

***GREEN RIVER AREA DEVELOPMENT DISTRICT***

***FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION***

***Year Ended June 30, 2017***

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

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Green River Area Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the Green River Area Development District (GRADD) as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Green River Area Development District as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, net position at June 30, 2016, has been restated to correct a material misstatement. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension schedules on pages 3 - 5 and 27 - 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise GRADD's basic financial statements. The accompanying Combining Schedule of Operations by Program and Supporting Services, and the Schedule of Shared Costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Schedule of Operations by Program and Supporting Services, the Schedule of Shared Costs, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of operations by program and supporting services, the schedule of shared costs, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017, on our consideration of GRADD'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 GRADD's internal control over financial reporting and compliance.

 Riey Hancock CPAs PSC

## **GREEN RIVER AREA DEVELOPMENT DISTRICT**

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

This section of Green River Area Development District's (GRADD) report presents our discussion and analysis of GRADD's financial performance during the fiscal year that ended June 30, 2017. Please read it in conjunction with GRADD's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The beginning net position, restated for GRADD was \$3,311,310. The ending net position for GRADD was \$3,216,472. GRADD's total net position decreased by 3% from this period last year.
- During the year, GRADD's local expenses were \$182,260 more than the grant revenue received in the current fiscal year. This is higher than last year, when expenses exceeded grant revenues by \$82,787.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—(A) management's discussion and analysis (this section), (B) the financial statements, (C) supplementary information.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Readers are encouraged to read the notes to better understand the financial statements.

#### **REQUIRED FINANCIAL STATEMENTS**

##### The Statement of Net Position

The Statement of Net Position includes all of GRADD's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The Statement of Net Position also provides the basis for assessing the liquidity and financial flexibility of the organization.

##### The Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position identifies the revenues generated and the expenses incurred during the fiscal year. This statement categorizes all revenues and expenses as operating activity because the non-operating activity is considered insignificant.

##### The Statement of Cash Flows

The Statement of Cash Flows provides information relating to GRADD's cash receipts and cash disbursements during the fiscal year. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

### FINANCIAL ANALYSIS OF GRADD AS A WHOLE

GRADD's total revenues were \$14.7 million, up from \$14.3 million last year, an increase of 3% over last year. Virtually 91% percent of GRADD's revenue comes from federal and state grant sources. The other 9% percent comes from various local government sources.

GRADD's total expenses were \$14.9 million. Last year, total expenses were \$14.4 million, which is up 3%.

#### Financial Analysis

	<u>2017</u>	<u>2016</u>
<b>Assets and Deferred Outflows of Resources</b>		
Current and other assets	\$ 8,644,833	\$ 8,441,211
Capital assets	1,422,331	1,432,079
Pension deferred outflows	<u>1,186,173</u>	<u>937,686</u>
Total assets and deferred outflows of resources	<u>11,253,337</u>	<u>10,810,976</u>
<b>Liabilities and Deferred Inflows of Resources</b>		
Long-term liabilities	6,100,060	5,634,930
Other liabilities	1,828,407	1,694,448
Pension deferred inflows	<u>108,398</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>8,036,865</u>	<u>7,329,378</u>
<b>Net Position</b>		
Invested in capital assets, net of debt	698,253	670,278
Restricted	3,282,007	3,242,547
Unrestricted	<u>(763,788)</u>	<u>(431,227)</u>
<b>Total net position</b>	<u>\$ 3,216,472</u>	<u>\$ 3,481,598</u>

At the end of the current fiscal year, GRADD is able to report a positive balance in total net position. The same situation held true for the prior fiscal year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

During 2017, GRADD invested \$148,773 in capital assets, including computers and an automobile. Overall, net capital assets decreased (including additions and deductions) \$9,748 from last year. More detailed information about GRADD's capital assets is presented in Note 5 to the financial statements.

#### **Long-Term Debt**

At year-end, GRADD had \$724,078 in outstanding debt—a decrease of 6% over last year. More detailed information about GRADD's long-term liabilities is presented in Note 7 to the financial statements.

### **NEXT YEAR'S BUDGET**

GRADD's original FY 2018 budget was based on actual information received from the state and local government contracts as of June 2017. This budget will be revised quarterly to reflect actual carryover balances and appropriations received from the state since this date.

### **REQUESTS FOR ADDITIONAL INFORMATION**

This report is intended to provide readers with a general overview of GRADD's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in the report or need additional information, please contact the Green River Area Development District, Attention: Finance Department, 300 GRADD Way, Owensboro, KY 42301.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

STATEMENT OF NET POSITION

June 30, 2017

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Current assets:	
Cash and cash equivalents	\$ 3,778,019
Accounts receivable - grants	1,545,996
Accounts receivable - other	1,882
Prepays	3,157
Due from related parties	33,772
Total current assets	<u>5,362,826</u>
Capital assets, net of depreciation	<u>1,422,331</u>
Restricted assets - Revolving Loan Fund:	
Cash	1,271,927
Loans, net of allowance for loan losses	2,127,345
Interest payable	(921)
Loan payable	(116,344)
	<u>3,282,007</u>
Deferred outflows of resources:	
Pension deferred outflows	<u>1,186,173</u>
<b>Total assets and deferred outflows of resources</b>	<b>\$ <u>11,253,337</u></b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND NET POSITION**

Current liabilities:	
Accounts payable - trade and contracts	\$ 581,937
Accrued liabilities	276,234
Self-insurance reserve	444,444
Compensated absences, current	12,435
Current maturities of long-term debt	44,817
Interest payable	10,193
Unearned revenue	458,347
Total current liabilities	<u>1,828,407</u>
Noncurrent liabilities:	
Compensated absences	137,923
Net pension liability	5,282,876
Long-term debt, less current maturities	679,261
Total noncurrent liabilities	<u>6,100,060</u>
Total liabilities	<u>7,928,467</u>
Deferred inflows of resources:	
Pension deferred inflows	<u>108,398</u>
Net position:	
Net investment in capital assets:	
Local	597,905
Grants	100,348
Restricted for:	
Revolving Loan Fund	3,282,007
Unrestricted	(763,788)
Total net position	<u>3,216,472</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ <u>11,253,337</u></b>

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2017

<b>Revenues:</b>	
Federal funds	\$ 4,331,841
State funds	9,181,263
Local governments	213,472
Interest	19,622
Other	<u>1,005,911</u>
<b>Total revenues</b>	<u>14,752,109</u>
<b>Expenses:</b>	
Direct salaries	1,921,081
Direct fringe benefits	1,526,115
Direct contract/program services	9,896,490
Other direct expenses-net of depreciation	542,047
Indirect expenses-net of depreciation	893,984
Depreciation	<u>149,867</u>
<b>Total expenses</b>	<u>14,929,584</u>
<b>Excess (deficiency) of revenues over expenses before capital contributions and extraordinary item</b>	(177,475)
Capital contributions	18,489
Extraordinary item	<u>64,148</u>
<b>Change in net position</b>	(94,838)
Net position, beginning of year, restated	<u>3,311,310</u>
<b>Net position, end of year</b>	<u><u>\$ 3,216,472</u></u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

STATEMENT OF CASH FLOWS

Years Ended June 30, 2017

<b>Cash flows from operating activities:</b>	
Receipts for:	
Grants	\$ 14,597,753
Member dues	213,472
Other	9,154
Interest	19,622
Payments to/for:	
Employees	(3,525,336)
Suppliers	(657,956)
Program services	(10,033,137)
Interest	<u>(678)</u>
Net cash provided by operating activities	<u>622,894</u>
<b>Cash flows from capital and related financing activities:</b>	
Principal payments on long-term debt	<u>(43,588)</u>
Net cash used in capital and related financing activities	<u>(43,588)</u>
<b>Cash flows from investing activities:</b>	
Purchase of capital assets	<u>(130,284)</u>
Net cash used in investing activities	<u>(130,284)</u>
Net increase in cash and cash equivalents	449,022
Cash and cash equivalents, beginning of year	<u>3,328,997</u>
Cash and cash equivalents, end of year	\$ <u><u>3,778,019</u></u>
<b>Reconciliation of change in net position to net cash provided by operating activities:</b>	
Change in net position	\$ (94,838)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Bad debt expense	170,288
Depreciation	149,867
Loss on disposal of assets	8,654
Capital assets acquired with grant funds	(18,489)
Change in assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	(38,177)
Prepays	5,762
Due from related parties	(23,301)
Restricted assets	(39,460)
Increase (decrease) in liabilities:	
Accounts payable	(19,554)
Accrued liabilities	18,560
Self-insurance reserve	151,013
Compensated absences	(4,153)
Interest payable	(678)
Net pension liability and deferrals	372,199
Unearned revenue	<u>(14,799)</u>
Net cash provided by operating activities	\$ <u><u>622,894</u></u>
<b>Noncash activities:</b>	
In-kind utilized in program services	\$ <u><u>103,448</u></u>

See Notes to Financial Statements

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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### 1. Reporting Entity

#### The Financial Reporting Entity

The Green River Area Development District (GRADD), is a governmental nonprofit corporation formed pursuant to Kentucky Revised Statute (KRS) 147A, and has been designated as a special purpose governmental entity under KRS 65A enacted under 2014 House Bill No. 1. GRADD's mission is to afford local governments and citizens a regional forum to identify issues and opportunities; and to provide leadership in planning and implementing programs to improve the quality of life in the District, which is comprised of the counties of Daviess, Hancock, Henderson, McLean, Ohio, Union, and Webster. At least fifty-one percent of GRADD's Board of Directors consists of elected officials of the seven counties, with no more than forty-nine percent being citizen members who are residents of the counties, appointed by the county judge/executives and mayors.

