



**BLUEGRASS AREA DEVELOPMENT
DISTRICT, INC.**

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

JUNE 30, 2014

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, 2014, 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, 2014, 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.

Other Matters

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 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 25, 2015 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 25, 2015

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. 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, 2014, 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, 2014

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) 2014, BGADD had an initial budget of approximately \$27.0 million designating approximately \$19.2 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 \$3.0 million in revenues resulting in a final budget of approximately \$30.0 million in revenues. Of this amount, \$21.3 million was passthrough. This difference is mainly attributed to the Consumer Directed Option (CDO) and Homeland Security grants in which BGADD was awarded additional grant funds through FY14 totaling \$2.5 million. In the original budget the CDO program was estimated to decrease by 5.5% and Homeland Security programs was estimated using FY13 revenues. However the CDO program experienced 12.5% growth in FY14. Actual revenues for this fiscal year were approximately \$24.9 million while actual passthrough expenses were approximately \$17.4 million.

Capital Assets and Debt Administration

BGADD's capital assets are furnishings, security cameras, computer equipment, software, automobiles, 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 \$715,000 with accumulated depreciation of approximately \$651,000. Net capital assets are approximately \$64,000.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

Financial Analysis

I. Statement of Net Position

Table 1: Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 4,652,512	\$ 3,207,491	\$ 1,445,021	45.05%
Capital and noncurrent assets	63,550	1,052,459	(988,909)	-93.96%
Total assets	\$ <u>4,716,062</u>	\$ <u>4,259,950</u>	\$ <u>456,112</u>	10.71%
Liabilities				
Current liabilities	\$ 1,810,522	\$ 1,270,216	\$ 540,306	42.54%
Long-term liabilities	269,400	382,062	(112,662)	-29.49%
Total liabilities	\$ <u>2,079,922</u>	\$ <u>1,652,278</u>	\$ <u>427,644</u>	25.88%
Net position				
Investment in capital assets, net of related debt:	\$ 63,550	\$ 1,052,459	\$ (988,909)	-93.96%
Restricted:				
Aging programs	55,635	181,172	(125,537)	-69.29%
Workforce investment act	22,513	1,039	21,474	2066.79%
Unrestricted	2,494,442	1,373,002	1,121,440	81.68%
Total net position	\$ <u>2,636,140</u>	\$ <u>2,607,672</u>	\$ <u>28,468</u>	1.09%

Assets

Total assets for FY14 were approximately \$4.72 million with current assets being approximately 99 percent of the total. Total assets increased approximately \$456,000 between FY13 and FY14 primarily attributable to an increase in liabilities. Federal and state receivables increased from approximately \$1.74 million at June 30, 2013 to \$2.43 million at June 30, 2014. Cash increased approximately \$613,000 due to the sale of land and building. 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, 2014

Liabilities

Current liabilities increase year over year by approximately \$540,000 as there were increases in contracts payable and unearned grant revenue. Long-term liabilities decreased by approximately \$112,000 due to a decrease in accrued annual leave at year end.

Net Position

Net position for governmental activities was approximately \$2.64 million and \$2.61 million at June 30, 2014 and 2013, respectively. The FY14 amount includes approximately \$64,000 invested in capital assets, net of related debt, approximately \$78,000 of restricted net position, and approximately \$2.49 million unrestricted. 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. Overall, net position increased approximately \$28,000 in FY14.

II. Statement of Activities

Revenues

BGADD recognized revenues of approximately \$24.9 million and \$24.1 million in FY14 and FY13, respectively. Significant changes in revenues are as follows:

- Community and Infrastructure Development Grants Administration - \$66,000 decrease
- Aging programs - \$318,000 increase
- Consumer Direct Option - \$1,321,000 increase
- Workforce Development - \$611,000 decrease
- Planning and Zoning Technical Assistance - \$63,000 decrease
- Water and Sewer Planning and Technical Assistance - \$75,000 decrease

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

Table 2: Condensed Statement of Activities

	2014	2013	\$ Change	% Change
Revenues				
Operating grants and contributions	\$ 23,483,947	\$ 22,784,182	\$ 699,765	3.07%
Charges for services	1,444,154	1,355,367	88,787	6.55%
Interest	1,280	2,963	(1,683)	-56.80%
Loss on sales of capital assets	(16,951)	0	(16,951)	-100.00%
Total revenues	<u>24,912,430</u>	<u>24,142,512</u>	<u>769,918</u>	3.19%
Expenses				
Consumer Directed Option	11,401,723	10,179,965	1,221,758	12.00%
Aging Programs	7,089,402	6,757,593	331,809	4.91%
Workforce Development	4,554,920	5,165,864	(610,944)	-11.83%
Regional Coordination, JFA	396,219	410,252	(14,033)	-3.42%
Mapping/Geographic Information Systems	258,404	210,058	48,346	23.02%
Non-grant	222,612	211,030	11,582	5.49%
Water and Sewer Planning and Tech. Asst.	205,575	280,458	(74,883)	-26.70%
Community and Infrastructure Admin	189,748	251,622	(61,874)	-24.59%
Transportation Planning	150,351	224,511	(74,160)	-33.03%
Economic Development Planning and Tech. Asst	115,229	119,037	(3,808)	-3.20%
Planning and Zoning Technical Assistance	38,439	101,856	(63,417)	-62.26%
Management Services	19,474	26,747	(7,273)	-27.19%
Homeland Security	16,307	59,920	(43,613)	-72.79%
Hazard Mitigation	0	1,125	(1,125)	-100.00%
Positive Recovery Outreach				
Outcome Focus	225,559	115,012	110,547	100.00%
Total expenses	<u>24,883,962</u>	<u>24,115,050</u>	<u>768,912</u>	3.19%
Change in net position	<u>\$ 28,468</u>	<u>\$ 27,462</u>	<u>\$ 1,006</u>	-3.66%

Revenues from Workforce Investment Act (WIA) program decreased \$611,000 from FY13. This is mainly attributable to awards received only in FY13 and not in FY14 such as Incentive, Industry Partnership, WIB Initiative, Business Redesign, Advanced Manufacturing, One Stop, Work Ready, NEW Age Lead and Incumbent Worker, totaling \$271,000. Formula dollars such as Adult funds decreased by \$264,000 compared to prior year due to On the Job Training (OJT) contracts decreasing by \$300,000. Rapid response revenues decreased \$115,000 while Dislocated Worker increased by \$58,000.

Revenues from the Consumer Directed Option (CDO) program increased approximately \$1,321,000 or 12.54% from FY13 to FY14. Compared to prior year growth of 9.47%, growth has increased by 3.07%. 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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

The Aging programs total revenues increased by \$318,000 or 4.7% relative to FY13. The difference is attributed to the reporting requirement of subrecipient in-kind revenue of \$307,000. There were increases and decreases within the aging contract relating to the various programs which are based upon availability of funding from Federal and State sources.

Expenses

Expenses for FY14 total approximately \$24.88 million. FY13 expenses were approximately \$24.12 million. This increase of \$769,000 is largely due to increases in Aging 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 FY13 expenses were reported as \$8.1 million while in FY14 expenses were \$9.2 million with a net difference of approximately \$1.1 million. This represents a 12.7% increase. 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, 2014

Table 3: CDO Passthrough Expenses

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
CDO Pass Thru Expenses				
Employee Wages	\$ 8,141,714	\$ 7,194,504	\$ 947,210	13.17%
Employee Burden	687,735	603,456	84,279	13.97%
Independent Contractors	322,918	258,719	64,199	24.81%
Other expenses	93,243	41,280	51,963	125.88%
Total Expenses	<u>\$ 9,245,610</u>	<u>\$ 8,097,959</u>	<u>\$ 1,147,651</u>	14.17%

Furthermore, analyzing WIA passthrough expenses, in FY13 expenses were reported as \$2.93 million compared to FY13 of \$2.41 million, a decrease of \$520,000 or 17.7%.

BGADD's expenses for governmental activities total \$24.88 million for FY14. Social programs represent 92.61% of all governmental activities, which slightly increased from the prior year at 91.65%. Program expenses as a percentage of total expenses are as follows:

Table 4: Program Expenses

	<u>2014</u>	<u>2013</u>
Program Expenses % of Total Expenses		
Consumer Directed Option	45.82%	42.21%
Aging Programs	28.49%	28.02%
Workforce Development	18.30%	21.42%
Regional Coordination, JFA	1.59%	1.70%
Mapping/Geographic Information Systems	1.04%	0.87%
Non-grant	0.89%	0.88%
Water and Sewer Planning and Tech. Asst.	0.83%	1.16%
Community and Infrastructure Admin	0.76%	1.04%
Transportation Planning	0.61%	0.93%
Economic Dev. Planning and Tech. Asst.	0.46%	0.49%
Planning and Zoning Technical Assistance	0.15%	0.42%
Management Services	0.08%	0.11%
Homeland Security	0.07%	0.25%
Hazard Mitigation	0.00%	0.02%
Positive Recovery Outreach		
Outcome Focus	0.91%	0.48%
	<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, 2014

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 FY2014, BGADD maintained health insurance with United Health Care through 2013 and switched to Bluegrass Family Health with a rate hold and comparable coverage in 2014. 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 was stable in FY14. In FY13, it was 19.55% while in FY14 it was 18.89%. In FY15, the CERS non-hazardous rate will decrease to 17.67%.

