



**BLUEGRASS AREA DEVELOPMENT
DISTRICT, INC.**

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

JUNE 30, 2013

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Bluegrass Area Development District, Inc. (BGADD), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise BGADD'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.

To the Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of BGADD as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule, and the notes to the budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic consolidated 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise BGADD's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

To the Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

The accompanying schedule of expenditures of federal awards, Kentucky Joint Funding Administration Program, and the department schedules, as listed in the table of contents, 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 accompanying schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statement as a whole. The cost allocation policy is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2014 on our consideration of BGADD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BGADD's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
February 26, 2014

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended June 30, 2013

As management of the Bluegrass Area Development District (BGADD), we present readers a narrative overview of the financial activities for the year ended June 30, 2013. This discussion and analysis is to assist the reader in their assessment of the financial condition of BGADD and should be read in conjunction with the basic financial statements.

Nature of Organization and Reporting Entity

BGADD was created in 1971, through articles of incorporation and Kentucky state law, for the purpose and promotion of economic development and the establishment of a framework for joint Federal, State, and Local efforts, directed to the social, economic, and physical development of a 17-county region in central Kentucky.

In evaluating BGADD 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 Board Codification, BGADD is a separate reporting entity.

Overview of the Financial Statements

The financial statements for the fiscal year ended June 30, 2013, consist of three parts: A) management's discussion and analysis, B) the basic financial statements and C) required supplementary information. Furthermore, the basic financial statements include two different presentations or views of the statements known as government-wide financial statements and fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide information about the activities of BGADD as a whole and present a longer-term view of BGADD's finances. The government wide-financial statements include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all assets and liabilities of BGADD providing detail about the amounts of investments in resources and the obligations to creditors. Considering the Statement of Net Position, one can measure the financial position as well as accessing the liquidity and financial flexibility of BGADD in view of the years' activities.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended June 30, 2013

Fund Financial Statements

The fund financial statements focus on segmented parts of BGADD, rather than as a whole and present a short-term view of governmental activities and how various services were financed. Fund financial statements also report BGADD's operations in more detail than the government-wide statements by providing information about BGADD's most significant funds. BGADD's basic services are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance BGADD's programs. We describe the differences between governmental wide (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation of the fund financial statements.

Budgetary Highlights

In fiscal year (FY) 2013, BGADD had an initial budget of approximately \$27.1 million designating approximately \$18.8 million as passthrough expenses. The original budget was amended at year-end as a final budget, reflecting information about current and anticipated contracts. The original budget increased by \$1.5 million in revenues resulting in a final budget of \$28.6 million in revenues. Of this amount, \$19.9 million was passthrough. This difference is mainly attributed to the Workforce Investment Act (WIA) and local service grants in which BGADD was awarded additional grant funds through FY13 totaling \$2.1 million. In the original budget the Consumer Directed Option (CDO) program was estimated to grow by 12% and Aging programs were estimated using FY12 revenues. However the CDO program experienced only 11% growth in FY13. Aging programs budget declined by \$217,000 from FY12 and was adjusted in the final budget. Actual revenues for this fiscal year were \$24.1 million while actual passthrough expenses were \$16.8 million.

Capital Assets and Debt Administration

BGADD's capital assets are land, buildings, furnishings, security cameras, computer equipment, software, a Jeep Cherokee, Chevy Blazer and a mobile one computer lab. BGADD has leasehold improvements such as an electronic controller for entry into the building, panels for cubicles, carpet, and a closet built around a server, etc. Capital assets have a total purchase cost of approximately \$1.79 million with accumulated depreciation of approximately \$736,000. Net capital assets are approximately \$1.05 million.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the year ended June 30, 2013

Financial Analysis

I. Statement of Net Position

Table 1: Condensed Statement of Net Position

	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 3,207,491	\$ 3,042,816	\$ 164,675	5.41%
Capital and noncurrent assets	1,052,459	1,135,376	(82,917)	-7.30%
Total assets	<u>\$ 4,259,950</u>	<u>\$ 4,178,192</u>	<u>\$ 81,758</u>	1.96%
Liabilities				
Current liabilities	\$ 1,270,216	\$ 1,261,632	\$ 8,584	0.68%
Long-term liabilities	382,062	336,350	45,712	13.59%
Total liabilities	<u>\$ 1,652,278</u>	<u>\$ 1,597,982</u>	<u>\$ 54,296</u>	3.40%
Net position				
Investment in capital assets, net of related debt:	\$ 1,052,459	\$ 1,135,376	\$ (82,917)	-7.30%
Restricted:				
Aging programs	181,172	302,275	(121,103)	-40.06%
Workforce investment act	1,039	27,200	(26,161)	-96.18%
Unrestricted	1,373,002	1,115,359	257,643	23.10%
Total net position	<u>\$ 2,607,672</u>	<u>\$ 2,580,210</u>	<u>\$ 27,462</u>	1.06%

Assets

Total assets for FY13 were approximately \$4.26 million with current assets being approximately 75 percent of the total. Total assets increased approximately \$82,000 between FY12 and FY13 primarily attributable to a positive change in net position and an increase in liabilities. Federal and State receivables increased from approximately \$1.30 million at June 30, 2012 to \$1.74 million at June 30, 2013. Cash decreased approximately \$295,000 due to increases in receivables. Investments were stable year over year.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended June 30, 2013

Liabilities

Current liabilities were stable year over year as there were offsetting increases and decreases in contracts payable and unearned grant revenue. Long-term liabilities increased by approximately \$46,000 due to an increase in accrued annual leave at year end.

Net Position

Net position for governmental activities was approximately \$2.61 million and \$2.58 million at June 30, 2013 and 2012, respectively. The FY13 amount includes approximately \$1.05 million invested in capital assets, net of related debt, \$182,000 of restricted net position, and \$1.37 million unrestricted. The FY12 amount includes approximately \$1.14 million invested in capital assets, net of related debt, \$330,000 of restricted net position, and \$1.12 million unrestricted. Overall, net position increased approximately \$27,000 in FY13.

II. Statement of Activities

Revenues

BGADD recognized revenues of approximately \$24.1 million and \$23.5 million in FY13 and FY12, respectively. Significant changes in revenues are as follows:

- Mapping/Geographic Information Systems - \$51,000 decrease
- Aging programs - \$143,000 decrease
- Consumer Direct Option - \$912,000 increase
- Workforce Development - \$308,000 increase
- Homeland Security - \$417,000 decrease

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended June 30, 2013

Table 2: Condensed Statement of Activities

	2013	2012	\$ Change	% Change
Revenues				
Operating grants and contributions	\$ 22,784,182	\$ 22,166,188	\$ 617,994	2.79%
Charges for services	1,355,367	1,341,944	13,423	1.00%
Interest	2,963	7,651	(4,688)	-61.27%
Total revenues	24,142,512	23,515,783	626,729	2.67%
Expenses				
Workforce Development	5,165,864	4,866,848	299,016	6.14%
Aging Programs	6,757,593	6,901,066	(143,473)	-2.08%
Consumer Directed Option	10,179,965	9,283,348	896,617	9.66%
Homeland Security	59,920	477,128	(417,208)	-87.44%
Regional Coordination, JFA	410,252	447,427	(37,175)	-8.31%
Water and Sewer Planning and Tech. Asst.	280,458	274,575	5,883	2.14%
Mapping/Geographic Information Systems	210,058	263,828	(53,770)	-20.38%
Planning and Zoning Technical Assistance	101,856	94,530	7,326	7.75%
Transportation Planning	224,511	134,793	89,718	66.56%
Economic Development Planning and Tech. Asst	119,037	116,682	2,355	2.02%
Community and Infrastructure Admin	251,622	224,201	27,421	12.23%
Non-grant	211,030	155,261	55,769	35.92%
Management Services	26,747	25,245	1,502	5.95%
Hazard Mitigation	1,125	17,512	(16,387)	-93.58%
Positive Recovery Outreach				
Outcome Focus	115,012	63,441	51,571	100.00%
Total expenses	24,115,050	23,345,885	769,165	3.29%
Change in net position	\$ 27,462	\$ 169,898	\$ (142,436)	83.84%

Revenues from Workforce Investment Act (WIA) program increased \$308,000 from FY12. This is mainly attributable to an increase of spending in formula dollars such as Adult funds in the amount of \$700,500. With the economy slowly rebounding, more jobs are becoming available; as a result On the Job Training (OJT) contracts have increased with the direction of the Workforce Investment Board. Youth revenues increased slightly in the amount of \$61,000 as well as Incentive revenues of \$70,500. In comparison to FY12, the WIA program was awarded Statewide Reserve funds such as the WIB Initiative, Advance Manufacturing, One Stop Certification, Work Ready, Incumbent Worker, New Age Lead, and Business Redesign totaling \$135,000 in revenues. There is also a decrease in Trade Revenues of \$206,000. This is a direct result of a decline in companies moving overseas in FY13, therefore impacting the demand for training. In comparison to FY12, National Emergency Grants (NEG) funds did decrease by \$334,000 to accommodate non-trade business layoffs and Dislocated Worker spending decreased by \$121,000.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended June 30, 2013

Revenues from the Consumer Directed Option (CDO) program have increased approximately \$910,000 or 9.47% from FY12 to FY13. Comparative to prior year growth of 14%, growth has declined by 4%. With the CDO program keeping seniors and the disabled in their homes, rather than in an institutionalized setting, we are still seeing demands for this service as well as the financial impact on BGADD as a whole.

The Aging programs total revenues decreased by \$143,000 or 2% relative to FY12. There were increases and decreases within the Aging programs due to the elimination and addition of programs. One of the key differences relates to the elimination of the MIPPA, CDSMP and Money Follows the Person programs resulting in a decrease of \$202,000 in revenue from FY12. The Homecare, Title V and Alzheimer's programs experienced a decline in revenue collectively of \$98,000. Alternatively, there were increases to the Title III and Title III-D program of \$71,000 as well as Case Management of \$34,000, NSIP of \$26,000, KY Caregiver of \$12,000 and SHIP of \$2,000. In addition to these increases, funds were awarded for the following addition of programs: CDSME, TBI, Fast, Arthritis and the Restaurant Voucher program totaling approximately \$12,000. These increases and decreases are based upon availability of funding from Federal and State sources.

Lastly, another large difference in revenue is related to Homeland Security funds reflecting a decrease of \$417,000 from prior year. The Regional Radio project decreased by \$208,000 and the Mobile Data Computers (MDC) project decreased as well by \$167,000 compared to FY12. The Hazmat contract was not awarded in FY13 therefore resulting in a decline of \$36,000 in revenue from FY12. Homeland Security funds are based upon demand of the local communities and more so based upon availability from federal sources.

Expenses

Expenses for FY13 total \$24.12 million. FY12 expenses were \$23.35 million. This increase of \$769,000 is largely due to increases in WIA and CDO programs. Changes in expenses directly correlate with changes in revenues with the majority of the funding designated for passthrough expenses. One example relates to the CDO program. Using passthrough expenses of participants as a measurement for growth in the CDO program, in FY12 expenses were reported as \$7.3 million while in FY13 expenses were \$8.1 million with a net difference of \$794,000. This represents an 11% increase. Interestingly enough, in FY11, payroll expenses were \$6.3 million with a growth rate of 15.73% from FY11 to FY12, a decline in growth rate of 4.73% suggesting that this program is finally maintaining a more constant growth rate and more of a leveling of growth as in prior years. Please see Table 3 for more detailed information.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended June 30, 2013

Table 3: CDO Passthrough Expenses

	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>% Change</u>
CDO Pass Thru Expenses				
Employee Wages	\$ 7,194,504	\$ 6,573,819	\$ 620,685	9.44%
Employee Burden	603,456	543,274	60,182	11.08%
Independent Contractors	258,719	162,727	95,992	58.99%
Other expenses	41,280	24,429	16,851	68.98%
Total Expenses	<u>\$ 8,097,959</u>	<u>\$ 7,304,249</u>	<u>\$ 793,710</u>	<u>10.87%</u>

Furthermore, analyzing WIA passthrough expenses, in FY12 expenses were reported as \$2.4 million compared to FY13 of \$2.9 million, an increase of \$228,000 or 8%.

BGADD's expenses for governmental activities total \$24.12 million for FY13. Social programs represent 91.65% of all governmental activities, which slightly increased from the prior year at 90.17%. Program expenses as a percentage of total expenses are as follows:

Table 4: Program Expenses

	<u>2013</u>	<u>2012</u>
Program Expenses % of Total Expenses		
Workforce Development	21.42%	20.85%
Aging Programs	28.02%	29.56%
Consumer Directed Option	42.21%	39.76%
Homeland Security	0.25%	2.04%
Regional Coordination, JFA	1.70%	1.92%
Water and Sewer Planning and Tech. Asst.	1.16%	1.18%
Mapping/Geographic Information Systems	0.87%	1.13%
Planning and Zoning Technical Assistance	0.42%	0.40%
Transportation Planning	0.93%	0.58%
Economic Dev. Planning and Tech. Asst.	0.49%	0.50%
Community and Infrastructure Admin	1.04%	0.96%
Non-grant	0.88%	0.67%
Management Services	0.11%	0.11%
Hazard Mitigation	0.02%	0.07%
Positive Recovery Outreach		
Outcome Focus	<u>0.48%</u>	<u>0.27%</u>
	<u>100.00%</u>	<u>100.00%</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the year ended June 30, 2013

Economic Factors and Year End Financial Position

BGADD's financial stability is attributable to state and federal social programs. Revenues related to local government services have slightly changed over the past couple of years with slight increases and decreases on certain contracts. However as a whole, local revenues haven't increased significantly, largely because of the financial strains on the local economy with state budget cuts.

