Lake Cumberland Area Development District</u>				
WIOA Youth Activities	17.259 a	n/a	36,168	-
			224,090	97,489
<u>Office of Employment & Training Administration</u>				
WIOA National Dislocated Worker Gant	17.277	258CV20	31,836	21,578
<u>Passed-through Lake Cumberland Area Development District</u>				
WIOA National Dislocated Worker Gant	17.277	n/a	18,984	
			50,820	21,578

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, 2021

	CFDA	Grant	Federal Award	Expenditures To Subrecipients
<u>Office of Employment & Training Administration</u>				
WIOA Dislocated Worker Formula Grants	17.278 a	271CM19	22,917	15,581
WIOA Dislocated Worker Formula Grants	17.278 a	271DW19	4,085	-
WIOA Dislocated Worker Formula Grants	17.278 a	271DW20	311,143	116,318
WIOA Dislocated Worker Formula Grants	17.278 a	272DW20	11,594	-
WIOA Dislocated Worker Formula Grants	17.278 a	272DW21	4,760	-
<u>Passed-through Lake Cumberland Area Development District</u>				
WIOA Dislocated Worker Formula Grants	17.278 a	n/a	35,174	-
			<u>389,673</u>	<u>131,899</u>
<i>a - Department of Labor - Workforce Investment Act Cluster</i>				
	<u>1,250,001</u>			
Total U.S. Department of Labor			<u>1,530,556</u>	<u>669,625</u>
<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	2000001397	115,082	-
Metropolitan Planning Organization - E. E-Town Transp. Connectivity Study	20.205	2000001260	196,521	196,521
			<u>311,603</u>	<u>196,521</u>
<u>Federal Transit Administration</u>				
<u>Passed-through Kentucky Transportation Cabinet</u>				
Metropolitan Transportation Planning - Section 5303	20.505	P030120442	2,373	-
Total U.S. Department of Transportation			<u>313,976</u>	<u>196,521</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	2,719	1,097
Title VII Ombudsman Services	93.042	PON2 725 2000002714	6,360	3,692
COVID 19-Title VII Ombudsman Services	93.042	PON2 725 2000002714	6,688	3,882
Title III-D Disease Prevention-Health Promotion	93.043	PON2 725 2000002717	1,055	240
Title III-B Supportive Services	93.044 b	PON2 725 2000002717	117,488	78,623
COVID 19-Title III-B Supportive Services	93.044 b	PON2 725 2000002717	80,425	53,820
Title III-C Nutrition Services	93.045 b	PON2 725 2000002717	426,803	371,865
COVID 19-Title III-C Nutrition Services	93.045 b	PON2 725 2000002717	515,510	449,153
Medicaid Assistance Program - No Wrong Door	93.778	PON2 725 2000004400	32,500	
Title III-E National Family Caregiver Support	93.052	PON2 725 2000002717	80,056	36,932
COVID 19-Title III-E National Family Caregiver Support	93.052	PON2 725 2000002717	44,941	20,733
Nutrition Services Incentive Program (NSIP)	93.053 b	PON2 725 2100000262	67,565	67,565
	<u>1,207,791</u>			
<i>b - Department of Health and Human Services - Aging Cluster</i>				
<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 2000002444	1,000	-
<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 2000000094	1,959	-
Medicare Enrollment Assistance Program - MIPPA AAA	93.071	PON2 725 2100000242	8,384	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON2 725 2000000094	4,320	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON2 725 2100000242	13,254	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON2 725 2000000094	1,550	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON2 725 2100000242	3,707	-
			<u>33,174</u>	<u>-</u>
State Health Insurance Assistance Program	93.324	PON2 725 2000003467	29,256	-
Total U.S. Department of Health and Human Services			<u>1,445,540</u>	<u>1,087,602</u>

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, 2021

	<u>CFDA</u>	<u>Grant</u>	<u>Federal Award</u>	<u>Expenditures To Subrecipients</u>
<u>U.S. Department of Homeland Security</u>				
<u>Federal Emergency Management Agency</u>				
<u>Passed-through Kentucky Division of Emergency Management</u>				
<u>Passed-through Marion County</u>				
Hazard Mitigation Grant	97.039	n/a	29,237	-
Total U.S. Department of Homeland Security			<u>29,237</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,119,288</u>	<u>\$ 1,953,748</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