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 approximately \$2.4 million. Overall, BGADD increased its total net position by approximately \$28,000 to \$2.63 million. We are hopeful that even with increased burden costs and budget shortfalls in the future BGADD will remain in 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, 2014

	<u>Governmental Activities</u>		<u>Governmental Activities</u>
Assets		Liabilities and Net Position	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 1,368,964	Accounts payable and payroll liabilities	\$ 393,690
Investments	475,255	Contracts payable	967,334
Accounts receivable:		Accrued annual leave	67,350
Federal and state government (net)	2,425,948	Unearned grant revenue	382,148
Local governments	324,761	Total current liabilities	<u>1,810,522</u>
Other	9,293		
Prepaid expenses	48,291	Long-term liabilities:	
Total current assets	<u>4,652,512</u>	Accrued annual leave	<u>269,400</u>
		Total liabilities	<u>2,079,922</u>
Leasehold improvements	33,356	Net position:	
Equipment	<u>681,824</u>	Investment in capital assets, net of related debt	63,550
Total capital assets	715,180	Restricted:	
Less accumulated depreciation	<u>651,630</u>	Aging programs	55,635
Net capital assets	<u>63,550</u>	Workforce Investment Act	22,513
Total assets	<u>\$ 4,716,062</u>	Unrestricted	<u>2,494,442</u>
		Total net position	<u>2,636,140</u>
		Total liabilities and net position	<u>\$ 4,716,062</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Change in Net Position
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:						
Community and Infrastructure						
Development Grants Administration	\$ 138,696	\$ 51,052	\$ 166,046	\$ 20,000	\$	\$ (3,702)
Mapping/Geographic Information Systems	188,094	70,310	135,732	111,977		(10,695)
Aging Programs	6,828,611	260,791	659,179	6,415,923		(14,300)
Consumer Direct Option	10,865,555	536,168	163,209	11,696,123		457,609
Workforce Development	4,068,221	486,699	20,236	4,534,684		0
Planning and Zoning Technical Assistance	27,896	10,543	38,439	0		0
Water and Sewer Planning and						
Technical Assistance	151,181	54,394	13,896	191,679		0
Transportation Planning	110,221	40,130	0	105,503		(44,848)
Homeland Security	16,077	230	1,107	15,200		0
Economic Development Planning and						
Technical Assistance	85,724	29,505	115,229	0		0
Management Services	15,374	4,100	17,896	0		(1,578)
Non-Grant	185,956	36,656	113,003	0		(109,609)
Regional Coordination, JFA	294,536	101,683	0	392,858		(3,361)
Positive Recovery Outreach						
Outcome Focus (PROOF)	225,559	0	182	0		(225,377)
Total governmental activities	<u>\$ 23,201,701</u>	<u>\$ 1,682,261</u>	<u>\$ 1,444,154</u>	<u>\$ 23,483,947</u>	<u>\$ 0</u>	<u>44,139</u>
General revenues:						
Loss on sale of capital assets						(16,951)
Interest income						1,280
Net general revenues						<u>(15,671)</u>
Change in net position						28,468
Net position, beginning of year						<u>2,607,672</u>
Net position, end of year						<u>\$ 2,636,140</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$	1,368,964
Investments		475,255
Accounts receivable:		
Federal and state government		1,826,940
Local governments		125,781
Other		6,540
		<u>6,540</u>
Total assets	\$	<u><u>3,803,480</u></u>

LIABILITIES

Accounts payable and payroll liabilities	\$	393,690
Contracts payable		967,334
Accrued annual leave		67,350
Unearned grant revenue		382,148
		<u>382,148</u>
Total liabilities		<u>1,810,522</u>

FUND BALANCES

Restricted:		
Aging program		55,635
Workforce Investment Act		22,513
Unassigned		1,914,810
		<u>1,914,810</u>
Total fund balances		<u>1,992,958</u>
Total liabilities and fund balances	\$	<u><u>3,803,480</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund balance - governmental fund	\$ 1,992,958
Amounts reported for governmental activities in the Statement of Net Position are different because:	
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	800,741
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 \$651,630	63,550
Prepaid expenses are recorded as expenditures in governmental funds	48,291
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>(269,400)</u>
Net position of governmental activities	<u>\$ 2,636,140</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
YEAR ENDED JUNE 30, 2014

Revenues

Federal and Commonwealth of Kentucky grants	\$	22,932,284
Local service fees		584,293
Local communities matching funds		652,670
Local annual contributions		113,006
Rental and other income		182
Interest income		1,280
		24,283,715
Total revenues		24,283,715

Expenditures

Community and Infrastructure Development Grants Administration		192,525
Mapping/Geographic Information Systems		262,229
Aging Programs		7,103,536
Consumer Direct Option		11,430,892
Workforce Development		4,586,511
Planning and Zoning Technical Assistance		39,013
Water and Sewer Planning and Technical Assistance		208,534
Transportation Planning		152,534
Homeland Security		16,320
Economic Development Planning and Technical Assistance		116,834
Management Services		19,697
Non-Grant		134,820
Regional Coordination, JFA		401,751
Positive Recovery Outreach Outcome Focus (PROOF)		66,607
		24,731,803
Total expenditures		24,731,803
Excess of expenditures over revenues		(448,088)
Fund balance, beginning of year		2,441,046
Fund balance, end of year	\$	1,992,958

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, 2014

Net change in fund balances - total governmental funds \$ (448,088)

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	18,073
Depreciation expense	(176,711)
Loss on capital assets sold	(16,951)

Governmental funds report accounts receivable if they are collected within sixty days of year end	555,881
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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	(16,398)
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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>112,662</u>
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Change in net position of governmental activities	<u><u>\$ 28,468</u></u>
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BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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.

BGADD is required by the Department of Local Government, to operate under a cost allocation plan that conforms with 2 CFR Part 225. A summary of the cost allocation plan begins on page 76 of this report. BGADD is in conformity with 2 CFR Part 225.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014

- 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. *Non-Grant.* These costs are costs for training and industrial recruitment, which are not covered by federal and state grants.
- xiii. *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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

xiv. *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. This program was concluded in fiscal year 2014.

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.

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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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.

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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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 \$90,000. 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:

Leasehold improvements	3 years
Vehicles and equipment	3 to 10 years

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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014.

- 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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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. Revenue for federal and state grants is recognized when the related expenditures are incurred.

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. Revenue for local service fees is recognized when the related expenses are incurred.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014, 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. 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.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 are as follows:

	Fair Value	Cost	Interest Rate	Maturity
Certificates of deposit	\$ 475,255	\$ 475,255	0.25%	< 1 year

5. CAPITAL ASSETS

Activity related to capital assets for the year ending June 30, 2014 was as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Land	\$ 395,400	\$	\$ 395,400	\$ 0
Buildings and improvements	673,172		673,172	0
Leasehold improvements	33,356			33,356
Equipment	686,924	15,126	20,226	681,824
	1,788,852	15,126	1,088,798	715,180
Less accumulated depreciation:				
Buildings and improvements	102,890	154,424	257,314	0
Leasehold improvements	33,356			33,356
Equipment	600,148	22,287	4,161	618,274
	736,394	176,711	261,475	651,630
Net capital assets	\$ 1,052,458	\$ (161,585)	\$ 827,323	\$ 63,550

Depreciation is reported in the following programs:

	Amount
Positive Recovery Outreach	
Outcome Focus	\$ 155,316
Indirect allocation to contracts	21,395
	\$ 176,711

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

6. UNEARNED GRANT REVENUE

Unearned grant revenue at June 30, 2014 includes revenues received, but not earned, for Bluegrass Area Development District, Inc. grants, as follows:

<u>Governmental Funds</u>	<u>Amount</u>
FY11 Aging programs (federal)	\$ 14,582
FY12 Aging programs (federal)	3,404
FY13 Aging programs (federal)	29
Other pre-FY14 federal	11,894
Total pre-FY14 federal	<u>29,909</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)	9,931
FY05 Aging programs (state)	6,582
FY02 Aging programs (state)	3,195
FY04 Aging programs (state)	2,445
FY13 Aging programs (state)	500
FY12 Aging programs (state)	27
Total pre-FY14 state	<u>292,043</u>
Various local grants	<u>60,196</u>
Total Governmental Funds	<u>\$ 382,148</u>

7. ACCRUED ANNUAL LEAVE

Following is activity for accrued annual leave for the year ended June 30, 2014:

<u>Beginning</u>		<u>Decreases</u>	<u>Ending</u>	Amount Due
<u>Balance</u>	<u>Increases</u>		<u>Balance</u>	Within One
				<u>Year</u>
\$ 434,161	\$ 268,427	\$ 365,838	\$ 336,750	\$ 67,350

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 was approximately \$3,690,000. BGADD's total payroll for fiscal year 2014 was approximately \$3,820,000.

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, 2014

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 18.89%.

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>
2014	\$ 198,849	\$ 678,962	\$ 877,811	100%
2013	\$ 194,748	\$ 708,408	\$ 903,156	100%
2012	\$ 185,814	\$ 663,223	\$ 849,037	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 \$90,000 have been estimated by management to be uncollectible.

During the year ended June 30, 2014, Bluegrass Area Development District, Inc. received approximately 93.3% 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, 2014

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, 2014 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 2014 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, 2014

12. RECENT GASB PRONOUNCEMENTS

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.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for financial reporting 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 making it effective for periods beginning after June 15, 2014. 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.

BGADD has not yet determined the effects that the implementation of these statements will have on its financial statements.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

13. LEASE

Effective July 2012, BGADD extended its lease for office space through June 30, 2015 with a monthly payment of approximately \$21,500. Annual rent expense for the year ended June 30, 2014 was approximately \$258,000. The building was purchased in August 2014 (discussed in Note 14). The lease was terminated upon purchase of the building.

14. SUBSEQUENT EVENTS

In August 2014, BGADD purchased a building which includes its main offices. The purchase price was \$300,000. The appraised value of the building was approximately \$2.41 million. The building was recorded at its appraised value and a contribution of approximately \$2.11 million was recognized.

BGADD evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 25, 2015, which is the date the financial statements were available to be issued.