Concerns for BGADD are rising health insurance costs along with increases in pension rates and its impact on employer burden. In 2013, BGADD maintained health insurance with United Health Care, and received only a .8% increase in rates from 2012 to 2013 with slight differences in coverage. To help prevent health insurance premium increases in the future, BGADD maintains a wellness program to promote healthy lifestyles for a healthier workforce. The County Employees Retirement System (CERS), employer contribution rate increased by 3.1% from FY12. In FY12, it was 18.96% while in FY13 it was 19.55%. In FY14, the CERS rate will decrease to 18.89%. This will have an impact on BGADD's, employer burden. We will be addressing these issues and will have to manage these costs appropriately.

BGADD will be able to manage its programs even if the region faces budget cuts and/or shortfalls. At the beginning of the fiscal year, we anticipated large cuts and ended the year with an unassigned fund balance of \$1.4 million, a \$348,000 increase from FY12. Overall, BGADD increased its total net position by \$27,000 to \$2.6 million. We are hopeful that even through increased burden costs and budget shortfalls in the future, that BGADD will remain with a solid financial position as services expand.



Jacqueline M. Vaught, Chief Financial Officer
Bluegrass Area Development District

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>		<u>Governmental Activities</u>
Assets		Liabilities and Net Position	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 612,750	Accounts payable and payroll liabilities	\$ 238,183
Investments	474,129	Contracts payable	576,720
Accounts receivable:		Accrued annual leave	52,099
Federal and state government (net)	1,741,570	Unearned grant revenue	<u>403,214</u>
Local governments	303,899	Total current liabilities	<u>1,270,216</u>
Other	10,454		
Prepaid expenses	<u>64,689</u>	Long-term liabilities:	
Total current assets	<u>3,207,491</u>	Accrued annual leave	<u>382,062</u>
		Total liabilities	<u>1,652,278</u>
Land	395,400	Net position:	
Buildings and improvements	673,172	Investment in capital assets, net of related debt	1,052,459
Leasehold improvements	33,356	Restricted:	
Equipment	<u>686,924</u>	Aging programs	181,172
		Workforce Investment Act	1,039
Total capital assets	1,788,852	Unrestricted	<u>1,373,002</u>
Less accumulated depreciation	<u>736,393</u>	Total net position	<u>2,607,672</u>
Net capital assets	<u>1,052,459</u>	Total liabilities and net position	<u>\$ 4,259,950</u>
Total assets	<u>\$ 4,259,950</u>		

See accompanying notes to financial statements.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2013

<u>Functions/Programs</u>	<u>Direct Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:						
Community and Infrastructure						
Development Grants Administration	\$ 189,679	\$ 61,943	\$ 236,765	\$ 14,857	\$	\$ 0
Mapping/Geographic Information Systems	158,699	51,359	162,049	45,483		(2,526)
Aging Programs	6,532,711	224,882	357,384	6,400,209		0
Consumer Direct Option	9,696,966	482,999	141,653	10,396,632		358,320
Workforce Development	4,685,458	480,406	7,335	5,158,529		0
Planning and Zoning Technical Assistance	76,266	25,590	101,856	0		0
Water and Sewer Planning and						
Technical Assistance	211,614	68,844	83,458	197,000		0
Transportation Planning	171,381	53,131	0	107,225		(117,287)
Homeland Security	59,584	336	1,153	58,592		(175)
Economic Development Planning and						
Technical Assistance	90,165	28,872	119,037	0		0
Management Services	21,389	5,358	24,099	0		(2,648)
Hazard Mitigation	861	264	146	979		0
Non-Grant	206,825	4,205	117,057	0		(93,973)
Regional Coordination, JFA	319,110	91,142	750	404,676		(4,826)
Positive Recovery Outreach						
Outcome Focus (PROOF)	115,011		2,625	0		(112,386)
Total governmental activities	<u>\$ 22,535,719</u>	<u>\$ 1,579,331</u>	<u>\$ 1,355,367</u>	<u>\$ 22,784,182</u>	<u>\$ 0</u>	<u>24,499</u>
General Revenues:						
Interest income						2,963
Change in net position						27,462
Net position, beginning of year						2,580,210
Net position, end of year						<u>\$ 2,607,672</u>

See accompanying notes to financial statements.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

ASSETS

Cash and cash equivalents	\$ 612,750
Investments	474,129
Accounts receivable:	
Federal and state government	1,656,565
Local governments	154,022
Other	<u>477</u>
 Total assets	 \$ <u><u>2,897,943</u></u>

LIABILITIES

Accounts payable and payroll liabilities	\$ 238,183
Contracts payable	576,720
Accrued annual leave	52,099
Unearned grant revenue	<u>403,214</u>
 Total liabilities	 <u>1,270,216</u>

FUND BALANCES

Restricted:	
Aging program	181,172
Workforce Investment Act	1,039
Unassigned	<u>1,445,516</u>
 Total fund balances	 <u>1,627,727</u>
 Total liabilities and fund balances	 \$ <u><u>2,897,943</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
June 30, 2013

Fund balance - governmental fund	\$	1,627,727
<p style="margin-left: 40px;">Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Accounts not collected within sixty days of year end are not considered financial resources, and therefore are not reported in the governmental fund financial statements		244,859
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental fund financial statements, net of accumulated depreciation of \$736,393		1,052,459
Prepaid expenses are recorded as expenditures in governmental funds		64,689
Repayment of long term annual leave is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		<u>(382,062)</u>
Net position of governmental activities	\$	<u><u>2,607,672</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
Year ended June 30, 2013

Revenues

Federal and Commonwealth of Kentucky grants	\$ 22,836,097
Local service fees	954,912
Local communities matching funds	354,380
Local annual contributions	113,006
Rental income	2,625
Interest income	<u>2,963</u>
 Total revenues	 <u>24,263,983</u>

Expenditures

Community and Infrastructure Development Grants Administration	250,043
Mapping/Geographic Information Systems	208,749
Aging Programs	6,748,265
Consumer Direct Option	10,167,655
Workforce Development	5,102,018
Planning and Zoning Technical Assistance	101,204
Water and Sewer Planning and Technical Assistance	278,703
Transportation Planning	223,158
Homeland Security	59,911
Economic Development Planning and Technical Assistance	118,301
Management Services	26,610
Hazard Mitigation	1,118
Non-Grant	210,923
Regional Coordination, JFA	407,845
Positive Recovery Outreach Outcome Focus (PROOF)	<u>38,874</u>

Total expenditures 23,943,377

Excess of revenues over expenditures 320,606

Fund balance, beginning of year 1,307,121

Fund balance, end of year \$ 1,627,727

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2013

Net change in fund balances - total governmental funds	\$	320,606
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		16,737
Depreciation expense		(99,654)
Governmental funds report accounts receivable if they are collected within sixty days of year end		(121,472)
Some expenses reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance require current financial resources but are not reported as expenses in the Statement of Activities:		
Change in prepaid expenses		(43,043)
Repayment of long term annual leave is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		<u>(45,712)</u>
Change in net position of governmental activities	\$	<u><u>27,462</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

1. FINANCIAL REPORTING ENTITY

Bluegrass Area Development District, Inc. (BGADD) is a corporation organized under an act of state government which has as its primary purpose the promotion of economic development and the establishment of a framework for joint federal, state and local efforts directed toward providing basic services and facilities essential to the social, economic and physical development of a seventeen county area in Central Kentucky (Kentucky Region XV). Commonwealth of Kentucky Executive Order 71-1267 signed November 16, 1971 (the Order), designated BGADD as the official comprehensive planning and program development agency for Central Kentucky. The Order further designated BGADD as the regional clearinghouse pursuant to United States Office of Management and Budget Circular A-95. The 1972 Kentucky Legislature introduced and passed legislation which created and established BGADD under Kentucky law. The Attorney General in Opinion of the Attorney General 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, BGADD has entered into various agreements, memoranda of agreements and contracts, all of which are subject to the financial management policies of BGADD.

BGADD receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, BGADD 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 BGADD'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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of BGADD have been prepared in accordance 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 standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

a. Functional Area Descriptions

- i. *Community and Infrastructure Development Grants Administration.* BGADD administers Housing and Urban Development Community Development Block Grants (CDBG) within the 17-county region. Transportation Enhancement T-21 projects are also administered under this functional area. These projects expand water and sewer systems, and construct buildings for community purposes.
- ii. *Mapping/Geographic Information Systems.* This functional area gathers, analyzes, and distributes geographical information to assist local, state, and federal government. The data inventories road centerlines, water and sewer systems, structures, and other geo-referenced attributes.
- iii. *Aging Programs.* The Area Agency on Aging operates as a part of a national network to develop and coordinate a comprehensive service delivery system to meet the needs of seniors in Central Kentucky. HOMECARE is funded with a state appropriation to offer services to seniors who need assistance in order to avoid nursing home placement. Services offered are home-delivered meals, personal in-home care, home repairs, homemaking and escorted transportation. The Older Americans Act Title III provides funding for Senior Centers within the region. Title III funds are used to provide congregate meals at the centers, and to assist centers with program development for the benefit of seniors. Adult Day Care centers are funded to provide a safe and stimulating environment for frail older adults, who can't live independently, but who don't require 24-hour institutional care. The program also gives caregivers respite from the continuous pressures of full-time care by allowing them to be away from their older person without concern for their safety and happiness. The Family Caregiver Support Program provides information, referral, training, support groups, temporary respite services, and some supplemental services to caregivers of older persons in the 17 Central Kentucky counties.
- iv. *Consumer Direct Option.* The Consumer Directed Option Medicaid Waiver program (CDO) provides services to Medicaid recipients whom traditionally are under the care of Home Health agencies. This program enables individuals to hire their own care givers. Under the CDO program services provided are personal in-home care, homemaking, respite, and adult day care.
- v. *Workforce Development.* Workforce Development projects are mostly funded by the U.S. Department of Labor. This functional area oversees five comprehensive One-Stop centers in the region, which work with the unemployed and local businesses. Due to the high number of plant closures, several Rapid Response and National Emergency Grants have been funded for the region to augment the Dislocated Worker initiative. There are also six youth programs funded within the region.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

- vi. *Planning and Zoning Technical Assistance.* This functional area provides technical assistance to local planning commissions under contract. Anderson, Bourbon, Garrard, Jessamine, and Lincoln counties received technical assistance services under contract.
- vii. *Water and Sewer Planning and Technical Assistance.* Water and sewer technical assistance was provided to the region under an agreement with the Environmental Protection Agency and the Kentucky Infrastructure Authority. This agreement funded a study to regionalize the water systems within the region. Several other contracts were administered.
- viii. *Transportation Planning.* The Kentucky Department of Transportation funds a full-time transportation planner to serve the needs of the region. Additionally, BGADD is implementing a Transportation Safety Program on behalf of the Kentucky Department of Transportation.
- ix. *Homeland Security.* The Kentucky Office of Homeland Security (KOHS) provided funds for BGADD to assist local entities in completing the National Incident Management Comprehensive Assessment Tool (NIMCAST). In addition, BGADD administered KOHS pass-through funds for local entities to better equip, and therefore, prepare the Bluegrass Area to detect, deter, respond, and recover from a weapons of mass destruction incident or other terrorist attack.
- x. *Economic Development Planning and Technical Assistance.* This functional area provides staffing to the Industrial Authorities within the region. Bourbon, Anderson and Lincoln counties received staffing assistance. Additionally, assistance was provided to the Kentucky Cabinet for Economic Development and local businesses.
- xi. *Management Services.* This functional area provides billing services to two city utilities and technical computer assistance to four counties. Additionally, this area assists units of local government with small project initiatives.
- xii. *Hazard Mitigation.* Pre-Disaster Mitigation is under the Department of Military Affairs, Division of Emergency Management whereas the funds are used to update a multi-jurisdictional, multi hazard mitigation plan. In the plan, efforts are directed toward recognizing potential natural hazards within the 17-county region. The plan assesses areas of vulnerability and potential costs of future events in order to guide local counties in their approach of mitigating. Furthermore, the plan enables counties to become eligible for disaster relief funding.
- xiii. *Non-Grant.* These costs are costs for training and industrial recruitment, which are not covered by federal and state grants.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

xiv. *Regional Coordination Joint Funding Administration (JFA)*. The U.S. Economic Development Administration, the Appalachian Regional Commission and the U.S. Department for Housing and Urban Development create the Joint Funding Administration, which seeks to coordinate the different levels of government: local, state, and federal. This funding provides a framework of committees made up of locally appointed individuals to address the needs of government.

xv. *Positive Recovery Outreach Outcome Focus (PROOF)*. Re-entry initiative designed to reduce recidivism and associated costs by encouraging jails/prisons, social service providers, and other agencies to work together to reduce the barriers that often cause recidivism.

b. Reporting Entity

In evaluating how to define BGADD, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether BGADD is able to exercise oversight responsibilities.

c. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position and Statement of Activities display information about BGADD as a whole. These statements include all funds of BGADD. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange revenues.

d. Fund Financial Statements

Governmental Funds. BGADD does not have a general fund as each grant or contract is accounted for in the general ledger separately. As such, all grants or contracts are considered to be non-major funds.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

e. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus. In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus is the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting. In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, government funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period (generally 60 days) or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Estimates and Assumptions. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

f. Indirect Costs

Indirect costs were distributed over the benefiting programs on the basis of direct salary and employee benefit charges. Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one program, and (b) not readily assignable to the programs specifically benefited without effort disproportionate to the results achieved.

g. Assets, Liabilities, and Net Position

Cash and Investments. For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all bank demand and savings accounts of BGADD.

Investments. Investments consist of certificates of deposit that are carried at cost which approximates fair value.