These financial statements include the financial activities of GRADD and its blended component unit in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board, as described below.

Green River Economic Development Corporation: This corporation (EDC) was formed to promote economic development; establish a framework for joint federal, state, and local efforts toward providing the basic facilities essential for the growth of the seven-county area comprising GRADD, and to administer the Revolving Loan Funds. The EDC has no financial activity, and transactions related to the Revolving Loan Funds are recorded in GRADD's financial statements.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation and Basis of Accounting

The financial statements of GRADD are presented in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. In accordance with Governmental Accounting Standards Board (GASB) Codification Sp20, *Special Purpose Governments*, GRADD's financial statement presentation is that prescribed for a special purpose government.

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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### 2. Summary of Significant Accounting Policies, Continued

#### Budgetary Principles

A budget is prepared for each fiscal year and is approved by the Board of Directors.

#### Cash Equivalents

For purposes of financial statement presentation, GRADD considers all unrestricted cash on hand, demand deposits, and certificates of deposit to be cash equivalents.

#### Recognition of Revenue

Grant revenue is recognized to the extent that expenditures are incurred in the manner specified by the grants and matching requirements are met. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grant funds received before the costs have been incurred and eligibility requirements are met are recorded as deferred revenue.

#### Allowance for Loan Losses

The allowance for loan losses for the Revolving Loan Fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of individual debtor credit, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs.

#### Capital Assets

Capital assets are reported in the financial statements at historical cost. Capital assets are defined by GRADD as assets with an initial, individual cost of more than \$500.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of GRADD are depreciated principally using the straight-line method over the following estimated useful lives:

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

**2. Summary of Significant Accounting Policies, Continued**

Capital Assets, Continued

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10 years
Building and improvements	10-40 years
Vehicles and equipment	5-10 years
Equipment – grants	5-10 years

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plan, and additions to / deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Net Position

GRADD classifies net position in the financial statements as follows:

- Net investment in capital assets includes capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. GRADD typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

Cost Allocation

GRADD 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 is reported on page 42. In management’s judgment, GRADD is in conformity with 2 CFR Part 225.

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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### 2. Summary of Significant Accounting Policies, Continued

#### Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Recently Issued Accounting Standards

The following recently issued accounting standards are expected to impact the financial statements of the District in future periods.

#### *GASBS No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

In June of 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB) provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense / expenditures, as well as the related required disclosures and required supplementary information. The Statement is effective for fiscal years beginning after June 15, 2017. GRADD is currently evaluating the impact that the standard will have on its financial statements.

#### *GASBS No. 87 Leases*

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

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2017

**3. Cash and Cash Equivalents**

The Kentucky Revised Statutes authorize GRADD to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security, obligations as permitted by KRS 41.240 (4) having a current quoted market value at least equal to uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, GRADD's deposits may not be returned to it. GRADD does not have a written deposit policy for custodial credit risk. As of June 30, 2017, the reported amount of GRADD's cash deposits was \$5,049,946, and the bank balance was \$5,103,347. Of the bank balance, \$1,250,000 was covered by FDIC insurance, and \$3,853,347 was covered by collateral held in the pledging banks trust department in GRADD's name.

Cash equivalents include certificates of deposit totaling \$550,000. The certificates bear interest at rates ranging from .90% to 5.0% and have maturities of nine to twenty-three months.

**4. Related Party Transactions**

GRADD provides staff and support services for the administration of programs for the Green River Housing Corporation (GRHC) and ConnectGRADD, Inc. (CGI), but does not exercise oversight responsibility for these entities. Although various members of the GRHC and CGI boards serve on GRADD's Board of Directors, GRHC and CGI are not a part of the GRADD financial reporting entity because they are not financially accountable to GRADD. Administration services revenue earned from these related parties for the fiscal year, all of which was receivable at June 30, 2017, and other advances, were as follows:

	<u>GRHC</u>	<u>CGI</u>	<u>Total</u>
Administration services revenue	\$ 45	\$ 8,727	\$ 8,772
Advance for debt repayment	-	25,000	25,000
	<u>\$ 45</u>	<u>\$ 33,727</u>	<u>\$ 33,772</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2017

**5. Capital Assets**

Capital asset activity for the year was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Land	\$ 83,200	\$ -	\$ -	\$ 83,200
Land improvements	12,206	-	-	12,206
Building and improvements	2,240,503	3,189	-	2,243,692
Vehicles and equipment	506,524	98,099	(105,309)	499,314
Equipment – grants	<u>536,513</u>	<u>47,485</u>	<u>(56,468)</u>	<u>527,530</u>
Total at cost	<u>3,378,946</u>	<u>148,773</u>	<u>(161,777)</u>	<u>3,365,942</u>
Less accumulated depreciation:				
Land improvements	(9,282)	(722)	-	(10,004)
Building and improvements	(1,074,351)	(65,241)	-	(1,139,592)
Vehicles and equipment	(431,853)	(39,378)	104,397	(366,834)
Equipment - grants	<u>(431,381)</u>	<u>(44,524)</u>	<u>48,724</u>	<u>(427,181)</u>
Total accumulated depreciation	<u>(1,946,867)</u>	<u>(149,865)</u>	<u>153,121</u>	<u>(1,943,611)</u>
Net capital assets	\$ <u>1,432,079</u>	\$ <u>(1,092)</u>	\$ <u>(8,656)</u>	\$ <u>1,422,331</u>

Additions to equipment – grants above represent capital assets which were funded by grants, and have been reflected on the statement of revenues, expenses and changes in net position as capital contributions.

**6. Revolving Loan Funds**

The Revolving Loan Fund (RLF) was established with grants from the Economic Development Administration (EDA). Loan applications are reviewed by the Green River Economic Development Corporation to ensure that funds will be used for purposes acceptable to the grantor. Due to the credit risk of borrowers (primarily commercial and industrial) under this program, loans are in various stages of collection and collectability is not certain for every borrower.

The Revolving Loan Recapitalization Fund (RECAP) was established during fiscal year 2002. Funds were contributed by local lenders totaling \$75,666. In fiscal year 2009, these funds were used as match to receive an additional \$1,924,334 from EDA to recapitalize the RLF program.

In fiscal year 2015, the RLF and RECAP funds were consolidated by the Economic Development Administration. The consolidated funds are identified below as RLF.

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

### 6. Revolving Loan Funds, Continued

The Intermediary Relending Program (IRP) was established during fiscal year 2004. It is a loan agreement with the U.S. Department of Agriculture (USDA), Rural Business Cooperative Service (RBS), under which GRADD may borrow up to \$500,000 to establish a relending program in accordance with the RBS work plan. Loan applications are reviewed by the Green River Economic Development Corporation to ensure that funds will be used for purposes acceptable to the grantor.

IRP loan payable activity for the year was as follows:

Balance, June 30, 2016	\$ 122,597
Repayments	<u>(6,253)</u>
Balance, June 30, 2017	<u>\$ 116,344</u>

The loan is to be repaid over a thirty (30) year period with principal being deferred for the first three (3) years. During the deferment period, interest payments were due on the unpaid principal balance at a rate of one (1) percent. Thereafter, principal and interest are being paid annually to maturity. Interest expense totaled \$1,225 for the year ended June 30, 2017.