15. 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 76. The District is in conformity with 2 CFR Part 225.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30, 2014

	Original Budget	Amended Budget	Actual
Revenues:			
Operating revenues	\$ 27,036,221	\$ 30,043,138	\$ 24,912,430
Expenses:			
Contracts	19,193,030	21,338,213	8,589,284
Salaries, CDO program	0	0	8,141,714
Burden, CDO employees	0	0	687,735
Salaries	3,850,820	3,660,820	3,355,697
Burden, employees	1,874,314	1,831,314	1,742,592
Travel	380,000	380,000	279,496
Building costs	258,054	258,054	258,054
Dues, fees and subscriptions	125,000	160,000	266,602
Leave	207,168	177,168	145,633
Printing and publishing	85,000	85,000	56,416
Telephone	68,000	76,000	64,486
Computer costs	87,000	130,000	114,614
Non-grant expenses	80,000	230,000	126,872
Miscellaneous expense	25,000	29,000	18,136
Meeting expense	50,000	50,000	43,968
Board and committee training	85,000	95,000	101,662
Bad debts	0	0	89,786
Equipment purchase	50,000	31,000	97,662
Depreciation and software	24,000	24,000	176,712
Supplies	60,000	52,000	64,542
Postage	30,000	34,000	30,572
Audit expense	35,340	65,340	66,750
Equipment rent	27,500	27,500	16,217
Insurance expense	28,500	34,500	34,212
Amortization and building usage	4,000	4,000	0
Temporary services	15,000	15,000	7,207
Debt service	2,000	2,000	0
In-kind services and rent	0	0	307,341
Anticipated carry-over	391,495	1,253,229	0
	27,036,221	30,043,138	24,883,962
Net income (loss)	\$ 0	\$ 0	\$ 28,468

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, 2014

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, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Total Award</u>	<u>Award Period</u>	<u>Deferred at 06.30.2013</u>	<u>Receivable at 06.30.2013</u>	<u>2014 Federal Expenditures</u>	<u>2014 Federal Receipts</u>	<u>Deferred at 06.30.2014</u>	<u>Receivable at 06.30.2014</u>
MAJOR PROGRAMS										
U.S. Department of Labor										
Passed through Commonwealth of Kentucky Cabinet for Health and Family Services										
Trade Adjustment Assistance										
Trade Training	17.245	205BE12	1,266,423		0	7,116	867,911	839,617	0	35,410
Workforce Investment Act Cluster										
WIA Adult Program										
Adult	17.258	273AD13	193,783	10.2013-06.2014		93,922	193,783	244,982		42,723
Adult	17.258	273AD14	1,054,597	07.2013 - 06.2014			493,777	276,096		217,681
Adult	17.258	270AD14	24,898	07.2010-06.2013			24,898	24,898		
Adult	17.258	270AD13	3,627	10.2008-12.2013		4,396	3,627	8,023		
WIA Youth										
Youth	17.259	274YT12	1,903	04.2009 - 06.2013			1,903	1,903		
Youth	17.259	274YT13	859,468	04.2013-6.2014		111,822	859,468	830,134		141,156
Youth	17.259	274YT14	1,304,827				10,744			10,744
WIA National Emergency Grants										
NEG	17.277	258DW13	302,668	07.2011 - 06.2013		8,040	123,972	121,987		10,025
WIA Dislocated Worker Formula Grants										
Dislocated Worker	17.278	272DW14	145,640	07.2013 - 06.2014			122,371	97,922		24,449
Dislocated Worker	17.278	271DW14	1,358,321	07.2013 - 06.2014			74,665	34,503		40,162
Dislocated Worker	17.278	272DW13	111,326	07.2013-06.2014			111,326	111,326		
Dislocated Worker	17.278	271DW13	1,299,063	10.2013-06.2014	10,868		1,299,063	1,265,722		22,473
Rapid Response	17.278	271CM13	63,419				63,419	63,419		
Rapid Response	17.278	272CM13	90,000	10.2013-12.31.2014			90,000	90,000		
Rapid Response	17.278	271CM14	210,000	10.2011-06.2014			193,757	164,356		29,401
		Total Workforce Investment Act Cluster	7,023,540		10,868	218,180	3,666,773	3,335,271	0	538,814
		Total U.S. Department of Labor - major programs	8,289,963		10,868	225,296	4,534,684	4,174,888	0	574,224
U.S. Department of Health and Human Services										
Passed through Commonwealth of Kentucky Cabinet for Health and Family Services										
Aging Cluster										
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers										
Title III- Admin	93.044	1300002020	247,553	07.2013 - 06.2014	318	25,798	239,123	210,679		53,924
Title III - SS	93.044	1300002020	682,318	07.2013 - 06.2014			680,640	648,122		32,518
Special Programs for the Aging - Title III, Part C - Nutrition Services										
Title III Congregate Meals	93.045	1300002020	393,509	07.2013 - 06.2014			392,020	370,371		21,649
Title III Home Delivered Meals	93.045	1300002020	440,009	07.2013 - 06.2014			440,009	429,639		10,370
Nutrition Services Incentive Program										
NSIP	93.053	1300002020	156,205	07.2013 - 06.2014		48,719	156,205	162,637		42,287
		Total Aging Cluster	1,919,594		318	74,517	1,907,997	1,821,448	0	160,748

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/Program	CFDA Number	Grantor Number	Total Award	Award Period	Deferred at 06.30.2013	Receivable at 06.30.2013	2014 Federal Expenditures	2014 Federal Receipts	Deferred at 06.30.2014	Receivable at 06.30.2014
<u>Medical Assistance Program</u>										
Consumer Directed Option Fiduciary	93.778		610,800	07.2013 - 06.2014	0	52,800	389,674	614,898	0	56,000
SCL II Financial Management	93.778		2,900					1,900		1,000
			<u>613,700</u>		<u>0</u>	<u>52,800</u>	<u>389,674</u>	<u>616,798</u>	<u>0</u>	<u>57,000</u>
Total U.S. Department of Health and Human Services - major programs			<u>2,533,294</u>		<u>318</u>	<u>127,317</u>	<u>2,297,671</u>	<u>2,438,246</u>	<u>0</u>	<u>217,748</u>
Total major programs			<u>10,823,257</u>		<u>11,186</u>	<u>352,613</u>	<u>6,832,355</u>	<u>6,613,134</u>	<u>0</u>	<u>791,972</u>
<u>NONMAJOR PROGRAMS</u>										
<u>U.S. Department of Transportation</u>										
Passed through Commonwealth of Kentucky Transportation Cabinet										
<u>Highway Planning and Construction</u>										
Inventory of Existing Highway Signs	20.205	1200005592	28,613	07.2010 - 06.2014		13,359	27,182	30,033		10,508
Highway Inventory Data Collection Program	20.205	1400002189	28,960	07.2010 - 06.2013			18,122			18,122
Fayette Centerlines	20.205	1400002813	4,000				4,000			4,000
			<u>61,573</u>		<u>0</u>	<u>13,359</u>	<u>49,304</u>	<u>30,033</u>	<u>0</u>	<u>32,630</u>
<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>										
Title VII Elder Abuse Prevention	93.041	1300002020	9,823	07.2013 - 06.2014	0	0	9,823	9,823	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	1300002020	17,240	07.2013 - 06.2014	0	0	17,240	17,240	0	0
<u>Department for Aging and Independent Living</u>										
Title III D Preventative Health	93.043	1300002020	41,820	07.2013 - 06.2014		16,900	41,675	22,532		36,043
Aging and Disability Resource Center	93.048	1300002039	2,300	07.2013 - 06.2014		156	2,300	2,456		
Aging Alzheimer's	93.051	1300002039	100,000	07.2013 - 06.2014		471	23,665	5,990		18,146
Medicare Improvements for Patients and Providers (MIPPA) - SHIP	93.071	1300002039	6,022				6,022	6,022		
MIPPA-AAA	93.071	1300002039	14,171				14,171	14,171		
MIPPA-ADRC	93.071	1300002039	6,955				6,955	6,712		242
Functional Assessment Service Teams	93.069	1300002039	3,000				1,545	107		1,438
Improving Arthritis Outcomes	93.945	1300002039	7,000				353	83		270
Health Benefits Exchange	93.525	1300002039	218,959				89,423	83,721		5,702
			<u>400,227</u>		<u>0</u>	<u>17,527</u>	<u>186,109</u>	<u>141,794</u>	<u>0</u>	<u>61,841</u>
<u>National Family Caregiver Support Title II, Part E</u>										
Aging Family Caregiver Support	93.052	1300002020	253,301	07.2013 - 06.2014	0	31,365	229,048	191,289	0	69,124

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, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Total Award</u>	<u>Award Period</u>	<u>Deferred at 06.30.2013</u>	<u>Receivable at 06.30.2013</u>	<u>2014 Federal Expenditures</u>	<u>2014 Federal Receipts</u>	<u>Deferred at 06.30.2014</u>	<u>Receivable at 06.30.2014</u>
<u>Communities Putting Prevention to Work</u>										
Chronic Diseases and Self Management	93.725	1300002039	9,553	07.2013 - 06.2014	0	893	7,865	7,732	0	1,026
<u>Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluations</u>										
CMS-SHIP	93.779	1300002039	104,621	07.2013 - 06.2014	0	8,330	104,621	104,696	0	8,254
Total U.S. Department of Health and Human Services - nonmajor programs			856,338		0	71,474	604,010	502,609	0	172,875
<u>U.S. Department of Housing and Urban Development</u>										
Passed through Commonwealth of Kentucky Department for Local Government										
<u>Community Development Block Grants (CDBG)/State's program and Non-Entitlement Grants in Hawai</u>										
Joint Funding Administration (JFA) - Program Assistance										
	14.228	1400000401	26,000	07.2013 - 06.2014	0	0	26,000	26,000	0	0
<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	1300002020	239,589	07.2013 - 06.2014	0	8,063	239,589	222,195	0	25,457
Total U.S. Department of Labor - nonmajor programs			1,121,927		0	79,537	869,599	750,804	0	198,332
<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	1400000401	38,674	07.2013 - 06.2014			38,674	38,674		
JFA Management Assistance	11.302	1400000401	9,510	07.2013 - 06.2014			9,510	9,510		
JFA Program Administration	11.302	1400000401	15,216	07.2013 - 06.2014			15,216	15,216		
Economic Adjustment Assistance - Kentucky										
Agriculture Information System	11.307	A2012-0322	107,100				37,028	20,845		16,183
			170,500		0	0	100,428	84,245	0	16,183
<u>Appalachian Local Development District Assistance</u>										
JFA ARC Planning and Assistance	23.009	KY-0702C-C43	86,481	07.2013 - 06.2014	0		86,481	86,481	0	0
Total U.S. Department of Commerce - nonmajor programs			256,981		0	0	186,909	170,726	0	16,183

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Total Award</u>	<u>Award Period</u>	<u>Deferred at 06.30.2013</u>	<u>Receivable at 06.30.2013</u>	<u>2014 Federal Expenditures</u>	<u>2014 Federal Receipts</u>	<u>Deferred at 06.30.2014</u>	<u>Receivable at 06.30.2014</u>
<u>U.S. Department of Homeland Security</u>										
Passed through Commonwealth of Kentucky										
Department of Military Affairs										
<u>Homeland Security</u>										
KOHS Team Response	97.067	1300002986	10,000	07.2013 - 10.2013			10,000	10,000		
KOHS Regional MDC	97.067	1400003012	5,200	07.2013 - 06.2014			5,200			5,200
Total U.S. Department of Homeland Security - nonmajor programs			<u>15,200</u>		<u>0</u>	<u>0</u>	<u>15,200</u>	<u>10,000</u>	<u>0</u>	<u>5,200</u>
Total nonmajor programs			<u>1,394,108</u>		<u>0</u>	<u>79,537</u>	<u>1,071,708</u>	<u>931,530</u>	<u>0</u>	<u>219,715</u>
Total			<u>12,217,365</u>		<u>\$ 11,186</u>	<u>\$ 432,150</u>	<u>\$ 7,904,063</u>	<u>\$ 7,544,664</u>	<u>\$ 0</u>	<u>\$ 1,011,687</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014