Accounts Receivable. Accounts receivable in the statement of net position consist of amounts earned, but uncollected under various grant agreements with federal, state, and local governments. The balance reported in the statement of net position includes an allowance for doubtful accounts totaling approximately \$52,000. Accounts receivable in the governmental fund balance sheet consist of amounts collected within sixty days of year end.

Capital Assets. The accounting treatment for capital assets (property) used in governmental fund operations depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, property is accounted for as capital assets. All property is valued at historical cost or estimated historical cost if actual is unavailable, except for donated property, which is recorded at the estimated fair value at the date of donation. Assets with an estimated life of greater than one year and a cost in excess of \$2,500 are capitalized.

Depreciation of all exhaustible property is recorded as an indirect expense in the Statement of Activities, unless the associated equipment is used for a specific program, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the asset's estimated useful lives, primarily using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements.....	2 to 20 years
Leasehold improvements	3 years
Vehicles and equipment	3 to 15 years

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

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

Prepaid Expenses. Prepaid expenses for governmental funds are not reported as assets in the fund financial statements. Related cash disbursements are reported as expenditures in the year they are disbursed.

Long-Term Liabilities. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are recorded as revenue and payment of principal and interest reported as expenditures.

Unearned Grant Revenue. Grant proceeds received in excess of expenditures are reported as unearned grant revenue. The proceeds will be recognized as revenue in the future when grant expenditures have been incurred or the funds will be refunded to the grantor if the grant period has expired.

Accrued Annual Leave. The personnel policies of BGADD allow employees to receive payment for unused vacation and sick leave when they terminate employment in good standing. This liability is recorded in the governmental funds and is reported in the government-wide and fund financial statements. In the government-wide financial statements, the portion estimated to be paid out in the upcoming year is recorded as a current liability. The remainder is reported as a long-term liability. In the fund financial statements, only the amount estimated to be paid out in the upcoming year is reported.

Equity Classifications. Government-wide financial statements classify equity as net position. It is displayed in three components:

- i. *Invested in capital assets, net of related debt* consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.
- ii. *Restricted net position* consists of net position with constraints placed on the use either by:
 - (1) External groups such as creditors, grantors, contributors, or laws or regulations of other governments, and
 - (2) Law through constitutional provisions or enabling legislation.

All amounts included in restricted net position were expendable at June 30, 2013.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

- i. *Unrestricted net position* consists of all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

BGADD considers restricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balances:

In the fund financial statements, governmental funds report the following classifications of fund balance:

- i. *Nonspendable fund balances* consist of amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- ii. *Restricted fund balances* consist of amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- iii. *Committed fund balances* consist of amounts that can only be used for specific purposes.
- iv. *Assigned fund balances* consist of amounts that BGADD intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- v. *Unassigned fund balances* consist of amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

BGADD considers restricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unassigned fund balances are available. This policy applies to committed and assigned fund balances as well.

h. Revenues and Expenses

Federal and State Grants. Proceeds from federal and state grants are generally to be used for specific projects as outlined in the grant agreement and are not available to be used at the discretion of BGADD. Receipt of federal and state grant funds are recognized as revenue when the related expenditure is incurred.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

Local Service Fees. Cities and counties within the 17-county Region XV contract with BGADD to provide services for them that they are unable to undertake themselves. These services include, but are not limited to, community and infrastructure development, mapping assistance, planning and zoning, economic development, water and sewer planning, and management services. Receipt of these funds is recognized as revenue when the related expense is incurred.

Local Communities Match. Some grants received from the federal and state government require the grantee to provide matching funds. When these funds are passed through to a subrecipient, the match requirements also pass through to the subrecipient. As such, the subrecipient is required by BGADD to send them the matching funds. BGADD will then return these funds to the subrecipient to ensure that local matching funds are used to provide program services.

Local Annual Contributions. This revenue consists of contributions to BGADD by the various cities and counties within the 17-county Region XV. These funds are used by BGADD to support activities of BGADD, which are not related to specific grants.

Expenditures/Expenses. In the government-wide financial statements, expenses are classified by function for governmental activities. All direct expenses have been charged as a direct cost to the program in which it benefits. Indirect costs have been charged to governmental activities, based on a cost allocation policy in which indirect costs are allocated to activities based on direct salaries of the program.

3. INCOME TAXES

BGADD is an organization exempt from income taxes under Internal Revenue Code Section 115. As such, it does not file income tax returns.

4. DEPOSITS

Cash and Investments. Custodial credit risk for deposits is the risk that in the event of a bank failure, BGADD funds on deposit with the banks may not be returned, or BGADD will not be able to recover collateral securities in the possession of an outside party. As of June 30, 2013, approximately \$616,000 of BGADD's cash and investments were in excess of federally insured amounts. This amount was collateralized by securities held by the pledging financial institution's trust department, but not in BGADD's name.

BGADD's investment policy limits investments to (a) direct obligations of the United States Treasury (U.S. Treasury bills or notes); (b) obligations of United States Government agencies and corporations, (c) re-purchase agreements of United States Government obligations as described in (a) and (b) and (d) certificates of deposit collateralized by direct obligations of the U.S. Treasury, direct obligations of the Commonwealth of Kentucky, or obligations of United States agencies and corporations.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. BGADD does not have a policy related to interest rate risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of BGADD's investment in a single issuer. BGADD does not have a policy related to concentrations of credit risk.

Investments at June 30, 2013 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificates of deposit	\$ <u>474,129</u>	\$ <u>474,129</u>	0.49%	< 1 year

5. CAPITAL ASSETS

Activity related to capital assets for the year ending June 30, 2013 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Governmental activities:				
Land	\$ 395,400	\$	\$	\$ 395,400
Buildings and improvements	673,172			673,172
Leasehold improvements	33,356			33,356
Equipment	<u>670,187</u>	<u>16,737</u>		<u>686,924</u>
	<u>1,772,115</u>	<u>16,737</u>	<u>0</u>	<u>1,788,852</u>
Less accumulated depreciation:				
Buildings and improvements	30,392	72,498		102,890
Leasehold improvements	32,480	875		33,355
Equipment	<u>573,867</u>	<u>26,281</u>		<u>600,148</u>
	<u>636,739</u>	<u>99,654</u>	<u>0</u>	<u>736,393</u>
Net capital assets	\$ <u>1,135,376</u>	\$ <u>(82,917)</u>	\$ <u>0</u>	\$ <u>1,052,459</u>

Depreciation is reported in the following programs:

	<u>Amount</u>
Positive Recovery Outreach	
Outcome Focus	\$ 74,852
Indirect allocation to contracts	<u>24,802</u>
	<u>\$ 99,654</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

6. UNEARNED GRANT REVENUE

Unearned grant revenue at June 30, 2013 includes revenues received, but not earned, for Bluegrass Area Development District, Inc. grants, as follows:

<u>Governmental Funds</u>	<u>Amount</u>
FY13 Aging program (federal)	\$ 318
FY13 WIA program (federal)	10,868
	<u>11,186</u>
FY11 Aging programs (federal)	14,582
FY12 Aging programs (federal)	3,404
Other pre-FY12 federal	11,894
Total pre-FY12 federal	<u>29,880</u>
FY13 Aging (state)	<u>1,650</u>
FY08 CDO (state)	182,532
FY03 Aging programs (state)	47,794
FY01 Aging programs (state)	28,448
FY08 Aging programs (state)	10,589
FY10 Aging programs (state)	9,217
FY05 Aging programs (state)	6,583
Other pre-FY12 state	6,381
Total pre-FY12 state	<u>291,544</u>
Various local grants	<u>68,954</u>
Total Governmental Funds	<u>\$ 403,214</u>

7. ACCRUED ANNUAL LEAVE

Following is activity for accrued annual leave for the year ended June 30, 2013:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
\$ 382,216	\$ 287,612	\$ 235,667	\$ 434,161	\$ 52,099

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

8. PENSION PLAN

County Employees Retirement System. Full-time employees of BGADD participate in the Kentucky Retirement System, Statewide County Employees' Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for BGADD employees covered by the System for the year ended June 30, 2013 was approximately \$3,500,000. BGADD's total payroll for fiscal year 2013 was approximately \$3,780,000.

Retirement dates and benefits are established by state statute as follows:

- a. Normal Retirement Date. A member may elect to retire upon: (1) attaining age 65 for nonhazardous positions or attaining age 55 for hazardous positions and (2) having contributed to the System. Upon completion of 27 years of service credit, 15 of which are current service for non-hazardous positions, or completion of 20 years of service credit for hazardous positions, a member may elect to retire with an unreduced benefit.
- b. Early Retirement Date. A member may elect to retire before the normal retirement date at any time after: (1) for non-hazardous positions, attainment of age 55 and completion of 60 months of service credit at least 12 of which are current, or at any age after 25 years of service, or (2) for hazardous positions, attainment of age 50 and completion of 15 years of service credit.
- c. Normal Retirement Benefits. For non-hazardous positions, upon attainment of age 65 and completion of 48 months of service, of which 12 months are current service, a monthly benefit equal to 2.20% of the member's final compensation multiplied by his years of service will be payable (2.0% for participants starting after July 31, 2004). For hazardous positions, a monthly benefit equal to 2.50% of the member's final compensation multiplied by his years of service will be payable upon attainment of age 55 and completion of 60 months of service of which 12 months are current service. A member, with less than 48 months for non-hazardous positions or 60 months for hazardous positions, who retires on or after the normal retirement date is entitled to a retirement allowance which pays the actuarial equivalent of twice the member's accumulated contributions for life.
- d. Early Retirement Benefits. A member who elects early retirement is entitled to a monthly benefit reduced for each month by which the early retirement date precedes the first date on which the member would qualify for an unreduced benefit. If a non-hazardous position employee has 27 or more years of service credit, an unreduced benefit is payable.
- e. Other Benefits. In addition to the normal and early retirement benefits provided by the system, disability, death, and medical insurance benefits are available.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

Under the Kentucky Revised Statute Section 61.563(3) covered non-hazardous compensated employees are required by state statute to contribute 5.0% of their creditable compensation to the plan (6.0% for participants starting after August 31, 2008). Members occupying hazardous positions, as defined by statute, contribute at the rate of 8.0% of creditable compensation (9.0% for participants starting after August 31, 2008). Employer contribution rates are required to provide 30 year amortization of the unfunded actuarial accrued liability under the level-percentage-of-payroll method, the employer share of the annual normal cost, medical insurance, and the administrative cost of the system. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems each biennium. For non-hazardous compensated employees, the employer contribution rate is 19.55%. For hazardous compensated employees, the rate is 37.60%.

Schedule of Contributions

	<u>Required Employee Contribution</u>	<u>Required Employer Contribution</u>	<u>Required Total Contribution</u>	<u>Percentage of Required Contribution Actually Made</u>
2013	\$ 194,748	\$ 708,408	\$ 903,156	100%
2012	\$ 185,814	\$ 663,223	\$ 849,037	100%
2011	\$ 187,787	\$ 600,335	\$ 788,122	100%

A copy of the County Employees' Retirement System's stand-alone financial statements can be obtained from the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or on the Internet at kyret.ky.gov.

9. CONCENTRATIONS

BGADD's receivables are due primarily from federal, state, and local governments. Receivables totaling approximately \$52,000 related to amounts due on the Consumer Directed Option program have been estimated by management to be uncollectible.

During the year ended June 30, 2013, Bluegrass Area Development District, Inc. received approximately 94.3% of its revenues from federal and state grants.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

10. INSURANCE COVERAGE

BGADD has joined with other cities, counties, and area development districts in a self-insurance program through the Kentucky Association of Counties All Lines Fund (Fund). Under this insurance plan, the Fund could increase assessments to BGADD if the Fund's assets and re-insurance were not sufficient to meet the claims against the Fund. BGADD's coverage is as follows:

General liability.....	\$3,000,000
Errors/Omissions	\$3,000,000
Employment Practices	\$3,000,000
Auto liability	\$1,000,000
Business income.....	\$500,000
Flood.....	\$1,000,000
Crime	\$150,000
Employee dishonesty.....	\$150,000

11. CONTINGENCIES

BGADD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; general liability claims; and natural disasters. BGADD manages these risks through insurance coverage as described in Note 10.

BGADD participates in numerous state and federal grant programs which are governed by various rules and regulations of the funding agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the funding agencies. Therefore, to the extent that BGADD has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any accounts receivable for government grants at June 30, 2013 may be impaired. Based on prior experience, management believes that BGADD will not incur significant losses from possible grant disallowances.

BGADD passes a significant portion of the local, state and federal grant funds it receives through to sub-grantees. BGADD monitors the activities of the sub-grantees and requires that applicable sub-grantees have financial and compliance audits performed. To the extent that audits of sub-grantees indicate failures to comply with applicable grant requirements, BGADD assesses the likelihood of grant refunds payable as a result of such noncompliance, and records a liability for amounts management deems to be in excess of amounts recoverable from the sub-grantee. Management also assesses the likelihood of noncompliance by sub-grantees that have not yet submitted audited results. BGADD has not received all of the fiscal year 2013 audits of its sub-grantees. It is possible that audits of these funds could disclose questionable costs and/or non-compliance with laws, regulations and grant conditions that would have an adverse effect upon the financial statements and reports.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

12. RECENT GASB PRONOUNCEMENTS

GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities,"* issued March 2012, is effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, issued June 2012, will be effective for periods beginning after June 15, 2014. This Statement establishes the accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to certain pensions. It will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for government combinations and disposals of government operations occurring in financial reporting periods for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations (mergers, acquisitions, and transfers of operations) and disposals of government operations. The disclosures required by this Statement will enable financial statement users to evaluate the nature and financial effects of those transactions.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the year ended June 30, 2013

GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for financial reporting periods for periods beginning after June 15, 2013. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. Additional disclosures will be required by both governments that extend and receive financial guarantees.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, issued November 2013, will be required to be applied simultaneously with provisions of GASB Statement No. 68. This Statement amends previous guidance to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

Management has not determined what, if any, effects of implementation of the above statements may have on the financial statements.