The revolving loans receivable at June 30, 2017, are summarized as follows:

	<u>RLF</u>	<u>IRP</u>	<u>Total</u>
Loans	\$ 1,976,766	\$ 150,579	\$ 2,127,345
Allowance for loan losses	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,976,766</u>	<u>\$ 150,579</u>	<u>\$ 2,127,345</u>

No loans have been extended to related parties. There were no loans approved but not yet disbursed at June 30, 2017.

There is no allowance for loan loss as of June 30, 2017. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services. In management's opinion, all known and anticipated loan losses have been either written off or adequately provided for in the allowance for loan losses.

In May of 2017, GRADD was notified by EDA that for two consecutive reporting periods the capital utilization rate fell below the standard that at least 75% of the RLF capital be loaned or committed, therefore requiring a sequestration of funds in the amount of \$379,883. GRADD complied with that directive and a separate account has been established and interest earned on the account will be returned quarterly until the capital utilization rate is at 75%. The balance of sequestered cash is detailed below.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2017

**6. Revolving Loan Funds, Continued**

Income for the revolving loan funds and the composition of cash as of and for the year ended June 30, 2017, was as follows:

	<u>RLF</u>			<u>Total</u>
	<u>For Lending</u>	<u>Sequestered</u>	<u>IRP</u>	
Interest earned on:				
Outstanding loans	\$ 60,069	\$ -	\$ 2,756	\$ 62,825
Cash accounts	5,307	203	211	5,721
Loan application, processing, and late fees	786	-	250	1,036
Total RLF income	<u>\$ 66,162</u>	<u>\$ 203</u>	<u>\$ 3,217</u>	<u>\$ 69,582</u>
 Composition of cash	 <u>\$ 868,688</u>	 <u>\$ 380,086</u>	 <u>\$ 23,153</u>	 <u>\$ 1,271,927</u>

Income on the IRP has been used to pay interest expense on the loan payable.

**7. Long-Term Debt**

In June of 2015, the Daviess County Fiscal Court (DCFC) issued bonds, the proceeds of which were used to refinance the long-term debt on GRADD's building. GRADD and DCFC then entered into a fifteen-year lease agreement wherein GRADD agreed to pay to DCFC, as rent for the property, amounts equal to the semi-annual debt payments of \$32,390, including interest at 2.8%, through July 1, 2030. The lease is an absolute net lease under which GRADD pays, in addition to rent as stated above, any and all expenses related to the leased premises. The property shall become the property of GRADD in fee simple absolute, and DCFC's interest therein shall be conveyed to GRADD, without cost, upon GRADD's performance of all obligations under the lease.

Long-term debt activity for the year was as follows:

	Balance June 30, 2016	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2017	Due Within One Year
Lease obligation	\$ 767,666	\$ -	\$ (43,588)	\$ 724,078	\$ 44,817

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

### 7. Long-Term Debt, Continued

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 44,817	\$ 19,606	\$ 64,423
2019	46,081	18,307	64,388
2020	47,380	17,017	64,397
2021	48,716	15,598	64,314
2022	50,090	14,186	64,276
2023-2027	272,446	48,346	320,792
2028-2031	<u>214,548</u>	<u>8,879</u>	<u>223,427</u>
	\$ <u>724,078</u>	\$ <u>141,939</u>	\$ <u>866,017</u>

Interest expense totaled \$20,870 for the year ended June 30, 2017.

### 8. Compensated Absences

It is GRADD's policy to permit employees to accumulate earned but unused vacation benefits. Upon leaving employment at GRADD, employees receive an amount equal to the value of up to a maximum of 225 unused accumulated vacation hours based on current salary rates.

This liability totaled \$150,358 as of June 30, 2017, of which \$12,435 is reflected as a current liability in the statement of net position, representing the amount estimated to be paid in the subsequent fiscal year. The amount of these benefits paid totaled \$11,056 for the year ended June 30, 2017.

### 9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. GRADD has one item that qualifies for reporting in this category: the pension deferred outflows totaling \$1,186,173 at June 30, 2017. The pension deferred outflows are described in Note 10 to the financial statements.

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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### 9. Deferred Outflows/Inflows of Resources, Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. GRADD has one item that qualified for reporting in this category: the pension deferred inflows totaling \$108,398 at June 30, 2017. The pension deferred inflows are described in Note 10 to the financial statements.

GRADD reports unearned revenue on its financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are unearned by GRADD and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when GRADD has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Unearned grant revenue in the financial statements at June 30, 2017, totaled \$458,347.

### 10. Pension Plan

#### Plan Description

GRADD contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems (KRS) that covers members employed in nonhazardous positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

#### Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its pension fund. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member’s final compensation; benefit factors set by statute which vary depending upon the type / amount of service, participation date, and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008, are eligible to retire with full benefits at any time

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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### 10. Pension Plan, Continued

#### Benefits Provided, Continued

with 27 or more years of service credit, or at age 65 with at least 48 months of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member's age and years of service equal 87, or at age 65 with at least 60 months of service credit. Plan members with a participating date on or after January 1, 2014, are eligible for retirement benefits under the provisions established for a hybrid Cash Balance Plan.

CERS also provides for retiree medical benefits through its insurance fund. Generally accepted accounting and financial reporting principles do not currently require recognition and reporting of the liabilities, deferred outflows of resources, deferred inflows of resources, and expense associated with this postemployment benefit. Therefore, such information has not been reflected in these financial statements.

#### Contributions

Per Kentucky Revised Statutes Section 78.545(33), contribution requirements of the active employees and the participating employers are established and may be amended by the KRS Board. Plan members who began participating in CERS prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation to the pension fund. For Plan members who began participating in CERS on or after September 1, 2008, the contribution rate is 6%, of which 1% is contributed to the insurance fund. GRADD's actuarially determined contribution rate for the year ended June 30, 2017, was 18.68% of annual creditable compensation, of which 13.95% and 4.73% was contributed to the pension and insurance funds within CERS, respectively. Contributions to the CERS pension fund by GRADD were \$342,394 for the year ended June 30, 2017.

#### Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, GRADD reported a liability of \$5,282,876 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. GRADD's proportion of the net pension liability was based on a projection of GRADD's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2016, measurement date, GRADD's proportion was 0.107297%, a decrease of 0.003659% from its proportion measured as of June 30, 2015, of 0.110956%.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

**10. Pension Plan, Continued**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, Continued

For the year ended June 30, 2017, GRADD recognized pension expense of \$714,593. At June 30, 2017, GRADD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,850	\$ 786
Changes of assumptions	289,404	9,545
Changes in proportion and differences between contributions and proportionate share of contributions	33,881	98,067
Net difference between projected and actual earnings on plan investments	496,644	-
Pension contributions subsequent to the measurement date	<u>342,394</u>	<u>-</u>
Total	<u>\$ 1,186,173</u>	<u>\$ 108,398</u>

The \$342,394 of deferred outflows of resources resulting from GRADD's pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2018	\$ 280,964
2019	168,319
2020	176,112
2021	<u>109,986</u>
	<u>\$ 735,381</u>

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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### 10. Pension Plan, Continued

#### Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.00% average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

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

#### Discount Rate

The discount rate used to measure the total pension liability was 7.50%, representing no change from the prior year rate of 7.50%. The discount rate does not use a municipal bond rate.

#### Projected Cash Flows

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

### 10. Pension Plan, Continued

#### Long-Term Rate of Return

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

#### Periods of Projected Benefit Payments

Projected future benefit payments for all current plan members were projected through 2117.

#### Assumed Asset Allocation

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined equity	44%	5.40%
Combined fixed income	19%	1.50%
Real return (diversified inflation strategies)	10%	3.50%
Real estate	5%	4.50%
Absolute return (diversified hedge funds)	10%	4.25%
Private equity	10%	8.50%
Cash equivalents	2%	-0.25%
Total	<u>100%</u>	

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

### 10. Pension Plan, Continued

#### Sensitivity of GRADD's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents GRADD's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what GRADD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>Discount rate</u>	<u>GRADD's proportionate share of net pension liability</u>
1% decrease	6.50%	\$6,583,342
Current discount rate	7.50%	\$5,282,876
1% increase	8.50%	\$4,168,152

#### Plan Fiduciary Net Position

Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

#### Payable to the Pension Plan

GRADD reported a payable of \$28,686 for the outstanding amount of contributions due to CERS for the year ended June 30, 2017.