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:

Subrecipient	CFDA Number	Amount
Bluegrass Community Action Partnership	17.235	\$ 228,236
Community Action Council	17.259	69,332
Foothills Community Action Partnership	17.259	96,625
Fort Logan High School	17.259	50,809
Kentucky Educational Development Company	17.259	1,000
Lexington Fayette Urban Co. Government	17.259	73,850
Thornhill Education Center	17.259	97,615
Nursing Home Ombudsman Agency of the Bluegrass	93.041	9,823
Nursing Home Ombudsman Agency of the Bluegrass	93.042	17,240
Bluegrass Community Action Partnership	93.044	250,211
Boyle Senior Citizen Center	93.044	33,534
Estill Senior Citizen Center	93.044	26,742
Fayette Lexington Senior Citizen Center	93.044	92,130
Franklin County Council on Aging	93.044	41,933
Harrison County Commission on Aging	93.044	13,925
Kentucky River Foothills Development Council	93.044	124,740
Lincoln Senior Citizen Center	93.044	34,264
Nicholas Senior Citizen Center	93.044	21,520
Northern Kentucky Legal Aid Society	93.044	19,863
Nursing Home Ombudsman Agency of the Bluegrass	93.044	21,778

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014

Bluegrass Community Action Partnership	93.045	679,167
Boyle Senior Citizen Center	93.045	14,297
Estill Senior Citizen Center	93.045	12,691
Franklin County Council on Aging	93.045	26,211
Harrison County Commission on Aging	93.045	9,520
Kentucky River Foothills Development Council	93.045	62,813
Lincoln Senior Citizen Center	93.045	19,875
Nicholas Senior Citizen Center	93.045	7,455
Bluegrass Community Action Partnership	93.053	156,205
Northern Kentucky Legal Aid Society	93.071	20,193
Northern Kentucky Legal Aid Society	93.779	99,390
Total awards passed through to subrecipients		\$ <u>2,432,988</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 2014 financial statements:

Expenditures per SEFA	\$	7,904,064
Expenditures for state-funded grants		15,122,274
Expenditures for local grants		1,443,972
Total amount of excess expenditures (self-funded)		188,093
Positive Recovery Outreach		
Outcome Focus (self-funded)		<u>225,559</u>
Total expenditures per statement of activities	\$	<u>24,883,962</u>
Receivables per SEFA	\$	1,011,687
Receivables for federal grants in prior years		4,065
Receivables for state-funded grants, current year		1,455,084
Receivables for state-funded grants, prior years		44,898
Allowance for doubtful accounts		<u>(89,786)</u>
Net receivables per statement of net assets	\$	<u>2,425,948</u>
Receipts per SEFA	\$	7,544,665
Receivable per SEFA, 2014		1,011,687
Receivable per SEFA, 2013		(432,150)
Deferred revenue per SEFA, 2014		0
Deferred revenue per SEFA, 2013		11,186
Revenues for state-funded grants		15,348,559
Revenues for local grants		1,443,972
Positive Recovery Outreach Outcome and Focus		<u>182</u>
Governmental activities revenues per statement of activities	\$	<u>24,928,101</u>



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**REPORT OF INDEPENDENT AUDITORS 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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise BGADD's basic financial statements, and have issued our report thereon dated February 25, 2015.

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 25, 2015



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REPORT OF INDEPENDENT AUDITORS 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 Major 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, 2014. 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, 2014.

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 25, 2015

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

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, 2014**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.245	Trade Adjustment Assistance
17.258, 17.259, 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, 2013

No findings or questioned costs were reported for the year ended June 30, 2013.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

KENTUCKY JOINT FUNDING ADMINISTRATION PROGRAM
YEAR ENDED JUNE 30, 2014

	<u>Element No.</u>	<u>Budget</u>	<u>Actual Direct</u>	<u>Actual Indirect</u>	<u>Actual Total</u>
Revenues					
Federal		\$ 175,881	\$ 130,744	\$ 45,137	175,881
State		<u>216,977</u>	<u>161,293</u>	<u>55,684</u>	<u>216,977</u>
Total revenues		<u>392,858</u>	<u>292,037</u>	<u>100,821</u>	<u>392,858</u>
Expenditures					
Community and Economic Development Community Development Block Grant Program Assistance	120	100,904	77,358	24,904	102,262
Appalachian Regional Commission Planning and Assistance	125	52,000	38,050	14,245	52,295
Management Assistance	130	175,442	131,679	44,839	176,518
Program Administration	140	24,812	18,168	6,806	24,974
	150	<u>39,700</u>	<u>29,281</u>	<u>10,889</u>	<u>40,170</u>
Total expenditures		<u>392,858</u>	<u>294,536</u>	<u>101,683</u>	<u>396,219</u>
Revenues over expenditures		<u>\$ 0</u>	<u>\$ (2,499)</u>	<u>\$ (862)</u>	<u>\$ (3,361)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
COMMUNITY AND INFRASTRUCTURE DEVELOPMENT GRANTS ADMINISTRATION
YEAR ENDED JUNE 30, 2014

	42104 Millersburg Arctcroft	42109 Stanton CDBG	42115 Mt. Valley Recycling CDBG	42130 Berry CDBG WW Improv	42132 Crab Orchard CDBG	42210 Cross KY Master Trail	42212 Paris CDBG
Revenues							
Federal and state:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 0
Receivable	0	0	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	1,406	31,228	583	17,670	30,510	0	1,945
Total revenues	<u>1,406</u>	<u>31,228</u>	<u>583</u>	<u>17,670</u>	<u>30,510</u>	<u>20,000</u>	<u>1,945</u>
Expenditures							
Direct costs:							
Salaries	645	16,167	254	8,493	14,268	11,404	1,233
Employee burden	266	4,439	106	3,342	5,551	4,928	100
Annual leave	44	649	12	384	904	722	1
Travel	84	1,633	66	673	1,786	48	72
Other	0	21	0	0	0	7	1
Contract costs	0	0	0	0	0	0	0
Total direct costs	1,039	22,909	438	12,892	22,509	17,109	1,407
Indirect costs applied	367	8,319	145	4,778	8,001	6,593	538
Total expenditures	<u>1,406</u>	<u>31,228</u>	<u>583</u>	<u>17,670</u>	<u>30,510</u>	<u>23,702</u>	<u>1,945</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,702)</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, 2014

	42214 Stanton <u>CDBG Disaster</u>	42230 North <u>Middletown CDBG</u>	42302 Berea <u>CDBG</u>	42303 Berea Water <u>St. CDBG</u>	42304 Jess CDBG <u>Armory Pl.</u>	42305 Carlisle <u>CDBG Water</u>	42314 Berry Storm- <u>Water CDBG</u>
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>5,168</u>	<u>7,243</u>	<u>1,277</u>	<u>1,000</u>	<u>17,274</u>	<u>15,399</u>	<u>3,480</u>
Total revenues	<u>5,168</u>	<u>7,243</u>	<u>1,277</u>	<u>1,000</u>	<u>17,274</u>	<u>15,399</u>	<u>3,480</u>
Expenditures							
Direct costs:							
Salaries	2,507	3,551	794	537	7,912	7,294	1,852
Employee burden	875	1,172	61	115	3,483	3,171	516
Annual leave	138	183	0	15	486	389	40
Travel	284	412	77	52	794	318	116
Other	0	19	0	19	0	3	0
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	3,804	5,337	932	738	12,675	11,175	2,524
Indirect costs applied	<u>1,364</u>	<u>1,906</u>	<u>345</u>	<u>262</u>	<u>4,599</u>	<u>4,224</u>	<u>956</u>
Total expenditures	<u>5,168</u>	<u>7,243</u>	<u>1,277</u>	<u>1,000</u>	<u>17,274</u>	<u>15,399</u>	<u>3,480</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, 2014

	42315 Riney B Park CDBG-DR	42316 Harrodsburg YMCA CDBG	42319 Frankfort Holmes DR	42320 Winchester CDBG	42409 Lincoln Fisc CDBG	Total
Revenues						
Federal and state:						
Received	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 20,000
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	271	11,032	10,496	9,776	288	166,046
Total revenues	271	11,032	10,496	9,776	288	186,046
Expenditures						
Direct costs:						
Salaries	125	5,244	4,995	4,648	108	92,031
Employee burden	62	2,268	1,889	2,027	79	34,450
Annual leave	6	287	274	238	6	4,778
Travel	2	198	559	168	21	7,363
Other	0	4	0	0		74
Contract costs	0	0	0	0	0	0
Total direct costs	195	8,001	7,717	7,081	214	138,696
Indirect costs applied	76	3,031	2,779	2,695	74	51,052
Total expenditures	271	11,032	10,496	9,776	288	189,748
Revenues over expenditures	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ (3,702)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
YEAR ENDED JUNE 30, 2014

	48001 Mapping Assistance	48501 BG Pride Support	48810 Jessamine GIS T/A	48811 FY14 Boyle GIS T/A	48004 Storm Sewer Mapping	48125 Harrison 911 T/A	48224 Anderson GPS E911
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	5,268	3,750	15,000	8,500	57,936	300	3,388
Total revenues	<u>5,268</u>	<u>3,750</u>	<u>15,000</u>	<u>8,500</u>	<u>57,936</u>	<u>300</u>	<u>3,388</u>
Expenditures							
Direct costs:							
Salaries	2,194	1,776	6,878	5,347	26,687	106	1,484
Employee burden	963	806	3,211	2,509	12,566	44	638
Annual leave	140	113	391	312	1,316	7	75
Travel	195	14	559	510	534	14	82
Other	502	0	862	626	986	68	253
Contract costs	0	0	0	0	0	0	0
Total direct costs	3,994	2,709	11,901	9,304	42,089	239	2,532
Indirect costs applied	1,274	1,041	4,073	3,171	15,847	61	856
Total expenditures	<u>5,268</u>	<u>3,750</u>	<u>15,974</u>	<u>12,475</u>	<u>57,936</u>	<u>300</u>	<u>3,388</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (974)</u>	<u>\$ (3,975)</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, 2014