13. SUBSEQUENT EVENTS

In July 2013, termination benefits of approximately \$128,000 were paid to a former employee of BGADD. No amounts were accrued at June 30, 2013 as the decision for termination occurred in the subsequent fiscal year.

14. COST ALLOCATION POLICY

BGADD is required by the Department of Local Government, to operate under a cost allocation policy that conforms with 2 CFR Part 225. A summary of the cost allocation policy begins on page 75. The District is in conformity with 2 CFR Part 225.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
BUDGETARY COMPARISON SCHEDULE
Year ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues:			
Operating revenues	\$ 27,131,675	\$ 28,584,725	\$ 24,142,512
Expenses:			
Contracts	19,379,014	20,255,731	9,063,365
Salaries, CDO program	0	0	7,194,504
Burden, CDO employees	0	0	603,456
Salaries	3,516,827	3,476,827	3,459,006
Burden, employees	1,698,647	1,798,647	1,831,126
Travel	280,000	385,000	406,627
Building costs	258,054	258,054	258,054
Dues, fees and subscriptions	166,000	111,500	110,308
Leave	186,115	166,115	146,727
Printing and publishing	100,000	70,000	81,901
Telephone	68,000	68,000	72,015
Computer costs	87,000	87,000	143,239
Non-Grant expenses	60,000	135,000	207,950
Miscellaneous expense	25,000	25,000	6,636
Meeting expense	60,000	45,000	54,197
Board and committee training	85,000	65,000	39,426
Bad debts	0	0	52,129
Equipment purchase	60,000	30,000	48,280
Depreciation and software	24,000	24,000	98,779
Supplies	60,000	50,000	70,548
Postage	30,000	30,000	29,568
Audit expense	35,340	35,340	35,340
Equipment rent	27,500	27,500	24,137
Insurance expense	26,000	28,500	28,440
Utilities	0	0	25,377
Amortization and building usage	2,000	9,000	2,236
Temporary services	12,000	18,500	21,679
Debt service	2,000	2,000	0
Anticipated carry-over	883,178	1,383,011	0
	<u>27,131,675</u>	<u>28,584,725</u>	<u>24,115,050</u>
Net income (loss)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,462</u>

See report of independent auditors
and accompanying notes to budgetary
comparison schedule.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO BUDGETARY COMPARISON SCHEDULE
Year ended June 30, 2013

1. BUDGETING POLICIES

The Executive Director submits an annual budget to the Board of Directors in accordance with BGADD procedures. Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures. Each funds' budget is prepared on a detailed work element/line item basis. Revenues are budgeted by source. Expenditures are budgeted by department, work element and line item. Revisions to the budget were made throughout the year. Because BGADD did not have sufficient information to accurately prepare certain forecasts, some work elements do not have budgets.

The budgets are prepared on the basis of accounting used by the appropriate fund.

The amended budget includes PROOF. Four months budgeted for PROOF.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

Federal Grantor/Program	CFDA Number	Grantor Number	Award Period	Deferred at 06.30.2012	Receivable at 06.30.2012	2013 Federal Expenditures	2013 Federal Receipts	Deferred at 06.30.2013	Receivable at 06.30.2013
MAJOR PROGRAMS									
U.S. Department of Labor									
Passed through Commonwealth of Kentucky Cabinet for Health and Family Services									
Workforce Investment Act Cluster									
WIA Adult Program									
Adult	17.258	273AD13	\$ 10.2012-06.2014	\$	\$	\$ 859,272	\$ 765,350	\$	\$ 93,922
Adult	17.258	273AD12	07.2012 - 06.2013			91,598	91,598		
Adult	17.258	270AD12	07.2010-06.2012		7,015		7,015		
Adult	17.258	273AD12	10.2008-12.2012		76,479		76,479		
Adult	17.258	273AD11	10.2010 - 06.2012			10,639			10,639
Adult	17.258	270AD13	07.2012-6.2014			87,681	83,285		4,396
Industry Partnership - Statewide Reserve	17.258	273SR11	07.2011 - 06.2012		10,805	61,563	54,689		17,679
Industry Partnership - Statewide Reserve	17.258	273SR11	07.2012 - 06.2013			54,195	42,723		11,472
High Impact WIB Initiative - Statewide Reserve	17.258	270SR11	07.2010-6.2013			15,000	15,000		
One Stop Certification - Statewide Reserve	17.258	273SR11	10.2010-06.2013			32,258	18,959		13,299
Work Ready Travel - Statewide Reserve	17.258	270SR11	07.2010-6.2013			146	146		
Incumbent Worker - Statewide Reserve	17.258	270SR11	07.2010-6.2013			6,825			6,825
WIA Youth									
Youth	17.259	274YT12	04.2009 - 06.2012		78,709	419,222	497,931		
Youth	17.259	274YT13	04.2012-6.2014			480,231	368,409		111,822
Stimulus Statewide Reserve HIRE - ARRA	17.259	274SR11	04.2010 - 06.2013		6,226	15,000	6,226		15,000
WIA Dislocated Workers									
Dislocated Worker	17.260	272SR11	07.2011-6.2013			4,250			4,250
Incentive	17.260	271SR11	10.2011-06.2013			73,088	11,475		61,613
Incentive	17.260	272SR11	07.2012 - 06.2013		1,331	9,037	10,368		
NEG OJT Grant	17.260	258OJ10	10.2010-06.2012		6,737		6,735		2
WIA National Emergency Grants									
Incentive	17.277	258SS12	07.2011 - 06.2012	2,530			(2,530)		
NEG	17.277	258MC11	07.2011 - 06.2012		19,594	133,102	144,656		8,040
WIA Dislocated Worker Formula Grants									
Dislocated Worker	17.278	272DW12	07.2012 - 06.2013		83,526	10,067	93,593		
Dislocated Worker	17.278	271DW12	07.2012 - 06.2013	105,826		1,189,939	1,084,113		
Dislocated Worker	17.278	272DW12	07.2012-06.2014			137,176	58,923		78,253
Dislocated Worker	17.278	271DW12	10.2012-06.2014			143,462	147,653	10,868	6,677
Rapid Response	17.278	271CM12	07.2012 - 06.2013		20,018	315,247	335,265		
Rapid Response	17.278	271CM13	10.2012-12.31.2013			26,581			26,581
RR Support	17.278	271RR12	10.2011-06.2013			120,000	96,986		23,014
Total Workforce Investment Act Cluster						<u>4,295,579</u>	<u>4,015,047</u>	<u>10,868</u>	<u>493,484</u>
Total U.S. Department of Labor - major programs						<u>4,295,579</u>	<u>4,015,047</u>	<u>10,868</u>	<u>493,484</u>

See report of independent auditors and accompanying notes to schedule of expenditures of federal awards.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

Federal Grantor/Program	CFDA Number	Grantor Number	Award Period	Deferred at 06.30.2012	Receivable at 06.30.2012	2013 Federal Expenditures	2013 Federal Receipts	Deferred at 06.30.2013	Receivable at 06.30.2013
<u>U.S. Department of Health and Human Services</u>									
Passed through Commonwealth of Kentucky									
Cabinet for Health and Family Services									
<u>Aging Cluster</u>									
<u>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers</u>									
Title III- Admin	93.044	12000001058	07.2012 - 06.2013	722	112,276	253,073	339,147	318	25,798
Title III - SS	93.044	12000001058	07.2012 - 06.2013			777,875	777,875		
<u>Special Programs for the Aging - Title III, Part C - Nutrition Services</u>									
Title III Congregate Meals	93.045	12000001058	07.2012 - 06.2013			426,691	426,691		
Title III Home Delivered Meals	93.045	12000001058	07.2012 - 06.2013			429,893	429,893		
<u>Nutrition Services Incentive Program</u>									
NSIP	93.053	12000001058	07.2012 - 06.2013		42,508	194,879	188,668		48,719
		Total Aging Cluster		722	154,784	2,082,411	2,162,274	318	74,517
<u>Medical Assistance Program</u>									
Consumer Directed Option Fiduciary	93.778	1200001058	07.2012 - 06.2013		61,999	306,031	560,299		55,300
Total U.S. Department of Health and Human Services - major programs				722	216,783	2,388,442	2,722,573	318	129,817
Total major programs				109,078	527,223	6,684,021	6,737,620	11,186	623,301

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

Federal Grantor/Program	CFDA Number	Grantor Number	Award Period	Deferred at 06.30.2012	Receivable at 06.30.2012	2013 Federal Expenditures	2013 Federal Receipts	Deferred at 06.30.2013	Receivable at 06.30.2013
<u>NONMAJOR PROGRAMS</u>									
<u>U.S. Department of Transportation</u>									
Passed through Commonwealth of Kentucky Transportation Cabinet									
<u>Highway Planning and Construction</u>									
Highway Inventory Data Collection Program	20.205	1100006369	07.2010 - 06.2012		6,649		6,649		0
Inventory of Existing Highway Signs	20.205	1200005588	07.2010 - 06.2013		433	36,386	23,460		13,359
				0	7,082	36,386	30,109	0	13,359
<u>U.S. Department of Health and Human Services</u>									
Passed through Commonwealth of Kentucky Cabinet for Health and Family Services									
<u>Special Programs for the Aging - Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation</u>									
Elder Abuse Prevention	93.041	1200001058	07.2012 - 06.2013	0	0	10,009	10,009	0	0
<u>Special Programs for the Aging - Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals</u>									
Title VII Ombudsman	93.042	1200001058	07.2012 - 06.2013	0	0	20,168	20,168	0	0
<u>Department for Aging and Independent Living</u>									
Title III D Preventative Health	93.043	1200001058	07.2012 - 06.2013		11,514	49,220	43,834		16,900
Aging and Disability Resource Center	93.048	1200001058	07.2012 - 06.2013		973	7,000	7,817		156
Aging Alzheimer's	93.051	1200001058	07.2012 - 06.2013		2,497	18,786	20,812		471
MIPPA II - ACA MIPPA AAA/ ACA MIPPA ADRC	93.518	1100002112 3	07.2011 - 06.2012		8,086		8,083		3
Money Follows the Person	93.791	1100002112 3	07.2011 - 06.2012		3,845		3,845		
				0	26,915	75,006	84,391	0	17,530

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

Federal Grantor/Program	CFDA Number	Grantor Number	Award Period	Deferred at 06.30.2012	Receivable at 06.30.2012	2013 Federal Expenditures	2013 Federal Receipts	Deferred at 06.30.2013	Receivable at 06.30.2013
<u>National Family Caregiver Support Title II, Part E</u>									
Aging Family Caregiver Support	93.052	1200001058	07.2012 - 06.2013		55,061	264,532	288,228		31,365
<u>Communities Putting Prevention to Work</u>									
Chronic Diseases and Self Management	93.725	1200001058	07.2012 - 06.2013			3,536	2,643		893
Functional Assessment Service Team (FAST)	93.725	1200001058	07.2012 - 06.2013			479	0		479
Improving Arthritis Outcomes	93.725	1200001058	07.2012 - 06.2013			7,000	0		7,000
				0	0	11,015	2,643	0	8,372
<u>Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluations</u>									
CMS-SHIP	93.779	1200001058	07.2012 - 06.2013		7,290	120,875	119,835		8,330
MIPPA II - ACA SHIP	93.779	1100002112 3	07.2011 - 06.2012		3,110		194		2,916
				0	10,400	120,875	120,029	0	11,246
Total U.S. Department of Health and Human Services - nonmajor programs				0	99,458	537,991	555,577	0	81,872
<u>U.S. Department of Housing and Urban Development</u>									
Passed through Commonwealth of Kentucky									
Department for Local Government									
<u>Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii</u>									
JFA CDBG Program Assistance	14.228	1300000343	07.2012 - 06.2013			26,000	26,000		
<u>U.S. Department of Labor</u>									
Passed through Commonwealth of Kentucky									
Cabinet for Health and Family Services									
<u>Senior Community Service Employment Program</u>									
Aging - Title V	17.235	1200001058	07.2012 - 06.2013		10,066	246,440	248,442		8,064
<u>Trade Adjustment Assistance</u>									
Trade Training	17.245	205BE11	10.2010 - 09.2013	32,951		295,938	262,987		
Trade Training	17.245	205BE12	10.2010 - 09.2013			567,012	559,896		7,116
				32,951	0	862,950	822,883	0	7,116
<u>Jobs for Kentucky Graduates</u>									
Jobs for Kentucky Graduates	17.255	54011000008761	07.2010 - 06.2012		8,000		8,000		
Total U.S. Department of Labor - nonmajor programs				32,951	18,066	1,135,390	1,105,325	0	15,180