### 11. Post-Employment Health Care Benefits

#### Plan Description

GRADD contributes to the Kentucky Retirement Systems Insurance fund (Insurance Fund), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Kentucky Retirement Systems (KRS). The Insurance Fund was established to provide hospital and medical insurance for members receiving benefits from the Kentucky Employees Retirement System (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS). The Insurance Fund pays a prescribed contribution for whole or

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2017

**11. Post-Employment Health Care Benefits, Continued**

Plan Description, Continued

partial payments of required premiums to purchase hospital and medical insurance, based on years of service, for retirees and certain eligible beneficiaries. The authority to establish and amend benefit provisions rests with the Kentucky General Assembly. KRS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

Funding Policy

Per Kentucky Revised Statutes 78.545(33), contribution requirements are established and may be amended by the KRS Board. GRADD was required to contribute at actuarially determined rates of 4.73%, 4.64%, and 4.92% of covered payroll for the fiscal years ended June 30, 2017, 2016, and 2015, respectively. No member contributions are required. GRADD's contributions to the Insurance Fund for the years ending June 30, 2017, 2016, and 2015, were \$116,095, \$118,764, and \$89,481, respectively, which equaled the required contributions each year.

**12. Deferred Compensation**

GRADD offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. GRADD makes no contributions to these plans.

**13. Risk Management**

GRADD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health of employees; and natural disasters.

Workers' Compensation and General Liability Insurance

To manage workers' compensation and general liability insurance risks, GRADD participates in the Kentucky Association of Counties All Lines Fund (KALF). KALF is a public entity risk pool currently operating as a common risk management and insurance program for the Counties of Kentucky and their sub agencies, which pay annual premiums to KALF for desired coverages. The Coverage Agreement provides that KALF will be self-sustaining through member contributions, premiums and assessments and will reinsure through commercial companies for excess claims. GRADD does not exercise any control over the activities of KALF beyond its representation as a participant in the fund, and is not aware of any additional amounts owed to KALF as of June 30, 2017, for current or prior claim years.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2017

**13. Risk Management, Continued**

Health Insurance

Beginning January 1, 2012, GRADD established a comprehensive self-insurance plan through a third-party administrator for its employees' medical and pharmacy coverage. The plan provides for specific claims coverage up to \$40,000 per employee, and maximum aggregate claims and administrative costs up to \$1,000,000 for calendar year 2017. GRADD purchases reinsurance through the administrator for claims in excess of those limits. Premiums are established by the administrator to cover administrative costs, claims costs, and reinsurance costs. These costs are expensed each pay period as personnel costs for participating employees are incurred in accordance with the approved cost allocation plan. Settled claims have not exceeded insurance coverage, nor has there been any reduction in insurance coverage from the prior year.

GRADD records a claims liability (deferral) at fiscal year-end based on actual activity occurring during the year. The balance is reflected on the statement of net position as self-insurance reserve. Estimated premiums collected differ from the amount of claims and administrative costs incurred, resulting in a claims liability (deferral) at each fiscal year-end which is expensed as described above throughout the remainder of the plan's calendar year end. Changes in the claims liability (deferral) for the fiscal year ended June 30, 2017, are as follows:

Claims liability, June 30, 2016	\$	293,431
Premiums collected		640,136
Claims and administrative costs incurred		<u>(489,123)</u>
Claims liability, June 30, 2017	\$	<u>444,444</u>

**14. Income Tax Status**

GRADD is exempt from federal and state income taxes by virtue of being a unit of local government under Regulation 103 KAR 30:225E and, accordingly, the financial statements include no provision for such taxes.

**15. Concentration of Risk**

During the year ended June 30, 2017, GRADD received approximately 99% of its revenue from federal, state, and local grants, and the related in-kind match and program income. These funds are to be used for designated purposes only. For government agency grants, if, based upon the

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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### **15. Concentration of Risk, Continued**

grantors' review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse GRADD for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of GRADD's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

### **16. Extraordinary Item**

In February of 2017, GRADD's building was struck by lightning, resulting in damage to certain equipment. The insurance settlement resulted in an extraordinary gain of \$64,148.

### **17. Restatement of Beginning Net Position**

Management has determined that certain receivables totaling \$170,288 for the WIA federal program relating to years prior to fiscal year 2016 would not be reimbursed by the grantor. To correct this error, beginning net position of \$3,481,598, as originally reported, has been decreased to \$3,311,310.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
PENSION FUND**

Last 10 Fiscal Years \*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.107297%	0.110956%	0.108772%
District's proportionate share of the net pension liability	\$ 5,282,876	\$ 4,770,588	\$ 3,529,000
District's covered payroll	\$ 2,559,563	\$ 2,378,433	\$ 2,496,840
District's proportionate share of the net pension liability as a percentage of its covered payroll	206.40%	200.58%	141.34%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%

\* Presented for those years for which the information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**SCHEDULE OF CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
PENSION FUND**

Last 10 Fiscal Years \*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 342,394	\$ 317,897	\$ 303,250
Contributions in relation to the contractually required contributions	<u>(342,394)</u>	<u>(317,897)</u>	<u>(303,250)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 2,454,443	\$ 2,559,563	\$ 2,378,433
Contributions as a percentage of covered payroll	13.95%	12.42%	12.75%

\* Presented for those years for which the information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
PENSION FUND**

Year Ended June 30, 2017

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Changes of Benefit Terms

None

Changes of Assumptions

None

Green River Area Development District  
 Combining Schedule of Operations by Program and Supporting Services  
 Year Ended June 30, 2017

	CDBG Administration	KIA Water Resource Planning	Industrial Authority Admin	SPGE	Delta Regional Authority	Rec Trails Land Water
Revenues:						
Federal	\$ 114,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 8,000.00	\$ 0.00
State	0.00	76,595.00	0.00	10,000.00	0.00	0.00
Local	0.00	0.00	15,000.00	0.00	0.00	3,000.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Program income	0.00	0.00	0.00	0.00	0.00	0.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	2,656.35	22,137.52	1,246.07	735.74	289.36	1,082.67
Total Revenues	116,656.35	98,732.52	16,246.07	10,735.74	8,289.36	4,082.67
Expenditures:						
Direct Costs:						
Personnel	52,131.39	41,904.63	7,733.22	5,169.73	3,726.34	1,904.61
Employee benefits	30,659.78	24,369.13	4,378.51	2,898.91	2,234.49	1,107.94
Professional services	0.00	0.00	0.00	0.00	0.00	0.00
Travel	3,636.02	3,691.25	149.44	0.00	402.29	63.15
Occupancy	726.00	0.00	0.00	0.00	0.00	0.00
Supplies	134.59	6,314.32	0.00	0.00	0.00	0.00
Communications	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	2,616.72	967.60	0.00	0.00	0.00	0.00
Capital equipment	0.00	0.00	0.00	0.00	0.00	0.00
Program Services	0.00	0.00	0.00	0.00	0.00	0.00
Contractual services	0.00	0.00	0.00	0.00	0.00	0.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Total Direct Costs	89,904.50	77,246.93	12,261.17	8,068.64	6,363.12	3,075.70
Shared Costs:						
Shared costs applied	26,751.85	21,485.59	3,984.90	2,667.10	1,926.24	1,006.97
Total Expenditures	116,656.35	98,732.52	16,246.07	10,735.74	8,289.36	4,082.67
Revenues over Expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**Green River Area Development District**  
**Combining Schedule of Operations by Program and Supporting Services**  
**Year Ended June 30, 2017**

	USDA Projects	KOHS Local Projects	DRA Projects	IT Technical Assistance	KIA Coal Severance	Connect GRADD
Revenues:						
Federal	\$ 30,000.00	\$ 0.00	\$ 8,000.00	\$ 0.00	\$ 0.00	\$ 0.00
State	0.00	0.00	0.00	0.00	122,863.02	0.00
Local	0.00	1,500.00	0.00	792.55	0.00	8,726.82
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Program income	0.00	0.00	0.00	0.00	0.00	0.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	1,568.35	150.01	52.78	0.00	2,650.48	0.00
Total Revenues	31,568.35	1,650.01	8,052.78	792.55	125,513.50	8,726.82