	48225 Crab Orchard GIS/GPS	48227 Wilmore GIS/GPS	48228 Harrison Comp GIS	48231 Nicholas E911 TA	48236 Magoffin 911	48243 CYN/Harrison EDA Web	48303 Mercer 911 Map Update
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	5,704	1,197	2,450	2,772	5,921	1,500	1,393
Total revenues	<u>5,704</u>	<u>1,197</u>	<u>2,450</u>	<u>2,772</u>	<u>5,921</u>	<u>1,500</u>	<u>1,393</u>
Expenditures							
Direct costs:							
Salaries	2,637	546	1,123	1,197	2,654	710	1,300
Employee burden	1,092	284	464	564	1,162	324	630
Annual leave	171	32	77	66	160	48	76
Travel	298	0	147	0	76	0	0
Other	0	0	0	235	330	1	792
Contract costs	0	0	0	0	0	0	0
Total direct costs	4,198	862	1,811	2,062	4,382	1,083	2,798
Indirect costs applied	1,506	335	639	710	1,539	417	779
Total expenditures	<u>5,704</u>	<u>1,197</u>	<u>2,450</u>	<u>2,772</u>	<u>5,921</u>	<u>1,500</u>	<u>3,577</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,184)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
YEAR ENDED JUNE 30, 2014

	48304 Lawrenceburg Mapbook	48400 KADIS	48401 Boyle/Danville Comp Plan Up	48402 CMRS Central KY 911	48403 Bourbon Co. Zoning	48410 Powell Reappropriation	48411 KY American Water Swapp
Revenues							
Federal and State:							
Received	\$ 0	\$ 20,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	21,080	0	8,421	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	1,241	0	865	0	2,000	4,000	5,000
Total revenues	<u>1,241</u>	<u>41,926</u>	<u>865</u>	<u>8,421</u>	<u>2,000</u>	<u>4,000</u>	<u>5,000</u>
Expenditures							
Direct costs:							
Salaries	678	22,815	404	4,107	943	1,786	2,153
Employee burden	52	8,717	192	1,593	435	868	1,023
Annual leave	0	1,220	24	319	54	101	132
Travel	0	514	6	62	12	0	86
Other	217	5	0	39	1	173	324
Contract costs	0	480	0	0	0	0	0
Total direct costs	947	33,751	626	6,120	1,445	2,928	3,718
Indirect costs applied	294	12,730	239	2,301	555	1,072	1,282
Total expenditures	<u>1,241</u>	<u>46,481</u>	<u>865</u>	<u>8,421</u>	<u>2,000</u>	<u>4,000</u>	<u>5,000</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ (4,555)</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, 2014

	48422 Powell GPS Road Project	48423 Jess S. Elk Water Project	48426 Mercer 911 Map Update	48412 Fayette Cline FY14	48238 KYTC Hwy Sign Anderson	48244 KYTC Hwy Sign Bourbon	48240 KYTC Hwy Sign Garrard
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,860	\$ 0	\$ 5,081
Receivable	0	0	0	5,000	0	6,699	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	2,500	2,500	2,547	0	0	0	0
Total revenues	2,500	2,500	2,547	5,000	2,860	6,699	5,081
Expenditures							
Direct costs:							
Salaries	1,147	1,241	1,155	3,157	1,449	3,350	2,424
Employee burden	414	457	516	1,418	489	1,348	823
Annual leave	49	84	68	177	53	173	100
Travel	21	33	27	17	0	60	28
Other	240	0	106	12	90	560	428
Contract costs	0	0	0	0	0	0	0
Total direct costs	1,871	1,815	1,872	4,781	2,081	5,491	3,803
Indirect costs applied	629	685	675	1,847	782	1,896	1,310
Total expenditures	2,500	2,500	2,547	6,628	2,863	7,387	5,113
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ (1,628)	\$ (3)	\$ (688)	\$ (32)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
YEAR ENDED JUNE 30, 2014

	48245 KYTC Hwy <u>Sign Jessamine</u>	48241 KYTC Hwy <u>Sign Mercer</u>	48234 KYTC Hwy <u>Sign Montgomery</u>	48235 KYTC Hwy <u>Sign Powell</u>	48242 KYTC Hwy <u>Sign Scott</u>	48409 <u>KYTC GPS</u>	48413 KYTC GPS <u>Anderson</u>
Revenues							
Federal and State:							
Received	\$ 0	6,939	\$ 80	\$ 0	\$ 5,882	\$ 0	\$ 0
Receivable	6,436	0	0	0	0	341	1,847
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>6,436</u>	<u>6,939</u>	<u>80</u>	<u>0</u>	<u>5,882</u>	<u>341</u>	<u>1,847</u>
Expenditures							
Direct costs:							
Salaries	3,339	3,362	37	0	2,744	162	885
Employee burden	1,386	1,141	19	0	910	77	401
Annual leave	169	123	2	0	96	9	52
Travel	10	0	0	0	0	0	0
Other	438	501	0	40	662	0	0
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	5,342	5,127	58	40	4,412	248	1,338
Indirect costs applied	<u>1,906</u>	<u>1,817</u>	<u>22</u>	<u>0</u>	<u>1,474</u>	<u>96</u>	<u>518</u>
Total expenditures	<u>7,248</u>	<u>6,944</u>	<u>80</u>	<u>40</u>	<u>5,886</u>	<u>344</u>	<u>1,856</u>
Revenues over expenditures	<u>\$ (812)</u>	<u>(5)</u>	<u>\$ 0</u>	<u>\$ (40)</u>	<u>\$ (4)</u>	<u>\$ (3)</u>	<u>\$ (9)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
YEAR ENDED JUNE 30, 2014

	48404 KYTC GPS Boyle	48416 KYTC GPS Franklin	48406 KYTC GPS Garrard	48417 KYTC GPS Harrison	48424 KYTC GPS Madison	48418 KYTC GPS Mercer	48419 KYTC GPS Nicholas
Revenues							
Federal and State:							
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	288	3,637	1,588	1,048	8,109	1,172	523
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	0	0
Total revenues	<u>288</u>	<u>3,637</u>	<u>1,588</u>	<u>1,048</u>	<u>8,109</u>	<u>1,172</u>	<u>523</u>
Expenditures							
Direct costs:							
Salaries	225	1,701	746	499	3,871	563	250
Employee burden	106	798	346	232	1,726	253	115
Annual leave	13	95	44	29	226	33	15
Travel	1	33	19	0	7	0	0
Other	164	53	0	0	68	1	0
Contract costs	0	0	0	0	0	0	0
Total direct costs	509	2,680	1,155	760	5,898	850	380
Indirect costs applied	133	1,008	441	294	2,259	328	146
Total expenditures	<u>642</u>	<u>3,688</u>	<u>1,596</u>	<u>1,054</u>	<u>8,157</u>	<u>1,178</u>	<u>526</u>
Revenues over expenditures	<u>\$ (354)</u>	<u>\$ (51)</u>	<u>\$ (8)</u>	<u>\$ (6)</u>	<u>\$ (48)</u>	<u>\$ (6)</u>	<u>\$ (3)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
MAPPING/GEOGRAPHIC INFORMATION SYSTEMS
YEAR ENDED JUNE 30, 2014

	48420 KYTC GPS Powell	48408 KYTC GPS Scott	48421 KYTC GPS Woodford	43900 GIS Vehicle Grant	Total
Revenues					
Federal and State:					
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,688
Receivable	618	0	3,482	0	70,289
Deferred	0	0	0	0	0
Local:					
Applied to programs	0	0	0	0	135,732
Total revenues	618	0	3,482	0	247,709
Expenditures					
Direct costs:					
Salaries	254	166	1,841	0	122,093
Employee burden	120	77	823	0	52,132
Annual leave	15	10	108	0	6,577
Travel	2	0	15	0	3,382
Other	83	36	7	(5,473)	3,430
Contract costs	0	0	0	0	480
Total direct costs	474	289	2,794	(5,473)	188,094
Indirect costs applied	150	98	1,075	0	70,310
Total expenditures	624	387	3,869	(5,473)	258,404
Revenues over expenditures	\$ (6)	\$ (387)	\$ (387)	\$ 5,473	\$ (10,695)

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
YEAR ENDED JUNE 30, 2014

	44000 Aging Homecare	44001 Homecare SS Train	44002 Homecare Advance	44115 Aging Interest	44200 Aging Title III	44201 Aging T-III SS Train	44205 Aging Title-IIID
Revenues							
Federal and State:							
Received	\$ 1,646,008	\$ 445	\$ 190,049	\$ 0	\$ 1,980,151	\$ 2,997	\$ 19,932
Receivable	459,649	0	0	0	134,829	0	46,743
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	157,270	0	0	130	183,283	0	0
In-kind services and rent	9,506	0	0	0	190,717	0	0
Total revenues	2,272,433	445	190,049	130	2,488,980	2,997	66,675
Expenditures							
Direct costs:							
Salaries	82,886	0	0	0	81,708	0	2,515
Employee burden	34,333	0	0	0	37,212	0	1,135
Annual leave	5,971	0	0	0	4,843	0	147
Travel	2,841	0	0	0	4,453	24	18
Other	26,424	445	0	130	26,048	2,973	380
Contract costs	2,063,169	0	190,049	0	2,096,009	0	61,006
In-kind services and rent	9,506	0	0	0	190,717	0	0
Total direct costs	2,225,130	445	190,049	130	2,440,990	2,997	65,201
Indirect costs applied	47,325	0	0	0	48,012	0	1,474
Total expenditures	2,272,455	445	190,049	130	2,489,002	2,997	66,675
Revenues over expenditures	\$ <u>(22)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(22)</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, 2014