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

Federal Grantor/Program	CFDA Number	Grantor Number	Award Period	Deferred at 06.30.2012	Receivable at 06.30.2012	2013 Federal Expenditures	2013 Federal Receipts	Deferred at 06.30.2013	Receivable at 06.30.2013
<u>U.S. Department of Commerce</u>									
Passed through Commonwealth of Kentucky									
Department for Local Government									
<u>Economic Development Support for Planning Organizations</u>									
JFA Community and Economic Development	11.302	1300000343	07.2012 - 06.2013			42,700	42,700		
JFA Management Assistance	11.302	1300000343	07.2012 - 06.2013			10,500	10,500		
JFA Program Administration	11.302	1300000343	07.2012 - 06.2013			16,800	16,800		
				0	0	70,000	70,000	0	0
<u>Appalachian Local Development District Assistance</u>									
JFA ARC Planning and Assistance	23.009	KY-0702C-C42	07.2012 - 06.2013	23,332		93,328	69,996		
<u>Appalachian Research, Technical Assistance, and Demonstration Projects</u>									
ARC Environmental Strategic Plan	23.011	CO-16215-09	07.2012 - 06.2013		15,954	0	15,954		
				23,332	15,954	93,328	85,950	0	0
Total U.S. Department of Commerce - nonmajor programs				23,332	15,954	163,328	155,950	0	0
<u>U.S. Department of Homeland Security</u>									
Passed through Commonwealth of Kentucky									
Department of Military Affairs									
<u>FEMA</u>									
Carlisle Generator Project	97.039	1300000008	07.2012 - 06.2013			844	0		844
<u>Homeland Security</u>									
KOHS Regional MDC	97.067	13000002987	07.2012 - 10.2012			12,456	12,456		
KOHS Team Response	97.067	1200002966	07.2012 - 06.2013			6,136	6,136		
KOHS Regional Radios	97.067	1200003075	02.2012 - 12.2012			40,000	40,000		
Total U.S. Department of Homeland Security - major programs				0	0	58,592	58,592	0	0
<u>Pre-Disaster Mitigation</u>									
Pre-Disaster Mitigation (DCED)	97.047	1000000489	07.2011 - 06.2012		16,859		12,893		3,966
Total nonmajor programs				56,283	150,337	1,896,145	1,888,337	0	101,862
Total				\$ 165,361	\$ 677,560	\$ 8,580,166	\$ 8,625,957	\$ 11,186	\$ 725,163

See report of independent auditors and accompanying notes to schedule of expenditures of federal awards.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

1. GENERAL

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Bluegrass Area Development District, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Although many of these programs are jointly funded by Federal, Kentucky and local sources, only Federal expenditures are reported on this schedule. The amounts shown are based on the Federal share of the combined allocations. The award revenues received and expended are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of BGADD. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, BGADD provided federal awards to subrecipients as follows:

<u>Subrecipient</u>	<u>CFDA Number</u>	<u>Amount</u>
Bluegrass Community Action Partnership	17.235	\$ 241,290
Community Action Council	17.259	74,747
Foothills Community Action Partnership	17.259	149,315
Fort Logan High School	17.259	17,272
Kentucky Educational Development	17.259	27,407
Lexington Fayette Urban County Government	17.259	69,225
Scott County Center for Lifelong Learning	17.259	42,333
Thornhill Education Center	17.259	116,358
Nursing Home Ombudsman Agency of the Bluegrass	93.041	10,009
Nursing Home Ombudsman Agency of the Bluegrass	93.042	20,168
Bluegrass Community Action Partnership	93.044	372,413
Boyle Senior Citizen Center	93.044	48,283
Estill Senior Citizen Center	93.044	37,181
Fayette Lexington Senior Citizen Center	93.044	109,900
Franklin County Council on Aging	93.044	63,851
Harrison County Commission on Aging	93.044	41,389
Kentucky River Foothills Development Council	93.044	162,664
Lincoln Senior Citizen Center	93.044	54,787
Nicholas Senior Citizen Center	93.044	18,252
Northern Kentucky Legal Aid Society	93.044	28,000

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

Nursing Home Ombudsman Agency of the Bluegrass	93.044	29,000
Bluegrass Community Action Partnership	93.045	900,978
Boyle Senior Citizen Center	93.045	19,061
Estill Senior Citizen Center	93.045	18,914
Franklin County Council on Aging	93.045	26,245
Harrison County Commission on Aging	93.045	15,746
Kentucky River Foothills Development Council	93.045	91,322
Lincoln Senior Citizen Center	93.045	24,456
Nicholas Senior Citizen Center	93.045	7,681
Bluegrass Community Action Partnership	93.053	194,879
Northern Kentucky Legal Aid Society	93.779	114,956
Total awards passed through to subrecipients		<u>\$ 3,148,082</u>

3. RECONCILIATION TO FINANCIAL STATEMENTS

Following is a reconciliation of amounts per the accompanying schedule of expenditures of federal awards to the fiscal year 2013 financial statements:

Expenditures per SEFA	\$ 8,580,166
Expenditures for state-funded grants	13,814,124
Expenditures for local grants	1,352,744
Total amount of excess expenditures (self-funded)	253,004
Positive Recovery Outreach	
Outcome Focus (self-funded)	<u>115,012</u>
Total expenditures per statement of activities	<u>\$ 24,115,050</u>
Receivables per SEFA	\$ 725,163
Receivables for state-funded grants	1,068,536
Allowance for doubtful accounts	<u>(52,129)</u>
Net receivables per statement of net assets	<u>\$ 1,741,570</u>
Receipts per SEFA	\$ 8,625,957
Receivable per SEFA, 2013	725,163
Receivable per SEFA, 2012	(677,560)
Deferred revenue per SEFA, 2013	(11,186)
Deferred revenue per SEFA, 2012	165,361
Revenues for state-funded grants	13,956,446
Revenues for local grants	1,352,744
Positive Recovery Outreach Outcome and Focus	<u>2,625</u>
Governmental activities revenues per statement of activities	<u>\$ 24,139,550</u>



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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
Bluegrass Area Development District, Inc.
Lexington, 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 of Bluegrass Area Development District, Inc. (BGADD), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise BGADD's basic financial statements, and have issued our report thereon dated February 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BGADD'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BGADD's internal control. Accordingly, we do not express an opinion on the effectiveness of BGADD'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.

To the Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

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

Purpose of this Report

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

Blue & Co., LLC

Lexington, Kentucky
February 26, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

Report on Compliance for Each Federal Program

We have audited Bluegrass Area Development District, Inc. (BGADD) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of BGADD's major federal programs for the year ended June 30, 2013. BGADD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of BGADD's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BGADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

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 BGADD's compliance.

Opinion on Each Major Federal Program

In our opinion, BGADD 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, 2013.

Report on Internal Control Over Compliance

Management of BGADD is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred above. In planning and performing our audit of compliance, we considered BGADD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BGADD'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.

To the Board of Directors
Bluegrass Area Development District, Inc.
Lexington, Kentucky

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

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

Blue & Co., LLC

Lexington, Kentucky
February 26, 2014

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal Control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes X none reported

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

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

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2013

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.260, 17.277, 17.278	Department of Labor, Workforce Investment Act Cluster - Adult Program; Youth Activities; National Emergency Grants; Dislocated Workers
93.044, 93.045, 93.053	Department of Health and Human Services, Aging Cluster - Special Programs for the Aging Title III, Part B Grants for Programs for the Aging Title III, Part C Nutrition Services; Nutrition Services Incentive Program
93.778	Department of Health and Human Services - Medical Assistance Program; Consumer Directed Option Fiduciary

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

Auditee qualified as low-risk auditee: X yes no

Section II – Findings related to financial statements reported in accordance with
Governmental Auditing Standards

None reported.

Section III – Findings and questioned costs related to federal awards

None reported.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2012

No findings or questioned costs were reported for the year ended June 30, 2012.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
KENTUCKY JOINT FUNDING ADMINISTRATION PROGRAM
Year ended June 30, 2013

	<u>Element No.</u>	<u>Budget</u>	<u>Actual Direct</u>	<u>Actual Indirect</u>	<u>Actual Total</u>
Revenues					
Federal		\$ 189,328	\$ 147,280	\$ 42,048	189,328
State		215,347	167,434	47,914	215,348
Total revenues		<u>404,675</u>	<u>314,714</u>	<u>89,962</u>	<u>404,676</u>
Expenditures					
Community and Economic Development Community Development Block Grant Program Assistance	120	101,272	84,247	22,602	106,849
Appalachian Regional Commission Planning and Assistance	125	52,000	39,130	12,870	52,000
Management Assistance	130	186,656	146,991	39,665	186,656
Program Administration	140	24,903	18,789	6,114	24,903
	150	39,844	29,953	9,891	39,844
Total expenditures		<u>404,675</u>	<u>319,110</u>	<u>91,142</u>	<u>410,252</u>
Revenues over expenditures		<u>\$ 0</u>	<u>\$ (4,396)</u>	<u>\$ (1,180)</u>	<u>\$ (5,576)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2013

	32912 Irvine CDBG Sewer	32003 Boyle Phylben CDBG	32008 Jess Riney B RTP ADM	32017 Versailles Streetscape Ren.	32104 Millersburg Artcroft	32106 Winch Forest Park CDBG	32109 Stanton CDBG
Revenues							
Federal and state:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	<u>3,595</u>	<u>15,373</u>	<u>2,017</u>	<u>8,169</u>	<u>8,569</u>	<u>23,055</u>	<u>16,861</u>
Total revenues	<u>3,595</u>	<u>15,373</u>	<u>2,017</u>	<u>8,169</u>	<u>8,569</u>	<u>23,055</u>	<u>16,861</u>
Expenditures							
Direct costs:							
Salaries	1,841	7,213	264	4,150	4,424	10,973	10,550
Employee burden	713	2,976	129	1,452	1,468	4,466	1,311
Annual leave	94	400	11	383	384	578	91
Travel	29	1,119	3	168	174	1,476	641
Other	0	(1)	1,469	1	0	6	1
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	2,677	11,707	1,876	6,154	6,450	17,499	12,594
Indirect costs applied	<u>918</u>	<u>3,666</u>	<u>141</u>	<u>2,015</u>	<u>2,119</u>	<u>5,556</u>	<u>4,267</u>
Total expenditures	<u>3,595</u>	<u>15,373</u>	<u>2,017</u>	<u>8,169</u>	<u>8,569</u>	<u>23,055</u>	<u>16,861</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2013

	32112 Harrodsburg CDBG	32115 Mt. Valley Recycling CDBG	32128 Allison Abrasive CDBG	32130 Berry CDBG WW Improv	32132 Crab Orchard CDBG	32003 Burgin Water CDBG	32207 Lincoln Manuf CDBG
Revenues							
Federal and state:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	<u>34,134</u>	<u>6,917</u>	<u>10,000</u>	<u>8,956</u>	<u>9,192</u>	<u>15,027</u>	<u>12,600</u>
Total revenues	<u>34,134</u>	<u>6,917</u>	<u>10,000</u>	<u>8,956</u>	<u>9,192</u>	<u>15,027</u>	<u>12,600</u>
Expenditures							
Direct costs:							
Salaries	16,881	3,365	4,864	4,475	5,558	7,513	6,054
Employee burden	6,988	1,442	2,081	1,641	979	3,086	2,510
Annual leave	798	155	227	244	86	380	285
Travel	844	224	329	151	216	233	601
Other	35	2	1	245	1	1	69
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	25,546	5,188	7,502	6,756	6,840	11,213	9,519
Indirect costs applied	<u>8,588</u>	<u>1,729</u>	<u>2,498</u>	<u>2,200</u>	<u>2,352</u>	<u>3,814</u>	<u>3,081</u>
Total expenditures	<u>34,134</u>	<u>6,917</u>	<u>10,000</u>	<u>8,956</u>	<u>9,192</u>	<u>15,027</u>	<u>12,600</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2013

	32210 Cross KY Master Trail	32211 Lawrenceburg CDBG	32212 Paris CDBG	32214 Stanton CDBG Disaster	32230 North Middletown CDBG	32302 Berea CDBG	32303 Berea Water St. CDBG
Revenues							
Federal and state:							
Received	\$ 14,857	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	-	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	2,256	595	1,832	30,000	11,000	234
Total revenues	<u>14,857</u>	<u>2,256</u>	<u>595</u>	<u>1,832</u>	<u>30,000</u>	<u>11,000</u>	<u>234</u>
Expenditures							
Direct costs:							
Salaries	7,297	1,103	308	1,210	16,048	5,201	151
Employee burden	3,198	473	121	93	5,226	2,132	12
Annual leave	427	51	11	0	704	299	0
Travel	159	62	2	62	367	731	13
Other	0	0	0	0	0	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	11,081	1,689	442	1,365	22,345	8,363	176
Indirect costs applied	3,776	567	153	467	7,655	2,637	58
Total expenditures	<u>14,857</u>	<u>2,256</u>	<u>595</u>	<u>1,832</u>	<u>30,000</u>	<u>11,000</u>	<u>234</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
Year ended June 30, 2013

	32304 Jess CDBG Armory Pl.	32305 Carlisle CDBG Water	32314 Berry Storm- Water CDBG	32319 Frankfort Holmes DR	32320 Winchester CDBG	Total Grant Programs
Revenues						
Federal and state:						
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,857
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	<u>2,727</u>	<u>9,601</u>	<u>720</u>	<u>2,236</u>	<u>1,099</u>	<u>236,765</u>
Total revenues	<u>2,727</u>	<u>9,601</u>	<u>720</u>	<u>2,236</u>	<u>1,099</u>	<u>251,622</u>
Expenditures						
Direct costs:						
Salaries	446	4,682	368	1,084	525	126,548
Employee burden	215	2,091	142	464	238	45,647
Annual leave	21	216	22	50	24	5,941
Travel	14	175	5	81	39	7,918
Other	1,794	0	0	1	0	3,625
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	2,490	7,164	537	1,680	826	189,679
Indirect costs applied	<u>237</u>	<u>2,437</u>	<u>183</u>	<u>556</u>	<u>273</u>	<u>61,943</u>
Total expenditures	<u>2,727</u>	<u>9,601</u>	<u>720</u>	<u>2,236</u>	<u>1,099</u>	<u>251,622</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2013