Expenditures:						
Direct Costs:						
Personnel	15,212.16	770.27	4,051.20	387.61	56,038.37	4,366.23
Employee benefits	8,564.73	468.54	1,984.34	188.41	37,632.36	2,223.74
Professional services	0.00	0.00	0.00	0.00	289.80	0.00
Travel	64.80	0.00	48.00	29.83	1,703.33	30.61
Occupancy	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00	99.51	0.00
Communications	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Capital equipment	0.00	0.00	0.00	0.00	0.00	0.00
Program Services	0.00	0.00	0.00	0.00	0.00	0.00
Contractual services	0.00	0.00	0.00	0.00	0.00	0.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Total Direct Costs	23,841.69	1,238.81	6,083.54	605.85	95,763.37	6,620.58
Shared Costs:						
Shared costs applied	7,726.66	411.20	1,969.24	186.70	29,750.13	2,106.24
Total Expenditures	31,568.35	1,650.01	8,052.78	792.55	125,513.50	8,726.82
Revenues over Expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Green River Area Development District  
 Combining Schedule of Operations by Program and Supporting Services  
 Year Ended June 30, 2017

	Green River Beef Improvement	JFA	EDA Revolving Loan Funds	Intermediary Relending Program	Title III B Administration	Title III Supportive Services
Revenues:						
Federal	\$ 0.00	\$ 85,205.60	\$ 0.00	\$ 0.00	\$ 22,561.40	\$ 181,689.80
State	2,397.76	94,120.84	0.00	0.00	27,272.18	276,352.78
Local	0.00	0.00	65,864.80	3,217.10	0.00	112,166.33
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Program income	0.00	0.00	0.00	0.00	0.00	12,826.19
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	500.00	0.00	0.00	0.00
Local applied to grants	0.00	41,083.15	0.00	0.00	9,413.69	30,853.03
<b>Total Revenues</b>	<b>2,397.76</b>	<b>220,409.59</b>	<b>66,364.80</b>	<b>3,217.10</b>	<b>59,247.27</b>	<b>613,888.13</b>
Expenditures:						
Direct Costs:						
Personnel	907.14	102,815.59	9,841.80	2,608.86	23,653.06	104,951.17
Employee benefits	909.42	51,616.55	6,690.38	1,414.01	15,723.77	68,736.60
Professional services	0.00	124.20	56.00	(5.00)	0.00	0.00
Travel	0.00	10,583.76	778.93	25.05	3,081.82	5,968.56
Occupancy	0.00	0.00	0.00	1,188.92	660.00	0.00
Supplies	0.00	496.54	812.81	46.38	12.50	2,926.87
Communications	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	4,173.87	6.15	0.00	3,649.12	2,631.26
Capital equipment	0.00	0.00	0.00	0.00	0.00	910.19
Program Services	0.00	0.00	0.00	0.00	0.00	0.00
Contractual services	0.00	0.00	0.00	0.00	0.00	371,006.12
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Direct Costs</b>	<b>1,816.56</b>	<b>169,810.51</b>	<b>18,186.07</b>	<b>5,278.22</b>	<b>46,780.27</b>	<b>557,130.77</b>
Shared Costs:						
Shared costs applied	581.20	50,599.08	5,317.70	1,333.34	12,467.00	56,757.36
<b>Total Expenditures</b>	<b>2,397.76</b>	<b>220,409.59</b>	<b>23,503.77</b>	<b>6,611.56</b>	<b>59,247.27</b>	<b>613,888.13</b>
Revenues over Expenditures	\$ 0.00	\$ 0.00	\$ 42,861.03	\$ (3,394.46)	\$ 0.00	\$ 0.00

**Green River Area Development District**  
**Combining Schedule of Operations by Program and Supporting Services**  
**Year Ended June 30, 2017**

	<b>Title III Ombudsman</b>	<b>Title III C 1 Administration</b>	<b>Title III Congregate</b>	<b>Title III C 2 Administration</b>	<b>Title III Home Delivered</b>	<b>Title III Disease Prevention</b>
<b>Revenues:</b>						
Federal	\$ 40,100.00	\$ 18,583.89	\$ 184,147.37	\$ 24,561.41	\$ 245,614.10	\$ 17,268.43
State	0.00	3,279.51	32,795.10	3,683.31	36,833.12	0.00
Local	0.00	0.00	70,776.44	0.00	96,414.09	0.00
In-kind match	7,376.22	0.00	2,339.00	0.00	962.00	0.00
Program income	0.00	0.00	71,587.31	0.00	27,693.97	0.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	3,480.99	3,647.69	0.10	4,797.94	0.00	0.00
<b>Total Revenues</b>	<b>50,957.21</b>	<b>25,511.09</b>	<b>361,645.32</b>	<b>33,042.66</b>	<b>407,517.28</b>	<b>17,268.43</b>
<b>Expenditures:</b>						
<b>Direct Costs:</b>						
Personnel	19,160.99	10,792.52	0.00	14,298.92	0.00	0.00
Employee benefits	11,911.12	7,950.11	0.00	9,601.41	0.00	0.00
Professional services	0.00	0.00	0.00	0.00	0.00	0.00
Travel	2,328.40	829.66	0.00	1,425.25	0.00	0.00
Occupancy	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	18.11	0.00	972.00	0.00	1,581.00	0.00
Communications	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	103.59	0.00	0.00	0.00	0.00	0.00
Capital equipment	0.00	0.00	7,949.91	0.00	0.00	0.00
Program Services	0.00	0.00	791.96	0.00	0.00	3,701.26
Contractual services	0.00	0.00	351,931.45	0.00	405,936.28	13,567.17
In-kind match	7,376.22	0.00	0.00	0.00	0.00	0.00
<b>Total Direct Costs</b>	<b>40,898.43</b>	<b>19,572.29</b>	<b>361,645.32</b>	<b>25,325.58</b>	<b>407,517.28</b>	<b>17,268.43</b>
<b>Shared Costs:</b>						
Shared costs applied	10,058.78	5,938.80	0.00	7,717.08	0.00	0.00
<b>Total Expenditures</b>	<b>50,957.21</b>	<b>25,511.09</b>	<b>361,645.32</b>	<b>33,042.66</b>	<b>407,517.28</b>	<b>17,268.43</b>
<b>Revenues over Expenditures</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

Green River Area Development District  
 Combining Schedule of Operations by Program and Supporting Services  
 Year Ended June 30, 2017

	Title III Family Caregiver Admin	Title III Family Caregiver	Title VII Elder Abuse	Title VII Ombudsman	Homecare Admin	Homecare Supportive Services
Revenues:						
Federal	\$ 8,982.30	\$ 88,561.08	\$ 3,488.00	\$ 5,814.00	\$ 0.00	\$ 0.00
State	0.00	14,000.00	0.00	0.00	103,843.00	501,807.00
Local	0.00	0.00	0.00	0.00	0.00	32,369.10
In-kind match	0.00	18,703.04	618.00	1,026.00	0.00	0.00
Program income	0.00	0.00	0.00	0.00	0.00	3,298.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	3,630.82	0.00	192.37	55.09	15,288.56	22,219.02
Total Revenues	12,613.12	121,264.12	4,298.37	6,895.09	119,131.56	559,693.12
Expenditures:						
Direct Costs:						
Personnel	6,017.47	26,070.38	1,723.85	2,767.83	52,119.06	103,792.22
Employee benefits	3,532.99	16,953.78	1,050.67	1,656.06	35,599.74	73,078.03
Professional services	0.00	0.00	0.00	0.00	0.00	0.00
Travel	0.00	134.97	0.00	0.00	3,265.71	5,234.40
Occupancy	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	0.00	423.75	0.00	0.00	211.72	8,365.18
Communications	0.00	0.00	0.00	0.00	0.00	1,253.91
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	1.08	304.89	0.00	0.00	0.00	356.13
Capital equipment	0.00	0.00	0.00	0.00	0.00	1,438.21
Program Services	0.00	(88.86)	0.00	0.00	0.00	0.00
Contractual services	0.00	45,078.07	0.00	0.00	0.00	308,571.12
In-kind match	0.00	18,703.04	618.00	1,026.00	0.00	0.00
Total Direct Costs	9,551.54	107,580.02	3,392.52	5,449.89	91,196.23	502,089.20
Shared Costs:						
Shared costs applied	3,061.58	13,684.10	905.85	1,445.20	27,935.33	57,603.92
Total Expenditures	12,613.12	121,264.12	4,298.37	6,895.09	119,131.56	559,693.12
Revenues over Expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**Green River Area Development District**  
**Combining Schedule of Operations by Program and Supporting Services**  
**Year Ended June 30, 2017**