	44210 Aging T-III Admin Training	44220 Aging Adult Day	44221 ADC Case Management	44222 Adult Day Advance	44225 Title-VII Elder Abuse	44240 Aging Ship	44300 Aging Case Management
Revenues							
Federal and State:							
Received	\$ 11,627	\$ 222,548	\$ 30,000	\$ 27,915	\$ 9,823	\$ 96,366	\$ 237,830
Receivable	0	91,739	0	0	0	8,255	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	1,733	0	0
In-kind	0	0	0	0	0	0	0
Total revenues	<u>11,627</u>	<u>314,287</u>	<u>30,000</u>	<u>27,915</u>	<u>11,556</u>	<u>104,621</u>	<u>237,830</u>
Expenditures							
Direct costs:							
Salaries	0	17,107	12,458	0	0	2,428	100,830
Employee burden	0	7,958	6,528	0	0	1,183	47,683
Annual leave	0	912	566	0	0	142	5,945
Travel	8,602	570	2,181	0	0	3	6,867
Other	3,025	559	606	0	0	19	16,572
Contract costs	0	277,067	0	27,915	11,556	99,390	0
In-kind	0	0	0	0	0	0	0
Total direct costs	<u>11,627</u>	<u>304,173</u>	<u>22,339</u>	<u>27,915</u>	<u>11,556</u>	<u>103,165</u>	<u>177,897</u>
Indirect costs applied	<u>0</u>	<u>10,119</u>	<u>7,664</u>	<u>0</u>	<u>0</u>	<u>1,457</u>	<u>59,961</u>
Total expenditures	<u>11,627</u>	<u>314,292</u>	<u>30,003</u>	<u>27,915</u>	<u>11,556</u>	<u>104,622</u>	<u>237,858</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ (5)</u>	<u>\$ (3)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ (28)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
YEAR ENDED JUNE 30, 2014

	44500 Aging Title V	44600 Aging Title VIII Ombudsman	44601 LTC Ombudsman State	44602 LTC Ombudsman State Advance	44700 NSIP USDA	44801 Aging CDSME	44803 Aging ADRC
Revenues							
Federal and State:							
Received	\$ 214,130	\$ 17,240	\$ 87,407	\$ 7,946	\$ 113,918	\$ 6,839	\$ 2,300
Receivable	25,459	0	0	0	42,287	1,026	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	3,042	0	0	0	0	0
In-kind	26,888	0	0	0	0	0	0
Total revenues	266,477	20,282	87,407	7,946	156,205	7,865	2,300
Expenditures							
Direct costs:							
Salaries	2,450	0	0	0	0	2,244	779
Employee burden	1,111	0	0	0	0	1,067	382
Annual leave	143	0	0	0	0	132	46
Travel	10	0	0	0	0	477	73
Other	0	0	0	0	0	970	552
Contract costs	234,439	20,282	87,407	7,946	156,205	1,640	0
In-kind	26,888	0	0	0	0	0	0
Total direct costs	265,041	20,282	87,407	7,946	156,205	6,530	1,832
Indirect costs applied	1,437	0	0	0	0	1,336	468
Total expenditures	266,478	20,282	87,407	7,946	156,205	7,866	2,300
Revenues over expenditures	\$ <u>(1)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(1)</u>	\$ <u>0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
YEAR ENDED JUNE 30, 2014

	44804 Aging TBI	44806 Aging Alzheimer's	44808 Aging Arthritis	44809 Health Benefits Exchange	44900 Aging Family Caregiver	44901 Aging Family Care Admin	44902 Aging Grandparent
Revenues							
Federal and State:							
Received	\$ 586	\$ 5,518	\$ 83	\$ 83,721	\$ 159,924	\$ 25,242	\$ 237,840
Receivable	0	18,146	270	5,702	69,124	0	24,357
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	0	0
In-kind	0	3,877	0	0	76,353	0	0
Total revenues	<u>586</u>	<u>27,541</u>	<u>353</u>	<u>89,423</u>	<u>305,401</u>	<u>25,242</u>	<u>262,197</u>
Expenditures							
Direct costs:							
Salaries	79	649	37	41,698	35,520	12,727	41,583
Employee burden	39	296	18	16,856	16,522	4,917	16,119
Annual leave	5	38	2	1,493	2,022	397	2,486
Travel	0	196	0	816	2,353	5	1,492
Other	0	20	274	4,930	6,153	76	4,353
Contract costs	416	22,085	0	0	145,478	0	172,879
In-kind	0	3,877	0	0	76,353	0	0
Total direct costs	<u>539</u>	<u>27,161</u>	<u>331</u>	<u>65,793</u>	<u>284,401</u>	<u>18,122</u>	<u>238,912</u>
Indirect costs applied	<u>47</u>	<u>380</u>	<u>22</u>	<u>23,641</u>	<u>21,010</u>	<u>7,123</u>	<u>23,296</u>
Total expenditures	<u>586</u>	<u>27,542</u>	<u>353</u>	<u>89,434</u>	<u>305,411</u>	<u>25,245</u>	<u>262,208</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ (11)</u>	<u>\$ (10)</u>	<u>\$ (3)</u>	<u>\$ (11)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
YEAR ENDED JUNE 30, 2014

	44903 Grandparent Advance	44805 Aging Fast	44950 BMH Aging Coalition	44810 Aging MIPPA-Ship	44811 Aging MIPPA-AAA	44812 Aging MIPPA-AAA	44960 CARE Transitions
Revenues							
Federal and State:							
Received	\$ 21,259	\$ 107	\$ 0	\$ 6,022	\$ 14,171	\$ 6,713	\$ 0
Receivable	0	1,438	0	0	0	242	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	2,380	0	0	0	4,000
In-kind	0	0	0	0	0	0	0
Total revenues	<u>21,259</u>	<u>1,545</u>	<u>2,380</u>	<u>6,022</u>	<u>14,171</u>	<u>6,955</u>	<u>4,000</u>
Expenditures							
Direct costs:							
Salaries	0	0	0	0	0	3,031	6,886
Employee burden	0	0	0	0	0	1,457	3,535
Annual leave	0	0	0	0	0	177	327
Travel	0	35	25	0	0	0	850
Other	0	16	923	0	0	479	1,779
Contract costs	21,259	1,494	1,432	6,022	14,171	0	597
In-kind	0	0	0	0	0	0	0
Total direct costs	<u>21,259</u>	<u>1,545</u>	<u>2,380</u>	<u>6,022</u>	<u>14,171</u>	<u>5,144</u>	<u>13,974</u>
Indirect costs applied	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,812</u>	<u>4,207</u>
Total expenditures	<u>21,259</u>	<u>1,545</u>	<u>2,380</u>	<u>6,022</u>	<u>14,171</u>	<u>6,956</u>	<u>18,181</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ (14,181)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
AGING PROGRAMS
YEAR ENDED JUNE 30, 2014

	<u>Total</u>
Revenues	
Federal and State:	
Received	\$ 5,486,657
Receivable	929,266
Deferred	0
Local:	
Applied to programs	351,838
In-kind	<u>307,341</u>
Total revenues	<u>7,075,102</u>
Expenditures	
Direct costs:	
Salaries	447,615
Employee burden	198,351
Annual leave	25,794
Travel	31,891
Other	97,706
Contract costs	5,719,913
In-kind	<u>307,341</u>
Total direct costs	6,828,611
Indirect costs applied	<u>260,791</u>
Total expenditures	<u>7,089,402</u>
Revenues over expenditures	<u>\$ (14,300)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE

CONSUMER DIRECT OPTION

YEAR ENDED JUNE 30, 2014

	44350 CDO <u>Client Costs</u>	44351 CDO <u>Fiduciary</u>	44352 CDO Support <u>Broker</u>	44360 SCL II - <u>Client Costs</u>	44361 SCL II - <u>Financial Mgmt</u>	44362 SCL II - <u>Case Mgmt</u>	<u>Prior year CDO</u>
Revenues							
Federal and State:							
Received	\$ 8,609,908	\$ 554,800	\$ 1,562,152	\$ 167,346	\$ 1,900	\$ 4,160	\$ 21,899
Receivable	461,850	56,000	226,332	24,787	1,000	3,989	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	<u>0</u>	<u>0</u>	<u>163,038</u>	<u>0</u>	<u>0</u>	<u>171</u>	<u>0</u>
Total revenues	<u>9,071,758</u>	<u>610,800</u>	<u>1,951,522</u>	<u>192,133</u>	<u>2,900</u>	<u>8,320</u>	<u>21,899</u>
Expenditures							
Direct costs:							
Salaries	0	171,636	707,993	0	0	13,144	0
Employee burden	0	84,545	344,191	0	0	6,216	0
Annual leave	0	7,997	33,117	0	0	755	0
Travel	0	132	81,804	0	0	1,280	0
Bad debt expense	7,199	6,700	46,300	0	0	0	0
Other	0	15,236	71,831	0	0	555	0
Contract costs	<u>9,072,791</u>	<u>0</u>	<u>0</u>	<u>192,133</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	9,079,990	286,246	1,285,236	192,133	0	21,950	0
Indirect costs applied	<u>0</u>	<u>103,430</u>	<u>424,922</u>	<u>0</u>	<u>0</u>	<u>7,816</u>	<u>0</u>
Total expenditures	<u>9,079,990</u>	<u>389,676</u>	<u>1,710,158</u>	<u>192,133</u>	<u>0</u>	<u>29,766</u>	<u>0</u>
Revenues over expenditures	<u>\$ (8,232)</u>	<u>\$ 221,124</u>	<u>\$ 241,364</u>	<u>\$ 0</u>	<u>\$ 2,900</u>	<u>\$ (21,446)</u>	<u>\$ 21,899</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE

CONSUMER DIRECT OPTION

YEAR ENDED JUNE 30, 2014

	<u>Total</u>
Revenues	
Federal and State:	
Received	\$ 10,922,165
Receivable	773,958
Deferred	0
Local:	
Applied to programs	<u>163,209</u>
Total revenues	<u>11,859,332</u>
Expenditures	
Direct costs:	
Salaries	892,773
Employee burden	434,952
Annual leave	41,869
Travel	83,216
Bad debt expense	60,199
Other	87,622
Contract costs	<u>9,264,924</u>
Total direct costs	10,865,555
Indirect costs applied	<u>536,168</u>
Total expenditures	<u>11,401,723</u>
Revenues over expenditures	<u><u>\$ 457,609</u></u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
YEAR ENDED JUNE 30, 2014