	<u>38001</u> Mapping Assistance	<u>38501</u> BG Pride Support	<u>38810</u> Jessamine GIS T/A	<u>38811</u> FY13 Boyle GIS T/A	<u>38909</u> Franklin E911 T/A	<u>38003</u> Bourbon E911	<u>38004</u> Storm Sewer Mapping
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	<u>3,178</u>	<u>4,524</u>	<u>18,000</u>	<u>8,500</u>	<u>1,018</u>	<u>1,680</u>	<u>84,787</u>
Total revenues	<u>3,178</u>	<u>4,524</u>	<u>18,000</u>	<u>8,500</u>	<u>1,018</u>	<u>1,680</u>	<u>84,787</u>
Expenditures							
Direct costs:							
Salaries	777	2,200	7,390	3,949	470	773	43,526
Employee burden	328	1,016	3,741	1,967	196	318	16,749
Annual leave	40	151	428	231	27	41	1,085
Travel	74	1	3	125	86	69	146
Other	1,563	0	2,433	101	0	87	1,590
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	2,782	3,368	13,995	6,373	779	1,288	63,096
Indirect costs applied	<u>396</u>	<u>1,156</u>	<u>4,005</u>	<u>2,127</u>	<u>239</u>	<u>392</u>	<u>21,691</u>
Total expenditures	<u>3,178</u>	<u>4,524</u>	<u>18,000</u>	<u>8,500</u>	<u>1,018</u>	<u>1,680</u>	<u>84,787</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2013

	38031 Anderson GIS	38125 Harrison 911 T/A	38218 Frankfort ARC Server	38224 Anderson GPS E911	38225 Crab Orchard GIS/GPS	38226 Lawrenceburg Storm Sewer	38227 Wilmore GIS/GPS
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	722	2,089	3,134	9,034	3,702	3,354
Total revenues	0	722	2,089	3,134	9,034	3,702	3,354
Expenditures							
Direct costs:							
Salaries	3,266	333	965	1,128	4,169	1,617	1,553
Employee burden	1,264	139	402	564	1,950	872	831
Annual leave	149	19	55	64	232	79	91
Travel	14	62	176	1	139	21	22
Other	0	0	0	769	342	217	(1)
Contract costs	0	0	0	0	0	0	0
Total direct costs	4,693	553	1,598	2,526	6,832	2,806	2,496
Indirect costs applied	1,630	169	491	608	2,202	896	858
Total expenditures	6,323	722	2,089	3,134	9,034	3,702	3,354
Revenues over expenditures	\$ (6,323)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2013

	38228 Harrison Comp GIS	38229 Paris T/A	38230 KYTC Highway Sign	38238 KYTC Hwy Sign Anderson	38239 KYTC Hwy Sign Boyle	38232 KYTC Hwy Sign Estill	38233 KYTC Hwy Sign Madison
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 10,475	\$ 0	\$ 0	\$ 0	\$ 7,249
Receivable	0	0	0	1,100	5,643	9,956	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	4,350	3,105	0	0	0	0	0
Total revenues	4,350	3,105	10,475	1,100	5,643	9,956	7,249
Expenditures							
Direct costs:							
Salaries	2,049	1,530	4,827	360	2,745	4,789	3,393
Employee burden	989	664	2,047	28	1,089	1,818	1,157
Annual leave	118	89	232	0	118	224	122
Travel	0	31	0	0	0	0	0
Other	101	1	896	573	312	748	941
Contract costs	0	0	0	0	0	0	0
Total direct costs	3,257	2,315	8,002	961	4,264	7,579	5,613
Indirect costs applied	1,093	790	2,473	139	1,379	2,377	1,636
Total expenditures	4,350	3,105	10,475	1,100	5,643	9,956	7,249
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2013

	38234 KYTC Hwy Sign Montgomery	38235 KYTC Hwy Sign Powell	38231 Nicholas E911 T/A	38236 Magoffin E911	38301 Mercer GPS/E911	38303 Mercer 911 Map Update	33900 GIS Vehicle Grant
Revenues							
Federal and State:							
Received	\$ 5,059	\$ 6,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	1,591	4,079	5,000	202	0
Total revenues	5,059	6,001	1,591	4,079	5,000	202	0
Expenditures							
Direct costs:							
Salaries	2,382	2,678	600	1,395	2,211	0	0
Employee burden	858	976	241	593	900	0	0
Annual leave	99	109	32	86	102	0	0
Travel	0	0	18	362	11	0	0
Other	554	924	398	930	659	202	(3,797)
Contract costs	0	0	0	0	0	0	0
Total direct costs	3,893	4,687	1,289	3,366	3,883	202	(3,797)
Indirect costs applied	1,166	1,314	302	713	1,117	0	0
Total expenditures	5,059	6,001	1,591	4,079	5,000	202	(3,797)
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,797

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
Year ended June 30, 2013

	Total Grant Programs
Revenues	
Federal and State:	
Received	\$ 28,784
Receivable	16,699
Deferred	0
Local:	
Applied to programs	162,049
Total revenues	207,532
Expenditures	
Direct costs:	
Salaries	101,075
Employee burden	41,697
Annual leave	4,023
Travel	1,361
Other	10,543
Contract costs	0
Total direct costs	158,699
Indirect costs applied	51,359
Total expenditures	210,058
Revenues over expenditures	\$ (2,526)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2013

	34000 Aging Homecare	34001 Homecare SS Train	34115 Aging Interest	34200 Aging Title III	34201 Aging T-III SS Train	34205 Aging Title III D	34202 T-III Restaurant VR
Revenues							
Federal and State:							
Received	\$ 2,158,410	\$ 2,000	\$ 0	\$ 2,258,360	\$ 3,796	\$ 59,961	\$ 1,000
Receivable	0	0	0	25,798	0	16,900	0
Deferred	0	0	0	0	0	0	(565)
Local:							
Applied to programs	144,181	0	397	204,872	0	0	40
Total revenues	2,302,591	2,000	397	2,489,030	3,796	76,861	475
Expenditures							
Direct costs:							
Salaries	84,945	0	0	92,261	0	11,760	0
Employee burden	32,903	0	0	40,034	0	5,667	0
Annual leave	5,563	0	0	5,039	0	599	0
Travel	4,124	70	0	5,861	95	819	37
Other	33,011	1,580	397	23,231	3,701	1,134	91
Contract costs	2,099,635	350	0	2,274,995	0	50,612	347
Total direct costs	2,260,181	2,000	397	2,441,421	3,796	70,591	475
Indirect costs applied	42,410	0	0	47,609	0	6,270	0
Total expenditures	2,302,591	2,000	397	2,489,030	3,796	76,861	475
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2013

	34210 Aging T-III Admin Training	34220 Aging Adult Day	34221 ADC Case Management	34225 Title VII Elder Abuse	34240 Aging SHIP	34300 Aging Case Management	34500 Aging Title V
Revenues							
Federal and State:							
Received	\$ 13,300	\$ 303,932	\$ 29,148	\$ 10,009	\$ 112,545	\$ 227,304	\$ 238,376
Receivable	0	0	0	0	8,330	0	8,064
Deferred	(318)	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	1,766	0	0	0
Total revenues	<u>12,982</u>	<u>303,932</u>	<u>29,148</u>	<u>11,775</u>	<u>120,875</u>	<u>227,304</u>	<u>246,440</u>
Expenditures							
Direct costs:							
Salaries	0	13,180	12,438	0	2,815	102,339	2,474
Employee burden	0	6,235	6,715	0	1,373	49,778	1,144
Annual leave	0	696	578	0	150	4,988	145
Travel	10,766	436	2,433	0	74	8,240	56
Other	2,216	777	92	0	0	7,218	30
Contract costs	0	275,621	0	11,775	114,956	0	241,290
Total direct costs	<u>12,982</u>	<u>296,945</u>	<u>22,256</u>	<u>11,775</u>	<u>119,368</u>	<u>172,563</u>	<u>245,139</u>
Indirect costs applied	0	6,987	6,892	0	1,507	54,741	1,301
Total expenditures	<u>12,982</u>	<u>303,932</u>	<u>29,148</u>	<u>11,775</u>	<u>120,875</u>	<u>227,304</u>	<u>246,440</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2013

	34600 Aging Title VII Ombudsman	34601 LTC Ombudsman State	34700 NSIP USDA	34900 Aging Family Caregiver	34901 Grandparent PR	34902 Aging GP Program	34950 BMH Aging Coalition
Revenues							
Federal and State:							
Received	\$ 20,168	\$ 94,190	\$ 146,160	\$ 233,167	\$ 26,055	\$ 286,319	\$ 0
Receivable	0	0	48,719	31,365	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	3,561	0	0	0	0	0	2,439
Total revenues	23,729	94,190	194,879	264,532	26,055	286,319	2,439
Expenditures							
Direct costs:							
Salaries	0	0	0	41,718	17,707	43,603	0
Employee burden	0	0	0	19,248	1,355	16,363	0
Annual leave	0	0	0	2,207	0	2,276	0
Travel	0	0	0	732	0	463	0
Other	0	0	0	4,075	134	6,815	1,925
Contract costs	23,729	94,190	194,879	174,612	0	195,221	514
Total direct costs	23,729	94,190	194,879	242,592	19,196	264,741	2,439
Indirect costs applied	0	0	0	21,940	6,859	21,578	0
Total expenditures	23,729	94,190	194,879	264,532	26,055	286,319	2,439
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2013

	34801 Aging CDSME	34802 Aging Pathways	34803 Aging ADRC	34804 Aging TBI	34805 Aging Fast	34806 Aging Alzheimer's	34808 Aging Arthritis
Revenues							
Federal and State:							
Received	\$ 2,643	\$ 0	\$ 6,844	\$ 2,000	\$ 0	\$ 18,315	\$ 0
Receivable	893	0	156	0	479	471	7,000
Deferred	0	0	0	(1,086)	0	0	0
Local:							
Applied to programs	0	128	0	0	0	0	0
Total revenues	3,536	128	7,000	914	479	18,786	7,000
Expenditures							
Direct costs:							
Salaries	1,230	0	2,665	504	0	8,833	0
Employee burden	603	0	1,361	254	0	4,178	0
Annual leave	72	0	135	26	0	482	0
Travel	69	0	0	131	0	563	0
Other	103	128	1,391	(1)	0	49	116
Contract costs	800	0	0	0	479	0	6,884
Total direct costs	2,877	128	5,552	914	479	14,105	7,000
Indirect costs applied	659	0	1,448	0	0	4,681	0
Total expenditures	3,536	128	7,000	914	479	18,786	7,000
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
Year ended June 30, 2013

	Total Grant Programs
Revenues	
Federal and State:	
Received	\$ 6,254,002
Receivable	148,175
Deferred	(1,968)
Local:	
Applied to programs	357,384
Total revenues	6,757,593
Expenditures	
Direct costs:	
Salaries	438,471
Employee burden	187,211
Annual leave	22,956
Travel	34,970
Other	88,214
Contract costs	5,760,889
Total direct costs	6,532,711
Indirect costs applied	224,882
Total expenditures	6,757,593
Revenues over expenditures	\$ 0

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
CONSUMER DIRECT OPTION
Year ended June 30, 2013

	34350 CDO Client Costs	34351 CDO Fiduciary	34352 CDO Support Broker	Prior year CDO	Total Grant Programs
Revenues					
Federal and State:					
Received	\$ 7,443,904	\$ 498,400	\$ 1,526,073	\$ 0	\$ 9,468,377
Receivable	653,927	55,200	219,128	0	928,255
Deferred	0	0	0	0	0
Local:					
Applied to programs	0	50	153,765	(12,162)	141,653
Total revenues	8,097,831	553,650	1,898,966	(12,162)	10,538,285
Expenditures					
Direct costs:					
Salaries	0	142,242	761,944	0	904,186
Employee burden	0	65,943	371,710	0	437,653
Annual leave	0	5,838	33,129	0	38,967
Travel	0	325	80,418	0	80,743
Bad debt expense	1,319	4,900	40,539	19,458	66,216
Other	0	11,844	58,848	0	70,692
Contract costs	8,097,959	20	530	0	8,098,509
Total direct costs	8,099,278	231,112	1,347,118	19,458	9,696,966
Indirect costs applied	0	74,919	408,080	0	482,999
Total expenditures	8,099,278	306,031	1,755,198	19,458	10,179,965
Revenues over expenditures	\$ (1,447)	\$ 247,619	\$ 143,768	\$ (31,620)	\$ 358,320

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2013

	35005 Incentive 272SR11	35006 Incentive 271SR11	35102 Rapid Resp. 271RR12	35103 Rapid Resp. 271CM12	35104 Work Ready 270SR11	35105 New Age Lead 272SR11	35106 Incumbent Worker 270SR11
Revenues							
Federal and State:							
Received	\$ 9,037	\$ 11,475	\$ 96,986	\$ 315,247	\$ 146	\$ 0	\$ 0
Receivable	0	61,613	23,014	0	0	4,250	6,825
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	0	0
Total revenues	9,037	73,088	120,000	315,247	146	4,250	6,825
Expenditures							
Direct costs:							
Salaries	0	0	29,496	136,793	0	0	0
Employee burden	0	0	11,756	64,238	0	0	0
Annual leave	0	0	1,560	6,773	0	0	0
Travel	0	0	674	7,430	0	0	0
Other	3,087	68,441	6,749	4,498	146	4,250	0
Contract costs	5,950	4,647	54,921	23,171	0	0	6,825
Total direct costs	9,037	73,088	105,156	242,903	146	4,250	6,825
Indirect costs applied	0	0	14,844	72,344	0	0	0
Total expenditures	9,037	73,088	120,000	315,247	146	4,250	6,825
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2013