	Homecare Home Delivered	PCAP Admin	PCAP Evaluation	PCAP Subsidy	Consumer Directed Option	SHIP
Revenues:						
Federal	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 447,444.43	\$ 33,126.11
State	215,675.00	34,380.00	30,942.30	277,167.57	7,085,058.66	0.00
Local	39,312.02	0.00	0.00	0.00	53,248.00	0.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Program income	16,375.62	0.00	0.00	0.00	0.00	0.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	1,298.35	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	0.00	3,200.20	152.48	0.00	0.00	242.35
<b>Total Revenues</b>	<b>271,362.64</b>	<b>37,580.20</b>	<b>31,094.78</b>	<b>277,167.57</b>	<b>7,587,049.44</b>	<b>33,368.46</b>
Expenditures:						
Direct Costs:						
Personnel	0.00	17,385.44	12,143.19	0.00	582,230.59	15,421.50
Employee benefits	0.00	10,825.70	9,518.39	0.00	364,239.01	6,152.88
Professional services	0.00	0.00	0.00	0.00	0.00	0.00
Travel	0.00	10.00	264.49	0.00	38,554.23	245.06
Occupancy	0.00	0.00	0.00	0.00	1,769.69	0.00
Supplies	0.00	18.11	2,144.04	0.00	24,233.99	312.08
Communications	0.00	0.00	0.00	0.00	1,755.53	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	204.52	35.56	0.00	25,348.93	3,100.49
Capital equipment	0.00	0.00	0.00	0.00	3,818.18	910.19
Program Services	0.00	0.00	0.00	0.00	5,903,708.78	0.00
Contractual services	271,362.64	0.00	0.00	277,167.57	128,487.97	0.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Direct Costs</b>	<b>271,362.64</b>	<b>28,443.77</b>	<b>24,105.67</b>	<b>277,167.57</b>	<b>7,074,146.90</b>	<b>26,142.20</b>
Shared Costs:						
Shared costs applied	0.00	9,136.43	6,989.11	0.00	304,235.74	7,226.26
<b>Total Expenditures</b>	<b>271,362.64</b>	<b>37,580.20</b>	<b>31,094.78</b>	<b>277,167.57</b>	<b>7,378,382.64</b>	<b>33,368.46</b>
Revenues over Expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 208,666.80	\$ 0.00

Green River Area Development District  
 Combining Schedule of Operations by Program and Supporting Services  
 Year Ended June 30, 2017

	NSIP	State LTC Ombudsman	MIPPA SHIP	MIPPA AAAIL	MIPPA ADRC	Senior Medicare Patrol
Revenues:						
Federal	\$ 148,918.56	\$ 0.00	\$ 23,587.89	\$ 22,188.33	\$ 7,431.02	\$ 18,500.00
State	0.00	40,983.00	0.00	0.00	0.00	0.00
Local	0.00	0.00	0.00	0.00	0.00	0.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Program income	0.00	0.00	0.00	0.00	0.00	0.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	0.00	36.26	360.38	410.63	272.08	668.54
<b>Total Revenues</b>	<b>148,918.56</b>	<b>41,019.26</b>	<b>23,948.27</b>	<b>22,598.96</b>	<b>7,703.10</b>	<b>19,168.54</b>
Expenditures:						
Direct Costs:						
Personnel	0.00	14,675.72	11,417.22	10,448.06	3,263.73	8,656.66
Employee benefits	0.00	9,511.94	4,564.09	6,306.18	2,694.94	5,723.00
Professional services	0.00	0.00	0.00	0.00	0.00	0.00
Travel	0.00	1,310.01	420.34	153.77	0.00	40.80
Occupancy	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	0.00	1,539.85	0.00	0.00	0.00	0.00
Communications	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	5,296.13	2,625.00	0.00	0.00	19.97
Capital equipment	0.00	910.19	0.00	0.00	0.00	0.00
Program Services	0.00	0.00	0.00	907.25	0.00	0.00
Contractual services	148,918.56	0.00	0.00	0.00	0.00	0.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Direct Costs</b>	<b>148,918.56</b>	<b>33,243.84</b>	<b>19,026.65</b>	<b>17,815.26</b>	<b>5,958.67</b>	<b>14,440.43</b>
Shared Costs:						
Shared costs applied	0.00	7,775.42	4,921.62	4,783.70	1,744.43	4,728.11
<b>Total Expenditures</b>	<b>148,918.56</b>	<b>41,019.26</b>	<b>23,948.27</b>	<b>22,598.96</b>	<b>7,703.10</b>	<b>19,168.54</b>
Revenues over Expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**Green River Area Development District**  
**Combining Schedule of Operations by Program and Supporting Services**  
**Year Ended June 30, 2017**

	FAST	CDSME	Improving Arthritis	Medicaid ADRG	SAMS Administration	Misc Aging Services
<b>Revenues:</b>						
Federal	\$ 3,313.61	\$ 663.99	\$ 3,000.00	\$ 13,626.00	\$ 0.00	\$ 0.00
State	0.00	0.00	0.00	13,626.00	95,862.78	0.00
Local	0.00	0.00	0.00	0.00	0.00	16,369.02
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Program income	0.00	0.00	0.00	0.00	0.00	0.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	0.00	0.00	0.00	0.00	0.00	(270.94)
<b>Total Revenues</b>	<b>3,313.61</b>	<b>663.99</b>	<b>3,000.00</b>	<b>27,252.00</b>	<b>95,862.78</b>	<b>16,098.08</b>
<b>Expenditures:</b>						
<b>Direct Costs:</b>						
Personnel	1,404.98	0.00	0.00	14,121.07	43,187.32	0.00
Employee benefits	933.70	0.00	0.00	4,977.09	25,598.74	0.00
Professional services	0.00	0.00	0.00	0.00	0.00	0.00
Travel	219.70	0.00	0.00	0.00	4,819.23	6.85
Occupancy	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00	498.78	0.00
Communications	0.00	0.00	0.00	0.00	11.37	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	108.28
Capital equipment	0.00	0.00	0.00	0.00	0.00	0.00
Program Services	0.00	0.00	0.00	0.00	0.00	9,748.12
Contractual services	0.00	663.99	3,000.00	0.00	0.00	6,234.83
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Direct Costs</b>	<b>2,558.38</b>	<b>663.99</b>	<b>3,000.00</b>	<b>19,098.16</b>	<b>74,115.44</b>	<b>16,098.08</b>
<b>Shared Costs:</b>						
Shared costs applied	755.23	0.00	0.00	6,403.12	21,747.34	0.00
<b>Total Expenditures</b>	<b>3,313.61</b>	<b>663.99</b>	<b>3,000.00</b>	<b>25,501.28</b>	<b>95,862.78</b>	<b>16,098.08</b>
<b>Revenues over Expenditures</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1,750.72</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

Green River Area Development District  
 Combining Schedule of Operations by Program and Supporting Services  
 Year Ended June 30, 2017

	Comm			CCC		AmeriCorps Senior Conn	AmeriCorps Disaster Corp
	NCOA Benefits Outreach	Veterans Directed Care	Collaboration for Children	Parent Involvement	AmeriCorps Senior Conn		
Revenues:							
Federal	\$ 43,076.21	\$ 17,157.70	\$ 160,933.46	\$ 1,660.00	\$ 412,234.50	\$ 26,469.00	
State	0.00	0.00	0.00	0.00	0.00	0.00	
Local	0.00	0.00	0.00	0.00	188,268.82	(5,195.85)	
In-kind match	0.00	0.00	72,423.51	0.00	0.00	0.00	
Program income	0.00	0.00	0.00	0.00	0.00	0.00	
Member dues	0.00	0.00	0.00	0.00	0.00	0.00	
Interest	0.00	0.00	0.00	0.00	0.00	0.00	
Other	0.00	0.00	0.00	0.00	0.00	0.00	
Local applied to grants	0.00	0.00	1,448.40	0.00	0.00	0.00	
<b>Total Revenues</b>	<b>43,076.21</b>	<b>17,157.70</b>	<b>234,805.37</b>	<b>1,660.00</b>	<b>600,503.32</b>	<b>21,273.15</b>	
Expenditures:							
Direct Costs:							
Personnel	25,299.15	3,962.78	10,130.05	0.00	49,344.62	2,391.55	
Employee benefits	4,832.80	1,579.74	6,575.32	0.00	24,124.02	1,252.22	
Professional services	0.00	0.00	0.00	0.00	0.00	0.00	
Travel	1,409.90	353.64	1,348.82	0.00	4,593.06	4.92	
Occupancy	0.00	0.00	0.00	0.00	0.00	0.00	
Supplies	419.34	0.00	1,252.28	0.00	43.63	0.00	
Communications	0.00	0.00	0.00	0.00	0.00	0.00	
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00	
Other	454.58	0.00	26.63	0.00	1,399.87	93.23	
Capital equipment	0.00	0.00	0.00	0.00	0.00	0.00	
Program Services	407.50	0.00	1,569.65	1,660.00	496,984.70	16,452.53	
Contractual services	0.00	0.00	136,127.67	0.00	0.00	0.00	
In-kind match	0.00	0.00	72,423.51	0.00	0.00	0.00	
<b>Total Direct Costs</b>	<b>32,823.27</b>	<b>5,896.16</b>	<b>229,453.93</b>	<b>1,660.00</b>	<b>576,489.90</b>	<b>20,194.45</b>	
Shared Costs:							
Shared costs applied	10,252.94	1,767.00	5,351.44	0.00	24,013.42	1,078.70	
<b>Total Expenditures</b>	<b>43,076.21</b>	<b>7,663.16</b>	<b>234,805.37</b>	<b>1,660.00</b>	<b>600,503.32</b>	<b>21,273.15</b>	
Revenues over Expenditures	\$ 0.00	\$ 9,494.54	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**Green River Area Development District**  
**Combining Schedule of Operations by Program and Supporting Services**  
**Year Ended June 30, 2017**