	45107 Rapid Resp. 271CM13	45119 Trade 205BE12	45307 Adult Admin 270AD13	45417 DW Program 272DW13	45600 Youth Admin 274YT13	45610 YOS Program 274YT13	45710 YIS Program 274YT13
Revenues							
Federal and State:							
Received	\$ 63,419	\$ 832,501	\$ 3,627	\$ 111,326	\$ 71,320	\$ 423,364	\$ 223,628
Receivable	0	35,410	0	0	0	83,125	58,031
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	20	0	10	10
Total revenues	63,419	867,911	3,627	111,346	71,320	506,499	281,669
Expenditures							
Direct costs:							
Salaries	28,187	0	1,433	15,244	27,445	94,298	47,745
Employee burden	13,770	0	559	7,676	10,991	48,003	24,399
Annual leave	1,438	0	92	778	1,662	4,745	2,491
Travel	2,207	0	52	658	332	9,861	4,447
Other	408	0	687	11,522	15,373	29,228	28,053
Contract costs	469	867,911	0	66,216	0	262,912	145,407
Total direct costs	46,479	867,911	2,823	102,094	55,803	449,047	252,542
Indirect costs applied	16,940	0	804	9,252	15,517	57,452	29,127
Total expenditures	63,419	867,911	3,627	111,346	71,320	506,499	281,669
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, 2014

	45308 Adult Admin 273AD13	45318 Adult Program 273AD13	45408 DW Admin 271DW13	45418 DW Program 271DW13	45319 Adult Program 271DW13	45601 Youth Admin 274YT14	45611 YOS Program 274YT14
Revenues							
Federal and State:							
Received	\$ 49,344	\$ 101,716	\$ 87,469	\$ 495,798	\$ 693,323	\$ 0	\$ 0
Receivable	17,723	25,000	2,965	19,508	0	5,056	1,640
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	20	0	0	0	0	0
Total revenues	67,067	126,736	90,434	515,306	693,323	5,056	1,640
Expenditures							
Direct costs:							
Salaries	27,247	17,751	38,975	139,329	124,637	0	0
Employee burden	10,914	8,569	15,082	68,831	62,486	0	0
Annual leave	1,679	901	2,468	7,219	6,365	0	0
Travel	721	1,802	1,066	6,321	6,716	7	26
Other	11,100	28,592	11,020	37,395	23,561	5,049	550
Contract costs	0	58,496	0	172,169	394,010	0	1,064
Total direct costs	51,661	116,111	68,611	431,264	617,775	5,056	1,640
Indirect costs applied	15,406	10,625	21,823	84,042	75,548	0	0
Total expenditures	67,067	126,736	90,434	515,306	693,323	5,056	1,640
Revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WORKFORCE DEVELOPMENT
YEAR ENDED JUNE 30, 2014

	45711 YIS Program 274YT14	45311 Adult Program 270AD14	45401 DW Admin 272DW14	45411 DW Program 272DW14	45201 NEG Admin 258DW13	45211 NEG Program 258DW13	45108 Rapid Resp 272CM13
Revenues							
Federal and State:							
Received	\$ 0	\$ 24,898	\$ 0	\$ 97,922	\$ 300	\$ 113,647	\$ 90,000
Receivable	4,048	0	11,426	13,023	2	10,023	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	0	0
Total revenues	4,048	24,898	11,426	110,945	302	123,670	90,000
Expenditures							
Direct costs:							
Salaries	0	2,761	682	198	145	9,445	40,554
Employee burden	0	1,557	277	117	64	4,274	19,502
Annual leave	0	127	41	15	9	568	2,079
Travel	13	0	22	796	0	274	2,189
Other	3,439	1,963	10,016	40,526	0	0	729
Contract costs	596	16,748	0	69,167	0	103,572	700
Total direct costs	4,048	23,156	11,038	110,819	218	118,133	65,753
Indirect costs applied	0	1,742	388	126	84	5,537	24,247
Total expenditures	4,048	24,898	11,426	110,945	302	123,670	90,000
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, 2014

	45302 Adult Admin 273AD14	45312 Adult Program 273AD14	45402 DW Admin 271DW14	45412 DW Program 271DW14	45109 Rapid Resp 271CM14	45619 YOS Program 274YT12	45805 Youth Summit
Revenues							
Federal and State:							
Received	\$ 0	\$ 276,096	\$ 0	\$ 34,503	\$ 164,356	\$ 1,903	\$ 0
Receivable	12,087	205,594	2,361	37,801	29,401	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	0	0	0	0	890
Total revenues	12,087	481,690	2,361	72,304	193,757	1,903	890
Expenditures							
Direct costs:							
Salaries	1,573	88,079	1,151	17,050	87,195	0	0
Employee burden	665	45,393	468	8,628	42,174	0	0
Annual leave	92	4,424	69	883	4,582	0	0
Travel	30	5,549	20	1,529	6,640	0	0
Other	8,824	66,171	1	506	935	1,789	890
Contract costs	0	218,187	0	33,342	0	114	0
Total direct costs	11,184	427,803	1,709	61,938	141,526	1,903	890
Indirect costs applied	903	53,887	652	10,366	52,231	0	0
Total expenditures	12,087	481,690	2,361	72,304	193,757	1,903	890
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, 2014

	45806	45807	
	MCIS	Workforce Summit	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Federal and State:			
Received	\$ 0	\$ 0	\$ 3,960,460
Receivable	0	0	574,224
Deferred	0	0	0
Local:			
Applied to programs	<u>12,195</u>	<u>7,091</u>	<u>20,236</u>
Total revenues	<u>12,195</u>	<u>7,091</u>	<u>4,554,920</u>
Expenditures			
Direct costs:			
Salaries	0	0	811,124
Employee burden	0	0	394,399
Annual leave	0	0	42,727
Travel	0	0	51,278
Other	10,735	7,091	356,153
Contract costs	<u>1,460</u>	<u>0</u>	<u>2,412,540</u>
Total direct costs	12,195	7,091	4,068,221
Indirect costs applied	<u>0</u>	<u>0</u>	<u>486,699</u>
Total expenditures	<u>12,195</u>	<u>7,091</u>	<u>4,554,920</u>
Revenues over expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
PLANNING AND ZONING TECHNICAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

	41601 Jess/Wilmore Plan TA	41606 Anderson Law Planning TA	42206 Berea Comp Plan	Total
Revenues				
Federal and State:				
Received	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0
Deferred	0	0	0	0
Local:				
Applied to programs	<u>8,142</u>	<u>12,624</u>	<u>17,673</u>	<u>38,439</u>
Total revenues	<u>8,142</u>	<u>12,624</u>	<u>17,673</u>	<u>38,439</u>
Expenditures				
Direct costs:				
Salaries	4,025	6,035	8,319	18,379
Employee burden	1,487	2,625	3,631	7,743
Annual leave	266	364	494	1,124
Travel	135	102	157	394
Other	5	2	249	256
Contract costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total direct costs	5,918	9,128	12,850	27,896
Indirect costs applied	<u>2,224</u>	<u>3,496</u>	<u>4,823</u>	<u>10,543</u>
Total expenditures	<u>8,142</u>	<u>12,624</u>	<u>17,673</u>	<u>38,439</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

	42200 KIA 409 Council FY14	4880 KIA GIS FY14	42511 KIA Clay City	42936 AARA KDOW SX9023	42110 Clay City SX7004	42127 Stanton Sewer Rehab	42208 Red River WW EDA
Revenues							
Federal and State:							
Received	\$ 28,000	\$ 67,840	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	28,000	67,839	0	0	0	0	0
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	0	0	900	795	715	1,045	7,441
Total revenues	<u>56,000</u>	<u>135,679</u>	<u>900</u>	<u>795</u>	<u>715</u>	<u>1,045</u>	<u>7,441</u>
Expenditures							
Direct costs:							
Salaries	23,936	61,569	413	369	456	675	4,465
Employee burden	13,719	26,413	170	165	35	52	342
Annual leave	1,087	3,331	28	17	0	0	0
Travel	1,363	2,464	55	29	27	25	571
Other	692	6,381	0	0	0	0	123
Contract costs	0	0	0	0	0	0	0
Total direct costs	40,797	100,158	666	580	518	752	5,501
Indirect costs applied	15,203	35,521	234	215	197	293	1,940
Total expenditures	<u>56,000</u>	<u>135,679</u>	<u>900</u>	<u>795</u>	<u>715</u>	<u>1,045</u>	<u>7,441</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
WATER AND SEWER PLANNING AND TECHNICAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

	42213 KIA Crab Orchard	Total
	<u> </u>	<u> </u>
Revenues		
Federal and State:		
Received	\$ 0	\$ 95,840
Receivable	0	95,839
Deferred	0	0
Local:		
Applied to programs	<u> 3,000</u>	<u> 13,896</u>
Total revenues	<u> 3,000</u>	<u> 205,575</u>
Expenditures		
Direct costs:		
Salaries	1,434	93,317
Employee burden	525	41,421
Annual leave	84	4,547
Travel	166	4,700
Other	0	7,196
Contract costs	<u> 0</u>	<u> 0</u>
Total direct costs	2,209	151,181
Indirect costs applied	<u> 791</u>	<u> 54,394</u>
Total expenditures	<u> 3,000</u>	<u> 205,575</u>
Revenues over expenditures	<u> 0</u>	<u> 0</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE
TRANSPORTATION PLANNING
YEAR ENDED JUNE 30, 2014

	43000 Transportation FY14
Revenues	
Federal and State:	
Received	\$ 87,507
Receivable	17,996
Deferred	0
Local:	
Applied to programs	<u>0</u>
Total revenues	<u>105,503</u>
Expenditures	
Direct costs:	
Salaries	69,712
Employee burden	29,687
Annual leave	4,062
Travel	5,444
Other	1,316
Contract costs	<u>0</u>
Total direct costs	110,221
Indirect costs applied	<u>40,130</u>
Total expenditures	<u>150,351</u>
Revenues over expenditures	<u>\$ (44,848)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
HOMELAND SECURITY
YEAR ENDED JUNE 30, 2014