	35107 Rapid Resp. 271CM13	35118 Trade 205BE11	35119 Trade 205BE12	35200 One-Stop Cert. 273SR11	35205 NEG Admin 258MC11	35215 NEG Prog 258MC11	35207 WIA Industry 273SR11
Revenues							
Federal and State:							
Received	\$ 0	\$ 295,938	\$ 559,896	\$ 18,960	\$ 12,428	\$ 112,634	\$ 42,723
Receivable	26,581	0	7,116	13,298	731	7,309	11,472
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	0	0
Total revenues	26,581	295,938	567,012	32,258	13,159	119,943	54,195
Expenditures							
Direct costs:							
Salaries	10,531	0	0	0	6,575	48,391	20,926
Employee burden	4,945	0	0	0	2,419	23,864	8,151
Annual leave	521	0	0	0	447	2,377	975
Travel	571	0	0	0	298	2,358	1,741
Other	18	0	0	13,465	0	0	4,263
Contract costs	4,426	295,938	567,012	18,793	184	16,951	18,139
Total direct costs	21,012	295,938	567,012	32,258	9,923	93,941	54,195
Indirect costs applied	5,569	0	0	0	3,236	26,002	0
Total expenditures	26,581	295,938	567,012	32,258	13,159	119,943	54,195
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2013

	35208 Adv. Manuf. 273SR11	35209 Bus. Redesign 274SR11	35310 Adult Prog 273AD11	35305 Adult Admin 273AD12	35315 Adult Prog 273AD12	35307 Adult Admin 270AD13	35317 Adult Prog 270AD13
Revenues							
Federal and State:							
Received	\$ 43,884	\$ 0	\$ 0	\$ 66,002	\$ 25,596	\$ 1,108	\$ 82,177
Receivable	17,679	15,000	10,639	0	0	4,396	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	0	20
Total revenues	61,563	15,000	10,639	66,002	25,596	5,504	82,197
Expenditures							
Direct costs:							
Salaries	28,816	976	3,296	23,183	0	2,016	0
Employee burden	13,923	468	1,807	8,797	0	797	0
Annual leave	1,337	48	148	1,103	0	130	0
Travel	4,305	62	442	611	0	67	0
Other	4,305	6,428	3,111	11,580	0	1,483	2,206
Contract costs	8,877	6,500	0	9,219	25,596	0	79,991
Total direct costs	61,563	14,482	8,804	54,493	25,596	4,493	82,197
Indirect costs applied	0	518	1,835	11,509	0	1,011	0
Total expenditures	61,563	15,000	10,639	66,002	25,596	5,504	82,197
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2013

	35308 Adult Admin 273AD13	35318 Adult Prog 273AD13	35404 DW Admin 272DW12	35405 DW Admin 271DW12	35415 DW Prog 271DW12	35316 Adult Prog 271DW12	35407 DW Admin 272DW13
Revenues							
Federal and State:							
Received	\$ 0	\$ 765,349	\$ 10,067	\$ 29,788	\$ 542,127	\$ 618,024	\$ 24,850
Receivable	13,239	80,684	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	20	0	0
Total revenues	13,239	846,033	10,067	29,788	542,147	618,024	24,850
Expenditures							
Direct costs:							
Salaries	5,613	155,400	4,419	10,094	81,016	76,730	9,113
Employee burden	2,129	77,047	1,817	4,092	40,032	39,744	2,930
Annual leave	267	7,333	286	665	4,173	3,749	209
Travel	118	12,942	155	352	5,863	7,633	76
Other	2,326	39,898	467	6,839	46,946	25,536	3,878
Contract costs	0	456,841	680	2,642	320,556	422,717	4,310
Total direct costs	10,453	749,461	7,824	24,684	498,586	576,109	20,516
Indirect costs applied	2,786	96,572	2,243	5,104	43,561	41,915	4,334
Total expenditures	13,239	846,033	10,067	29,788	542,147	618,024	24,850
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2013

	35417 DW Prog 272DW13	35408 DW Admin 271DW13	35418 DW Prog 271DW13	35319 Adult Prog 271DW13	35609 Youth Admin 274YT12	35619 YOS Prog 274YT12	35719 YIS Prog 274YT12
Revenues							
Federal and State:							
Received	\$ 34,073	\$ 2,818	\$ 144,835	\$ 0	\$ 30,489	\$ 240,511	\$ 148,222
Receivable	78,253	0	0	6,677	0	0	0
Deferred	0	0	(10,868)	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	20	20
Total revenues	112,326	2,818	133,967	6,677	30,489	240,531	148,242
Expenditures							
Direct costs:							
Salaries	51,532	358	31,896	0	11,478	67,648	20,073
Employee burden	25,461	189	14,129	0	4,477	34,303	10,135
Annual leave	2,654	21	1,366	0	764	3,137	921
Travel	3,469	0	1,762	0	439	6,209	1,598
Other	1,504	2,054	6,698	0	7,241	3,163	5,657
Contract costs	0	0	48,632	6,677	349	89,383	98,988
Total direct costs	84,620	2,622	104,483	6,677	24,748	203,843	137,372
Indirect costs applied	27,706	196	29,484	0	5,741	36,688	10,870
Total expenditures	112,326	2,818	133,967	6,677	30,489	240,531	148,242
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
Year ended June 30, 2013

	35600 Youth Admin 274YT13	35610 YOS Prog 274YT13	35710 YIS Prog 274YT13	35502 WIB Initiative 270SR11	35805 Youth Summit	35806 MCSI	Total Grant Programs
Revenues							
Federal and State:							
Received	\$ 0	\$ 333,482	\$ 34,926	\$ 15,000	\$ 0	\$ 0	\$ 4,668,798
Receivable	26,499	0	85,324	0	0	0	500,599
Deferred	0	0	0	0	0	0	(10,868)
Local:							
Applied to programs	0	0	0	0	1,000	6,255	7,335
Total revenues	<u>26,499</u>	<u>333,482</u>	<u>120,250</u>	<u>15,000</u>	<u>1,000</u>	<u>6,255</u>	<u>5,165,864</u>
Expenditures							
Direct costs:							
Salaries	6,438	37,645	24,425	0	0	0	904,877
Employee burden	2,029	19,027	11,412	0	0	0	430,118
Annual leave	194	1,802	1,123	0	0	0	44,083
Travel	90	4,371	1,393	0	0	0	65,029
Other	7,008	1,709	907	1,422	124	5,547	302,954
Contract costs	7,693	248,534	68,093	13,578	876	708	2,938,397
Total direct costs	<u>23,452</u>	<u>313,088</u>	<u>107,353</u>	<u>15,000</u>	<u>1,000</u>	<u>6,255</u>	<u>4,685,458</u>
Indirect costs applied	3,047	20,394	12,897	0	0	0	480,406
Total expenditures	<u>26,499</u>	<u>333,482</u>	<u>120,250</u>	<u>15,000</u>	<u>1,000</u>	<u>6,255</u>	<u>5,165,864</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
PLANNING AND ZONING TECHNICAL ASSISTANCE
Year ended June 30, 2013

	31601 Jess/Wilmore Plan TA	31604 Paris Planning TA	31605 Bourbon Planning TA	31606 Anderson Planning TA	32206 Berea Comp Plan	Total Grant Programs
Revenues						
Federal and State:						
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	14,259	8,915	11,268	17,510	49,904	101,856
Total revenues	14,259	8,915	11,268	17,510	49,904	101,856
Expenditures						
Direct costs:						
Salaries	7,041	4,409	5,536	8,468	24,170	49,624
Employee burden	2,954	1,849	2,322	3,771	10,604	21,500
Annual leave	412	257	323	456	1,291	2,739
Travel	240	148	244	401	1,326	2,359
Other	16	1	16	11	0	44
Contract costs	0	0	0	0	0	0
Total direct costs	10,663	6,664	8,441	13,107	37,391	76,266
Indirect costs applied	3,596	2,251	2,827	4,403	12,513	25,590
Total expenditures	14,259	8,915	11,268	17,510	49,904	101,856
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2013

	32200 KIA 409 Council FY13	38800 KIA GIS FY13	32805 Clark Forest Park	32910 Mercer Sanit. SX7011	32936 AARA KDOW SX9023	32940 KIA WMU Colby Hills	32007 Irvine WWTP SX5005
Revenues							
Federal and State:							
Received	\$ 64,211	\$ 34,289	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	64,211	34,289	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	11,071	4,345	6,791	16	4,500
Total revenues	128,422	68,578	11,071	4,345	6,791	16	4,500
Expenditures							
Direct costs:							
Salaries	60,890	30,726	5,114	2,209	3,329	8	2,078
Employee burden	27,379	14,692	2,133	853	1,447	3	867
Annual leave	3,035	1,705	292	129	154	0	119
Travel	2,086	1,324	925	53	105	2	376
Other	3,267	3,786	0	0	38	0	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	96,657	52,233	8,464	3,244	5,073	13	3,440
Indirect costs applied	31,765	16,345	2,607	1,101	1,718	3	1,060
Total expenditures	128,422	68,578	11,071	4,345	6,791	16	4,500
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2013

	32202 Lawrenceburg Water Tank EDA	32208 Red River WW EDA	32213 KIA Crab Orchard	32301 Berea KIA WX21151040	32310 EPA Burgin Water Dist.	32317 Harroburg WTP DR	Total Grant Programs
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 98,500
Receivable	0	0	0	0	0	0	98,500
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	<u>20,556</u>	<u>2,255</u>	<u>8,830</u>	<u>2,594</u>	<u>16,500</u>	<u>6,000</u>	<u>83,458</u>
Total revenues	<u>20,556</u>	<u>2,255</u>	<u>8,830</u>	<u>2,594</u>	<u>16,500</u>	<u>6,000</u>	<u>280,458</u>
Expenditures							
Direct costs:							
Salaries	10,041	1,474	4,486	1,307	9,574	2,928	134,164
Employee burden	4,213	113	1,478	506	2,149	1,327	57,160
Annual leave	455	0	198	76	203	135	6,501
Travel	659	98	523	53	278	80	6,562
Other	58	0	0	0	78	0	7,227
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	15,426	1,685	6,685	1,942	12,282	4,470	211,614
Indirect costs applied	<u>5,130</u>	<u>570</u>	<u>2,145</u>	<u>652</u>	<u>4,218</u>	<u>1,530</u>	<u>68,844</u>
Total expenditures	<u>20,556</u>	<u>2,255</u>	<u>8,830</u>	<u>2,594</u>	<u>16,500</u>	<u>6,000</u>	<u>280,458</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
TRANSPORTATION PLANNING
Year ended June 30, 2013

	<u>33000</u> <u>Transportation</u> <u>FY13</u>
Revenues	
Federal and State:	
Received	\$ 88,800
Receivable	18,425
Deferred	0
Local:	
Applied to programs	<u>0</u>
Total revenues	<u>107,225</u>
Expenditures	
Direct costs:	
Salaries	103,120
Employee burden	44,517
Annual leave	7,693
Travel	9,381
Other	6,670
Contract costs	<u>0</u>
Total direct costs	171,381
Indirect costs applied	<u>53,131</u>
Total expenditures	<u>224,512</u>
Revenues over expenditures	<u><u>\$ (117,287)</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE

HOMELAND SECURITY

Year ended June 30, 2013

	<u>32215 KOHS Team Response</u>	<u>32216 KOHS Regional Radio</u>	<u>32308 Team Response Admin</u>	<u>32309 Regional Radio Admin</u>	<u>32313 KOHS Regional MDC's</u>	<u>Total Grant Programs</u>
Revenues						
Federal and State:						
Received	\$ 6,136	\$ 40,000	\$ 0	\$ 0	\$ 12,456	\$ 58,592
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	<u>0</u>	<u>0</u>	<u>153</u>	<u>1,000</u>	<u>0</u>	<u>1,153</u>
Total revenues	<u>6,136</u>	<u>40,000</u>	<u>153</u>	<u>1,000</u>	<u>12,456</u>	<u>59,745</u>
Expenditures						
Direct costs:						
Salaries	0	0	164	513	0	677
Employee burden	0	0	67	198	0	265
Annual leave	0	0	9	25	0	34
Travel	0	0	6	10	0	16
Other	0	0	0	0	0	0
Contract costs	<u>6,136</u>	<u>40,000</u>	<u>0</u>	<u>0</u>	<u>12,456</u>	<u>58,592</u>
Total direct costs	6,136	40,000	246	746	12,456	59,584
Indirect costs applied	<u>0</u>	<u>0</u>	<u>82</u>	<u>254</u>	<u>0</u>	<u>336</u>
Total expenditures	<u>6,136</u>	<u>40,000</u>	<u>328</u>	<u>1,000</u>	<u>12,456</u>	<u>59,920</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (175)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (175)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
ECONOMIC DEVELOPMENT PLANNING AND TECHNICAL ASSISTANCE
Year ended June 30, 2013

	32006 Irvine WWTP EDA Adm	32205 Bourbon TB Hospital	32260 Lawrenceburg/ Anderson EDA	32270 Versailles/ Woodford EDA	32280 Stanford/ Lincoln Co. IDA	Total Grant Programs
Revenues						
Federal and State:						
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	<u>10,000</u>	<u>20,000</u>	<u>35,000</u>	<u>50,498</u>	<u>3,539</u>	<u>119,037</u>
Total revenues	<u>10,000</u>	<u>20,000</u>	<u>35,000</u>	<u>50,498</u>	<u>3,539</u>	<u>119,037</u>
Expenditures						
Direct costs:						
Salaries	4,902	9,751	16,406	25,458	1,658	58,175
Employee burden	1,956	3,587	6,970	8,842	711	22,066
Annual leave	270	604	742	2,178	77	3,871
Travel	405	1,258	1,416	1,108	242	4,429
Other	0	0	1,054	570	0	1,624
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	7,533	15,200	26,588	38,156	2,688	90,165
Indirect costs applied	<u>2,467</u>	<u>4,800</u>	<u>8,412</u>	<u>12,342</u>	<u>851</u>	<u>28,872</u>
Total expenditures	<u>10,000</u>	<u>20,000</u>	<u>35,000</u>	<u>50,498</u>	<u>3,539</u>	<u>119,037</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2013