	Service for Peace	Citizen Corps	Henderson Cert	KHC Home Repair	OTS	MPO
<b>Revenues:</b>						
Federal	\$ 930.00	\$ 7,344.89	\$ 0.00	\$ 0.00	\$ 9,000.00	\$ 0.00
State	0.00	0.00	0.00	0.00	0.00	0.00
Local	0.00	0.00	1,822.61	1,303.23	9,000.00	9,043.26
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
Program income	0.00	0.00	0.00	0.00	0.00	0.00
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Local applied to grants	0.00	0.00	0.00	0.00	17.67	0.00
<b>Total Revenues</b>	<b>930.00</b>	<b>7,344.89</b>	<b>1,822.61</b>	<b>1,303.23</b>	<b>18,017.67</b>	<b>9,043.26</b>
<b>Expenditures:</b>						
<b>Direct Costs:</b>						
Personnel	0.00	2,909.29	0.00	0.00	6,609.05	3,925.14
Employee benefits	0.00	1,721.88	0.00	0.00	5,834.75	2,221.69
Professional services	0.00	0.00	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00	606.86	37.60
Occupancy	0.00	0.00	0.00	0.00	0.00	759.00
Supplies	0.00	0.00	0.00	0.00	18.21	116.96
Communications	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	340.88	0.00
Capital equipment	0.00	0.00	0.00	0.00	754.27	0.00
Program Services	930.00	1,198.46	1,822.61	1,303.23	0.00	0.00
Contractual services	0.00	0.00	0.00	0.00	0.00	0.00
In-kind match	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Direct Costs</b>	<b>930.00</b>	<b>5,829.63</b>	<b>1,822.61</b>	<b>1,303.23</b>	<b>14,164.02</b>	<b>7,060.39</b>
<b>Shared Costs:</b>						
Shared costs applied	0.00	1,515.26	0.00	0.00	3,853.65	1,982.87
<b>Total Expenditures</b>	<b>930.00</b>	<b>7,344.89</b>	<b>1,822.61</b>	<b>1,303.23</b>	<b>18,017.67</b>	<b>9,043.26</b>
<b>Revenues over Expenditures</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

**Green River Area Development District**  
**Combining Schedule of Operations by Program and Supporting Services**  
**Year Ended June 30, 2017**

	KYTC	FHWA	FTA	Trade	WIOA	Total Program Services
<b>Revenues:</b>						
Federal	\$ 12,700.70	\$ 105,600.00	\$ 47,655.42	\$ 222,572.41	\$ 1,456,129.55	\$ 4,331,841.16
State	75,124.99	6,600.00	0.00	0.00	0.00	9,181,262.92
Local	0.00	19,800.00	12,500.00	0.00	0.00	755,298.34
In-kind match	0.00	0.00	0.00	0.00	0.00	103,447.77
Program income	0.00	0.00	0.00	0.00	0.00	131,781.09
Member dues	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	1,298.35
Other	0.00	0.00	0.00	0.00	0.00	500.00
Local applied to grants	8,347.22	143.42	0.00	0.00	0.00	182,260.47
<b>Total Revenues</b>	<b>96,172.91</b>	<b>132,143.42</b>	<b>60,155.42</b>	<b>222,572.41</b>	<b>1,456,129.55</b>	<b>14,687,690.10</b>
<b>Expenditures:</b>						
<b>Direct Costs:</b>						
Personnel	42,560.08	58,841.47	26,370.28	0.00	279,465.40	1,921,080.96
Employee benefits	27,128.35	39,731.67	17,659.26	0.00	144,376.11	1,151,218.99
Professional services	0.00	0.00	0.00	0.00	0.00	465.00
Travel	3,070.73	922.76	0.00	0.00	22,622.41	124,490.41
Occupancy	0.00	0.00	0.00	0.00	42,923.16	48,026.77
Supplies	419.10	1,278.80	276.79	0.00	2,827.26	57,814.50
Communications	0.00	0.00	0.00	0.00	0.00	3,020.81
Depreciation expense	0.00	0.00	0.00	0.00	0.00	0.00
Other	976.16	154.98	216.02	0.00	15,830.74	71,042.38
Capital equipment	0.00	0.00	1,797.38	0.00	0.00	18,488.52
Program Services	0.00	0.00	0.00	222,572.41	826,957.82	7,490,627.42
Contractual services	0.00	0.00	0.00	0.00	0.00	2,468,053.44
In-kind match	0.00	0.00	0.00	0.00	0.00	100,146.77
<b>Total Direct Costs</b>	<b>74,154.42</b>	<b>100,929.68</b>	<b>46,319.73</b>	<b>222,572.41</b>	<b>1,335,002.90</b>	<b>13,454,475.97</b>
<b>Shared Costs:</b>						
Shared costs applied	22,018.49	31,213.74	13,835.69	0.00	121,126.65	973,835.50
<b>Total Expenditures</b>	<b>96,172.91</b>	<b>132,143.42</b>	<b>60,155.42</b>	<b>222,572.41</b>	<b>1,456,129.55</b>	<b>14,428,311.47</b>
<b>Revenues over Expenditures</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 259,378.63</b>

**Green River Area Development District**  
**Combining Schedule of Operations by Program and Supporting Services**  
**Year Ended June 30, 2017**

	General and Administrative	Unrestrictive Local Operations	Total Revenues and Expenditures
Revenues:			
Federal	0.00 \$	0.00 \$	4,331,841.16
State	0.00	0.00	9,181,262.92
Local	0.00	79,031.60	834,329.94
In-kind match	0.00	0.00	103,447.77
Program income	0.00	0.00	131,781.09
Member dues	0.00	213,472.00	213,472.00
Interest	0.00	18,323.95	19,622.30
Other	0.00	0.00	500.00
Local applied to grants	0.00	(182,260.47)	0.00
<b>Total Revenues</b>	<b>0.00</b>	<b>128,567.08</b>	<b>14,816,257.18</b>

Expenditures:			
Direct Costs:			
Personnel	371,482.52	0.00	2,292,563.48
Employee benefits	220,975.62	374,895.82	1,747,090.43
Professional services	34,285.04	10,138.50	44,888.54
Travel	33,361.17	2,955.30	160,806.88
Occupancy	83,070.93	8,280.85	139,378.55
Supplies	35,115.86	2,855.93	95,786.29
Communications	25,619.56	0.00	28,640.37
Depreciation expense	79,851.17	70,015.86	149,867.03
Other	90,073.63	32,130.05	193,246.06
Capital equipment	0.00	0.00	18,488.52
Program Services	0.00	0.00	7,490,627.42
Contractual services	0.00	0.00	2,468,053.44
In-kind match	0.00	0.00	100,146.77
<b>Total Direct Costs</b>	<b>973,835.50</b>	<b>501,272.31</b>	<b>14,929,583.78</b>
Shared Costs:			
Shared costs applied	(973,835.50)	0.00	0.00
<b>Total Expenditures</b>	<b>0.00</b>	<b>501,272.31</b>	<b>14,929,583.78</b>
<b>Revenues over Expenditures</b>	<b>0.00 \$</b>	<b>(372,705.23) \$</b>	<b>(113,326.60)</b>