	42312 KOHS <u>Team Response</u>	42401 KOHS <u>Bourbon Respond</u>	42402 Bourbon <u>Respond ADMI</u>	42404 Harrison <u>Repeat ADMI</u>	42406 Nicholas <u>Commun ADMI</u>	42411 KOHS <u>Boub Siren ADM</u>	<u>Total</u>
Revenues							
Federal and State:							
Received	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000
Receivable	0	5,200	0	0	0	0	5,200
Deferred	0	0	0	0	0	0	0
Local:							
Applied to programs	<u>0</u>	<u>0</u>	<u>130</u>	<u>210</u>	<u>701</u>	<u>66</u>	<u>1,107</u>
Total revenues	<u>10,000</u>	<u>5,200</u>	<u>130</u>	<u>210</u>	<u>701</u>	<u>66</u>	<u>16,307</u>
Expenditures							
Direct costs:							
Salaries	0	0	62	105	234	0	401
Employee burden	0	0	28	39	109	0	176
Annual leave	0	0	4	7	13	0	24
Travel	0	0	1	2	3	0	6
Other	0	0	0	0	204	66	270
Contract costs	<u>10,000</u>	<u>5,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,200</u>
Total direct costs	10,000	5,200	95	153	563	66	16,077
Indirect costs applied	<u>0</u>	<u>0</u>	<u>35</u>	<u>57</u>	<u>138</u>	<u>0</u>	<u>230</u>
Total expenditures	<u>10,000</u>	<u>5,200</u>	<u>130</u>	<u>210</u>	<u>701</u>	<u>66</u>	<u>16,307</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
ECONOMIC DEVELOPMENT PLANNING AND TECHNICAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

	42202 Lawrenceburg Water Tank EDA	42260 Lawrenceburg/ Anderson EDA	42270 Versailles/ Woodford EDA	42280 Stanford/ Lincoln Co. IDA	Total
Revenues					
Federal and State:					
Received	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivable	0	0	0	0	0
Deferred	0	0	0	0	0
Local:					
Applied to programs	1,268	35,000	42,000	36,961	115,229
Total revenues	<u>1,268</u>	<u>35,000</u>	<u>42,000</u>	<u>36,961</u>	<u>115,229</u>
Expenditures					
Direct costs:					
Salaries	583	15,767	20,494	16,303	53,147
Employee burden	242	6,150	7,163	6,386	19,941
Annual leave	27	806	1,891	830	3,554
Travel	74	2,024	352	2,777	5,227
Other	9	1,406	935	1,505	3,855
Contract costs	0	0	0	0	0
Total direct costs	935	26,153	30,835	27,801	85,724
Indirect costs applied	333	8,847	11,165	9,160	29,505
Total expenditures	<u>1,268</u>	<u>35,000</u>	<u>42,000</u>	<u>36,961</u>	<u>115,229</u>
Revenues over expenditures	<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, 2014

	40120 Jessamine I/T	40121 Scott Computer	40123 Jess Wireless Infrastructure	40201 Nicholasville Video	40203 Flemingsburg Video	42318 Danville RD Wage Ver.	47800 Equipment Disposal
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	7,678	70	4,523	3,300	450	568	1,193
Total revenues	<u>7,678</u>	<u>70</u>	<u>4,523</u>	<u>3,300</u>	<u>450</u>	<u>568</u>	<u>1,193</u>
Expenditures							
Direct costs:							
Salaries	3,585	33	0	2,860	289	264	0
Employee burden	1,626	17	0	1,249	126	118	0
Annual leave	186	1	0	171	17	12	0
Travel	88	0	0	77	9	21	0
Other	20	0	0	0	0	0	0
Contract costs	70	0	4,523	0	0	0	0
Total direct costs	5,575	51	4,523	4,357	441	415	0
Indirect costs applied	2,103	19	0	1,659	166	153	0
Total expenditures	<u>7,678</u>	<u>70</u>	<u>4,523</u>	<u>6,016</u>	<u>607</u>	<u>568</u>	<u>0</u>
Revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,716)</u>	<u>\$ (157)</u>	<u>\$ 0</u>	<u>\$ 1,193</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

DEPARTMENTAL SCHEDULE

MANAGEMENT SERVICES

YEAR ENDED JUNE 30, 2014

	4100 Herald-Leader OR	Total
	<u> </u>	<u> </u>
Revenues		
Federal and State:		
Received	\$ 0	\$ 0
Receivable	0	0
Deferred	0	0
Local:		
Applied to programs	<u>114</u>	<u>17,896</u>
Total revenues	<u>114</u>	<u>17,896</u>
Expenditures		
Direct costs:		
Salaries	0	7,031
Employee burden	0	3,136
Annual leave	0	387
Travel	0	195
Other	12	32
Contract costs	<u>0</u>	<u>4,593</u>
Total direct costs	12	15,374
Indirect costs applied	<u>0</u>	<u>4,100</u>
Total expenditures	<u>12</u>	<u>19,474</u>
Revenues over expenditures	<u>\$ 102</u>	<u>\$ (1,578)</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
NON-GRANT
YEAR ENDED JUNE 30, 2014

	48000 FY14 <u>NON GRANT</u>
Revenues	
Federal and State:	
Received	0
Receivable	0
Deferred	0
Local:	
Applied to programs	<u>113,003</u>
Total revenues	<u>113,003</u>
Expenditures	
Direct costs:	
Salaries	89,638
Employee burden	1,153
Annual leave	0
Travel	0
Other	5,379
Contract costs	0
Bad debt	<u>89,786</u>
Total direct costs	185,956
Indirect costs applied	<u>36,656</u>
Total expenditures	<u>222,612</u>
Revenues over expenditures	<u><u>(109,609)</u></u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.
DEPARTMENTAL SCHEDULE
REGIONAL COORDINATION, JFA
YEAR ENDED JUNE 30, 2014

	47120 JFA COMM AND ECON DEV	47125 JFA CDBG	47130 JFA ARC PLAN AND ASSIST	47140 JFA MGMT ASSIST	47150 JFA Program Admin	Total
Revenues						
Federal and State:						
Received	\$ 100,904	\$ 52,000	\$ 175,442	\$ 24,812	\$ 39,700	\$ 392,858
Receivable	0	0	0	0	0	0
Deferred	0	0	0	0	0	0
Local:						
Applied to programs	0	0	0	0	0	0
Total revenues	<u>100,904</u>	<u>52,000</u>	<u>175,442</u>	<u>24,812</u>	<u>39,700</u>	<u>392,858</u>
Expenditures						
Direct costs:						
Salaries	43,649	25,141	82,611	14,345	19,645	185,391
Employee burden	18,034	10,145	28,450	2,513	7,329	66,471
Annual leave	2,739	1,424	4,782	173	1,073	10,191
Travel	5,486	1,183	9,272	884	714	17,539
Other	6,860	157	6,564	253	520	14,354
Contract Costs	590	0	0	0	0	590
Total direct costs	<u>77,358</u>	<u>38,050</u>	<u>131,679</u>	<u>18,168</u>	<u>29,281</u>	<u>294,536</u>
Indirect costs applied	<u>24,904</u>	<u>14,245</u>	<u>44,839</u>	<u>6,806</u>	<u>10,889</u>	<u>101,683</u>
Total expenditures	<u>102,262</u>	<u>52,295</u>	<u>176,518</u>	<u>24,974</u>	<u>40,170</u>	<u>396,219</u>
Revenues over expenditures	<u>\$ (1,358)</u>	<u>\$ (295)</u>	<u>\$ (1,076)</u>	<u>\$ (162)</u>	<u>\$ (470)</u>	<u>\$ (3,361)</u>

See report of independent auditors.

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

SCHEDULE OF INDIRECT COSTS APPLIED YEAR ENDED JUNE 30, 2014

Fringe benefits	\$	458,583
Personnel compensation		473,047
Rental expense		258,054
Dues, fees, subscriptions		133,219
Travel, staff		42,140
Computer services		35,518
Meetings		37,097
Professional fees		66,750
Telephone and postage		28,788
Printing and publications		27,011
Insurance		34,212
Travel, board of directors		21,742
Equipment and building depreciation		21,395
Equipment rental		16,217
Equipment purchase		15,151
Supplies		11,826
Other		1,511
Amortization and building usage		<u>0</u>
Total indirect costs applied	\$	<u><u>1,682,261</u></u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

SCHEDULE OF AWARDS FROM THE COMMONWEALTH OF KENTUCKY
YEAR ENDED JUNE 30, 2014

<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	44220, 44221, 44222	1300002039	07.2013-06.2014	\$ 372,202	\$ 372,202	\$ 372,202	\$	\$ 91,739
Homecare	00, 44001, 44002, 44	1300002039	07.2013-06.2014	2,533,981	2,533,981	2,533,981		459,649
Title III	44200, 44205	1300002039	07.2013-06.2014	428,053	428,053	428,053		27,068
Consumer Directed Options	50, 44352, 44360, 44	N/A	07.2013-06.2014	11,060,525	11,075,124	10,848,839		716,958
Long Term Care Ombudsman	44601, 44602	1300002039	07.2013-06.2014	95,353	95,353	95,353		0
TBI	44804	1300002039	07.2013-06.2014	15,000	586	586		0
Aging Grandparent	44902, 44903	1300002039	07.2013-06.2014	283,456	283,456	283,456		24,357
Governor's Office for Local Development:								
Joint Funding Agreement	120, 125, 130, 140, 1	1400000401	07.2013-06.2014	216,977	216,977	216,977		0
Economic Development Administration:								
KY Agriculture Information Systems	48400	A2012-0322	07.2013-06.2015	14,167	4,898	4,898		4,898
Homeland Security:								
Commercial Mobile Radio Services	48402	1400002055	07.2013-06.2014	825,125	8,421	8,421		8,421
Kentucky Transportation Cabinet:								
Regional Transportation Program	43000	1300004318	07.2013-05.2014	105,503	105,503	105,503		17,996
Highway Signs Inventory	232-48235, 48238-48242,	1200005592	05.2012-06.2014	6,795	6,795	6,795		2,627
Highway Inventory Data Collection Program	14-48409, 48413-48421, 4	1400002189	09.2013-05.2014	7,240	4,531	4,531		4,531
Fayette Centerlines	48412	1400002813	10.2013-05.2014	1,000	1,000	1,000		1,000
Kentucky Tourism, Arts and Heritage Cabinet:								
Cross KY Master Trail Plan	42210	1400001769	03.2014-06.2014	20,000	20,000	20,000		0
Kentucky Infrastructure Authority:								
Water Resource Information System	4220, 4880	1400000290	07.2013-06.2014	191,679	191,679	191,679		95,840
				<u>\$ 16,177,056</u>	<u>\$ 15,348,559</u>	<u>\$ 15,122,274</u>	<u>\$ 0</u>	<u>\$ 1,455,084</u>

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

COST ALLOCATION POLICY YEAR ENDED JUNE 30, 2014

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, 2014

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 FY14 mileage rate was 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. Also, mileage rates that exceed the Commonwealth of Kentucky's travel regulation 200 KAR 2:006 and the state mileage calculator 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, 2014

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.