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, 2021. 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	\$	299,162
Cash and investment balance at year end		173,744
Administrative expenses paid out of RLF income during year		5,986
Unpaid principal of loans written off during the year		-
Total		478,892
Multiply federal share of RLF		75%
Federal expenditures for SEFA reporting	\$	359,169

Note 5 - EDA CARES Act - Revolving Loan Fund

The District was awarded a CARES Act Revolving Loan Fund grant. The grant was awarded on July 24, 2020 for \$550,000. \$500,000 to be used for loans and \$50,000 for administrative services. As of June 30, 2021, LTADD had requested \$169,300 for approved loans. 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	\$	149,323
Cash and investment balance at year end		11,321
Administrative expenses paid out of RLF income during year		-
Total		160,644
Multiply federal share of RLF		100%
Federal expenditures for SEFA reporting	\$	160,644

Note 6 - 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 7 - 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	\$	3,752,845
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		359,169
Programs with timing differences in revenue/expenditure recognition for grant administration services passed through local sources:		
Community Development Block Grants - State program		15,930
Economic Development Administration - Revolving Loan Fund program included on SEFA that is disbursed in the current year:		
Recognized in revenue but funds not received at June 30		(9,300)
Interest from loans and bank account		644
Total Expenditures of Federal Awards	\$	4,119,288

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

Note 8 - 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.	\$ 894
Title III-B Supportive Services	Catholic Charites of Louisville	27,301
Title III-B Supportive Services	Central KY Community Action Council	47,072
Title III-B Supportive Services	Lifeline Homecare, Inc.	47,469
Title III-B Supportive Services	Legal Aid Society Inc.	10,462
Title III-C1 Nutrition Services	Central KY Community Action Council	199,265
Title III-C1 Nutrition Services	Dietary Consultants, Inc.	710
Title III-C2 Nutrition Services	Central KY Community Action Council	276,777
Title III-C2 Nutrition Services	Dietary Consultants, Inc.	1,481
Title III-C2 Nutrition Services	Purfoods, LLC	342,163
Title III-D Health Prevention	Central KY Community Action Council	240
Title VII Elder Abuse	Catholic Charites of Louisville	1,097
Title VII Ombudsman	Catholic Charites of Louisville	7,574
Title III-E FCGP	Lifeline Homecare, Inc.	57,532
Nutrition Service Incentive Program	Central KY Community Action Council	67,565
Total Aging		1,087,602
Transportation		
MPO E. E-town Connectivity Study	Qk4	196,521
Total Transportation		196,521
Workforce Innovation & Opportunity Act		
Adult	AGC Automotive America	29,995
Adult	Heartland Communication Consultants, Inc.	52,886
Adult	Lake Cumberland Area Development District	189,072
Adult	Montebello Packaging	9,672
Adult	Strategy Matters	12,564
Dislocated Workers	Heartland Communication Consultants, Inc.	32,036
Dislocated Workers	Lake Cumberland Area Development District	88,987
Dislocated Workers	Strategy Matters	7,490
Dislocated Workers	Whitworth Tool	3,386
National Emergency Grant	Lake Cumberland Area Development District	6,578
National Emergency Grant	American Fuji Seal	15,000
Trade	AGC Automotive America	27,425
Unemployment Insurance	Heartland Communication Consultants, Inc.	22,848
Unemployment Insurance	Lake Cumberland Area Development District	74,197
Youth	Elizabethtown Community & Technical College	11,167
Youth	Heartland Communication Consultants, Inc.	35,897
Youth	Lake Cumberland Area Development District	46,317
Youth	Strategy Matters	4,108
Total Workforce Innovation & Opportunity Act		669,625
Total Funds Passed Thru to Subrecipients		\$ 1,953,748

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, 2021, 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 January 19, 2022.

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

January 19, 2022

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, 2021. 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, 2021.

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

January 19, 2022

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

Year Ended June 30, 2021

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:

11.307 Economic Adjustment Assistance
 Workforce Innovation & Opportunity Act Cluster:
 17.258 WIOA Adult Program
 17.259 WIOA Youth Activities
 17.278 WIOA Dislocated Worker Formula Grants

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.