	30120 Jessamine I/T	30121 Scott Computer	30201 Nicholasville Video	30202 Georgetown Video/Con	30203 Flemingsburg Video	32111 Irvine WW Payroll	32306 CVADD Foundation Vid
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	4,132	2,514	3,600	450	50	1,042	3,200
Total revenues	4,132	2,514	3,600	450	50	1,042	3,200
Expenditures							
Direct costs:							
Salaries	2,081	1,330	1,988	373	25	512	0
Employee burden	885	498	912	171	11	227	0
Annual leave	69	29	116	22	1	24	0
Travel	31	0	54	9	1	12	96
Other	0	0	16	0	0	2	21
Contract costs	0	0	0	0	0	0	0
Total direct costs	3,066	1,857	3,086	575	38	777	117
Indirect costs applied	1,066	657	1,042	193	13	265	0
Total expenditures	4,132	2,514	4,128	768	51	1,042	117
Revenues over expenditures	\$ 0	\$ 0	\$ (528)	\$ (318)	\$ (1)	\$ 0	\$ 3,083

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MANAGEMENT SERVICES
Year ended June 30, 2013

	<u>32307</u> US 27 I-75 PR	<u>32311</u> Franklin Compensation	<u>32318</u> Danville RD Wage Ver.	<u>37800</u> Equipment Disposal	<u>31000</u> Herald-Leader OR	<u>Total</u> Grant Programs
Revenues						
Federal and State:						
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	<u>0</u>	<u>6,898</u>	<u>1,846</u>	<u>91</u>	<u>276</u>	<u>24,099</u>
Total revenues	<u>0</u>	<u>6,898</u>	<u>1,846</u>	<u>91</u>	<u>276</u>	<u>24,099</u>
Expenditures						
Direct costs:						
Salaries	0	4,240	896	0	0	11,445
Employee burden	0	363	406	0	0	3,473
Annual leave	0	8	41	0	0	310
Travel	0	295	36	0	0	534
Other	26	337	0	9	276	687
Contract costs	<u>4,940</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,940</u>
Total direct costs	4,966	5,243	1,379	9	276	21,389
Indirect costs applied	<u>0</u>	<u>1,655</u>	<u>467</u>	<u>0</u>	<u>0</u>	<u>5,358</u>
Total expenditures	<u>4,966</u>	<u>6,898</u>	<u>1,846</u>	<u>9</u>	<u>276</u>	<u>26,747</u>
Revenues over expenditures	<u>\$ (4,966)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 82</u>	<u>\$ 0</u>	<u>\$ (2,648)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
HAZARD MITIGATION
Year ended June 30, 2013

	<u>32321</u> <u>FEMA Carlisle</u> <u>Generator</u>
Revenues	
Federal and State:	
Received	\$ 0
Receivable	979
Deferred	0
Local:	
Applied to programs	<u>146</u>
Total revenues	<u>1,125</u>
Expenditures	
Direct costs:	
Salaries	520
Employee burden	217
Annual leave	30
Travel	94
Other	0
Contract costs	<u>0</u>
Total direct costs	861
Indirect costs applied	<u>264</u>
Total expenditures	<u>1,125</u>
Revenues over expenditures	<u><u>\$ 0</u></u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
NON-GRANT
Year ended June 30, 2013

	36200 FY13 <u>PROOF</u>	38000 FY13 <u>NON GRANT</u>	<u>Total</u>
Revenues			
Federal and State:			
Received	\$ 0	0	\$ 0
Receivable	0	0	0
Deferred	0	0	0
Local:			
Applied to programs	<u>0</u>	<u>117,057</u>	<u>117,057</u>
Total revenues	<u>0</u>	<u>117,057</u>	<u>117,057</u>
Expenditures			
Direct costs:			
Salaries	7,363	0	7,363
Employee burden	4,314	0	4,314
Annual leave	340	0	340
Travel	360	0	360
Other	585	193,863	194,448
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	12,962	193,863	206,825
Indirect costs applied	<u>4,205</u>	<u>0</u>	<u>4,205</u>
Total expenditures	<u>17,167</u>	<u>193,863</u>	<u>211,030</u>
Revenues over expenditures	<u>\$ (17,167)</u>	<u>(76,806)</u>	<u>\$ (93,973)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
REGIONAL COORDINATION, JFA
Year ended June 30, 2013

	37120 JFA COMM AND ECON DEV	37125 JFA CDBG	37130 JFA ARC PLAN AND ASSIST	37140 JFA MGMT ASSIST	37150 JFA Program Admin	Total Grant Programs
Revenues						
Federal and State:						
Received	\$ 101,273	\$ 52,000	\$ 186,656	\$ 24,903	\$ 39,844	\$ 404,676
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	750	0	0	0	0	750
Total revenues	<u>102,023</u>	<u>52,000</u>	<u>186,656</u>	<u>24,903</u>	<u>39,844</u>	<u>405,426</u>
Expenditures						
Direct costs:						
Salaries	45,398	25,702	79,024	15,357	19,300	184,781
Employee burden	17,408	10,063	31,199	1,634	8,188	68,492
Annual leave	2,160	1,153	4,790	79	1,054	9,236
Travel	5,683	2,048	22,670	1,469	719	32,589
Other	13,598	164	9,308	250	692	24,012
Contract Costs	0	0	0	0	0	0
Total direct costs	84,247	39,130	146,991	18,789	29,953	319,110
Indirect costs applied	22,602	12,870	39,665	6,114	9,891	91,142
Total expenditures	<u>106,849</u>	<u>52,000</u>	<u>186,656</u>	<u>24,903</u>	<u>39,844</u>	<u>410,252</u>
Revenues over expenditures	<u>\$ (4,826)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,826)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF INDIRECT COSTS APPLIED
Year ended June 30, 2013

Fringe benefits	\$ 466,798
Personnel compensation	433,983
Rental expense	258,054
Dues, fees, subscriptions	57,535
Travel, staff	51,783
Computer services	46,139
Meetings	38,214
Professional fees	35,340
Telephone and postage	30,438
Printing and publications	28,918
Insurance	28,440
Travel, board of directors	24,815
Equipment and building depreciation	23,927
Equipment rental	23,894
Equipment purchase	14,763
Supplies	11,156
Other	2,898
Amortization and building usage	<u>2,236</u>
Total indirect costs applied	<u><u>\$ 1,579,331</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF AWARDS FROM THE COMMONWEALTH OF KENTUCKY
 Year ended June 30, 2013

<u>Grantor Program Title</u>	<u>BGADD Grant Number</u>	<u>Grantor Contract Number</u>	<u>Grant Contract Period</u>	<u>Grant Contract Award</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Deferred</u>	<u>Receivable</u>
Cabinet for Health and Family Services:								
Adult Day Care Programs	34220, 34221 34000, 34001,	1200001058	07.2012-06.2013	\$ 333,080	\$ 333,080	\$ 333,080	\$	\$
Homecare	34300	1200001058	07.2012-06.2013	2,387,714	2,387,714	2,387,714		
Title III	34200, 34205	1200001058	07.2012-06.2013	467,100	467,100	467,100		
Title III - Restaurant Voucher	34202	1200001058	07.2012-06.2013	1,000	435	435	565	
Consumer Directed Options	34350, 34352	N/A	07.2012-06.2013	9,843,032	9,843,032	9,700,710		892,414
Long Term Care Ombudsman	34601	1200001058	07.2012-06.2013	94,190	94,190	94,190		
TBI	34804	1200001058	07.2012-06.2013	15,000	914	914	1,086	
Aging Grandparent	34902	1200001058	07.2012-06.2013	286,319	286,319	286,319		20,776
Governor's Office for Local Development:								
Joint Funding Agreement	120, 125, 130, 140, 1	1300000343	07.2012-06.2013	215,348	215,348	215,348		
Homeland Security								
FEMA Carlisle Generator Project	32321	1300000008	07.2012-06.2013	135	135	135		135
Kentucky Transportation Cabinet:								
Regional Transportation Program	33000 38230, 8232- 8235, 8238,	1200004933 1200005588,	07.2012-06.2013	107,225	107,225	107,225		18,425
Highway Signs Inventory	8239	1200005592	05.2012-06.2014	12,892	9,097	9,097		3,340
Kentucky Tourism, Arts and Heritage Cabinet:								
Cross KY Master Trail Plan	32210	1300000034	04.2012-09.2012	34,946				20,089
Cross KY Master Trail Plan	32210	1300000034	04.2012-09.2012	14,857	14,857	14,857		14,857
Kentucky Infrastructure Authority:								
Water Resource Information System	32200, 38800	1200003678	07.2012-06.2013	197,000	197,000	197,000		98,500
				<u>\$ 14,009,838</u>	<u>\$ 13,956,446</u>	<u>\$ 13,814,124</u>	<u>\$ 1,651</u>	<u>\$ 1,068,536</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

COST ALLOCATION POLICY Year ended June 30, 2013

Funds expended by Bluegrass Area Development District, Inc. are charged either to a specific grant or program element as a direct charge or allocated to grants or program elements as a shared (indirect) cost. Direct charges are defined in OMB-A-87 as those that can be identified specifically with a particular cost objective. Shared (indirect) costs are those incurred for a common or joint purpose benefiting more than one grant or program element, and not readily assignable to the grant or program element specifically benefited. Below is a listing of direct and shared costs as they are charged by BGADD.

1. SALARY

Salaries of employees are charged as direct costs to the grants or program cost objective to which their work is attributable. These charges are based on time sheets submitted by employees. The salaries of those whose total time is not directly attributable to specific grant programs such as the Executive Director or Receptionist will be charged to the indirect cost pool. Those employees whose time is partially direct and partially indirect will have their salaries prorated based upon their time sheets.

2. EMPLOYEE BURDEN

Employee burden which can be specifically related to an employee whose salary is charged as a direct cost is also charged as a direct cost. Similarly, the employee burden of those persons whose salary is charged as an indirect cost will also be charged to the indirect cost pool.

3. CONSULTANT CONTRACT AND CONTRACTUAL SERVICES

Consultant contracts and contractual services whose content can be directly attributed to a specific grant or program element are charged as direct costs to those programs. Other contracts, such as those for public information or secretarial services whose content cannot be directly attributed to a specific grant program, are charged as an indirect cost and allocated on the basis of total salary plus benefit dollars.

4. PRINTING

Printing costs, including copy machine costs that are readily identifiable and attributable to documents within a specific grant or cost objective are charged as direct costs. Those printing costs that are not identifiable as benefiting a specific grant program are charged as an indirect cost and are allocated on the basis of total salary plus benefit dollars.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

COST ALLOCATION POLICY Year ended June 30, 2013

5. TRAVEL

Travel costs which are directly attributable to an employee whose salary is charged as a direct cost are also charged as direct costs. Staff travel costs are allocated to grants or program cost objectives according to the total time spent by an employee on a specific program element during the month in which the travel occurred. Travel costs which are administrative in nature and not attributable to a specific grant program, will be charged as an indirect cost and allocated on the basis of total salary plus benefit dollars. Mileage will be reimbursed at a rate less than the Federal rate per 41 CFR Part 301-10, for every business mile driven. The FY13 mileage rate will be 53 cents per business mile. Travel costs which exceed per diem rates as established by General Services Administration 41 CFR part 301-7 as revised are charged to local funds.

6. VACATION, SICK AND HOLIDAY LEAVE

Vacation, sick and holiday leave which can be specifically related to an employee whose salary is being charged as a direct cost is also charged as a direct cost. Leave which is related to an employee whose salary is being charged as an indirect cost is also charged as an indirect cost.

7. AUDIT FEES

Audit fees are charged as an indirect cost and is allocated based upon total salary and benefits.

8. BUILDING RENT

Building rent, personal property insurance, and other space usage related costs (such as cleaning services) are charged as an indirect cost. These costs are eligible to be direct costs to grant programs; however, to charge these directly would require an extensive amount of record keeping.

9. EQUIPMENT RENTAL

Equipment rental related to specific identifiable programs will be charged as a direct cost to the benefiting grant. Equipment rental benefiting all grant programs will be charged as an indirect cost.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

COST ALLOCATION POLICY
Year ended June 30, 2013

10. EQUIPMENT PURCHASES

Equipment purchased specifically for a grant program will be expensed directly to the benefiting grant program in accordance with grantor instructions in the year acquired. Equipment purchases having a per unit acquisition cost of more than \$2,500 will be capitalized and depreciated over its estimated useful life. Equipment of a technological nature (such as computers) will be depreciated over three years using the straight-line method. Depreciation on equipment benefiting all grant programs will be charged as an indirect cost. No depreciation will be charged for equipment purchases previously expensed to a grant program. Equipment having a fair market value of less than \$5,000 will be disposed in accordance with 29 CFR Part 97 Section 32 when no longer needed. Online auctions will be used to dispose of surplus property where feasible. A physical inventory is taken annually of all equipment having a per unit acquisition cost of more than \$2,500.

11. COMMUNICATION COSTS

Communication costs, including telephone, postage, and similar items are charged direct based upon detail analysis of usage for benefiting programs. Those communication costs that cannot be identified as direct charges will be charged as an indirect cost and allocated on the basis of salary plus benefit dollars.

12. ADDITIONAL COSTS

Additional costs which are not identified above may be charged as a direct or indirect cost, unless otherwise indicated by the Commonwealth of Kentucky, Governor's Department for Local Government or prohibited by Federal regulations.

13. INDIRECT COSTS

The shared and indirect costs that are described above, will be pooled (in a single pool) and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars) that are attributable to specific grant programs and documented by time sheets prepared by employees and approved by their supervisor. The shared and indirect costs are cumulative and allocated monthly.