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**SCHEDULE OF SHARED COSTS**

Year Ended June 30, 2017

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**Shared Costs Applied:**

Salary	\$	371,483
Fringe		220,976
Travel		33,361
Rent		1,496
Supplies		35,116
Insurance		31,469
Printing		14,737
Communications		25,620
Postage		11,904
Utilities		31,897
Maintenance		42,499
Interest expense		20,870
Depreciation expense		79,851
Professional fees		34,285
Other		<u>18,272</u>
Total Shared Costs	\$	<u><u>973,836</u></u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed through Rural Business Cooperative Service:				
Intermediary Relending Program	10.767	N/A	\$ <u>180,348</u>	\$ <u>-</u>
Passed through Delta Regional Authority:				
Rural Business Opportunity Grant State Strategic Plan	10.773	N/A	<u>8,000</u>	<u>-</u>
Passed through local sources:				
Grant Program to Establish a Fund for Financing Water and Wastewater Projects:				
Green River Regional Industrial Development Authority	10.864	N/A	15,000	-
City of Morganfield	10.864	N/A	<u>15,000</u>	<u>-</u>
			<u>30,000</u>	<u>-</u>
Total U.S. Department of Agriculture			\$ <u>218,348</u>	\$ <u>-</u>
<u>U.S. Department of Commerce</u>				
Direct Program:				
Economic Adjustment Assistance Revolving Loan Fund	11.307	04-95-901689	\$ 3,146,785 **	\$ -
Passed through Department for Local Government				
Economic Development Support for Planning Organizations	11.302	N/A	<u>63,000</u>	<u>-</u>
Total U.S. Department of Commerce			\$ <u>3,209,785</u>	\$ <u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grants - State's Program				
Passed through local sources:				
Henderson County Fiscal Court	14.228	N/A	\$ 12,500	\$ -
Hancock County Fiscal Court	14.228	N/A	19,000	-
Daviess County Fiscal Court	14.228	N/A	12,500	-
City of Morganfield	14.228	N/A	45,000	-
City of McHenry	14.228	N/A	25,000	-
Passed through Department for Local Government:				
Community Development Block Grants - State's Program-JFA	14.228	N/A	<u>22,206</u>	<u>-</u>
			<u>136,206</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			\$ <u>136,206</u>	\$ <u>-</u>
<u>U.S. Department of Labor</u>				
Workforce Investment and Opportunity Act:				
Passed through Kentucky Education Cabinet:				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258			
		27016	\$ 7,804	\$ -
		27316	206,760	-
		27017	45,495	-
		27317	<u>235,361</u>	<u>-</u>
			<u>495,420</u>	<u>-</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
WIA/WIOA Youth Activities	17.259			
		27416	283,540	-
		274SR16	5,719	-
		27417	258,119	-
			<u>547,378</u>	<u>-</u>
WIA/WIOA Dislocated Workers	17.278			
		27115	14,526	-
		271RR5	4,130	-
		27216	17,178	-
		27116	306,550	-
		27CM16	1,327	-
		27217	10,547	-
		27117	59,074	-
			<u>413,332</u>	<u>-</u>
WIA/WIOA Cluster Total			<u>1,456,130</u>	<u>-</u>
Trade Adjustment Assistance	17.245			
		205BE14	38,412	-
		205BE15	150,000	-
		205BE15	34,160	-
			<u>222,572</u>	<u>-</u>
Total U.S. Department of Labor			<u>\$ 1,678,702</u>	<u>\$ -</u>
<u>U.S. Department of Transportation</u>				
Passed through Kentucky Transportation Cabinet:				
Highway Planning and Construction:				
FHWA - Owensboro Transportation Planning	20.205	1600003900	\$ 105,600	\$ -
Local Road Update	20.205	1700001482	12,701	-
			<u>118,301</u>	<u>-</u>
Metropolitan Transportation Planning:				
FTA-Owensboro Transportation Planning	20.505	G04M703Z	47,655	-
Passed through City of Owensboro:				
Federal Transit Formula Grants:				
FTA - OTS Transit Management	20.507	2016/2017	9,000	-
Total U.S. Department of Transportation			<u>\$ 174,956</u>	<u>\$ -</u>
<u>U.S. Department of Veterans Affairs</u>				
Passed through Pennyville Area Development District:				
VHA Home Care	64.044	VA2016-01 G	\$ 17,158	\$ -
Total Department of Veterans Affairs			<u>\$ 17,158</u>	<u>\$ -</u>
<u>Delta Regional Authority</u>				
Direct Program:				
Delta Local Development District Assistance	90.202	N/A	\$ 8,000	\$ -
Total Delta Regional Authority			<u>\$ 8,000</u>	<u>\$ -</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through 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	93.044	1600001203	\$ 244,351	\$ 91,074
Special Programs for the Aging Title III Part C, Nutrition Services	93.045	1600001203	472,907	420,383
Nutrition Services Incentive Program	93.053	1700000099	<u>148,919</u>	<u>148,919</u>
Aging Cluster Total			<u>866,177</u>	<u>660,376</u>
Special Programs for the Aging Title VII Chapter 3 Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	1600001202	<u>3,488</u>	<u>-</u>
Special Programs for the Aging Title VII Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	1600001202	<u>5,814</u>	<u>-</u>
Special Programs for the Aging Title III Disease Prevention and Health Promotions Services	93.043	1600001203	<u>17,268</u>	<u>13,478</u>
Passed through Louisville/Jefferson County Metro Government:				
Title IV and Title II, Discretionary Projects	93.048	N/A	<u>18,500</u>	<u>-</u>
National Family Caregiver Support, Title III, Part E	93.052	1600001203	<u>97,543</u>	<u>23,018</u>
Public Health Emergency Preparedness	93.069	1600001212	<u>3,314</u>	<u>-</u>
Medicare Enrollment Assistance Program	93.071	1700000082	53,207	-
Passed through National Council on Aging:				
Medicare Enrollment Assistance Program	93.071	N/A	<u>43,076</u>	<u>-</u>
			<u>96,283</u>	<u>-</u>
Promoting Safe and Stable Families	93.556	16000011611	<u>63,890</u>	<u>51,928</u>
Community-Based Child Abuse Prevention Grants	93.590	16000011611	97,043	78,872
Passed through Eastern Kentucky University:				
Community-Based Child Abuse Prevention Grants	93.590	N/A	<u>1,660</u>	<u>-</u>
			<u>98,703</u>	<u>78,872</u>
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs-financed by Prevention and Public Health Funds	93.734	1600001141	<u>664</u>	<u>664</u>
Medical Assistance Program	93.778	1600001210	<u>13,626</u>	<u>-</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	1600001180	33,126	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	1600001213	3,000	-
Total U.S. Department of Health and Human Services			\$ 1,321,396	\$ 828,336
<u>Corporation for National and Community Service</u>				
Passed through the Kentucky Commission on Community Volunteerism and Service:				
AmeriCorps - Senior Connections	94.006	1400003316	\$ 60,695	\$ -
AmeriCorps - Senior Connections	94.006	1700000015	351,540	-
AmeriCorps - Disaster Corps	94.006	1400003346	26,469	-
			438,704	
Direct Program:				
Service For Peace	94.007	N/A	930	-
Total Corporation for National and Community Service			\$ 439,634	\$ -
<u>Department of Homeland Security</u>				
Passed through the Kentucky Office of Homeland Security:				
Homeland Security Grant Program	97.067	1700001282	\$ 7,345	\$ -
Total Department of Homeland Security			\$ 7,345	\$ -
Total Federal Awards			\$ 7,211,530 *	\$ 828,336

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of GRADD under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of GRADD, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of GRADD.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

GRADD has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note D: Reconciliation of Federal Revenue

Federal revenue per the Combining Schedule of Operations	
by Program and Supporting Services	\$ 4,331,841
Revolving Loan Fund	3,146,785
Intermediary Relending Program	180,348
Consumer Directed Options	<u>(447,444)</u>
Total per Schedule of Expenditures of Federal Awards	\$ <u>7,211,530</u> *

Note E: Revolving Loan Federal Expenditures Calculation

The following amounts were used to calculate the federal expenditures for the Economic Adjustment Assistance Loan Program:

	<u>04-95-901689</u>
Balance of RLF loans outstanding at year end	\$ 1,976,766
Cash and investment balance at year end	1,277,631
Administrative expenses paid out of RLF income during year	23,504
Unpaid principal of loans written off during the year	<u>-</u>
Total	3,277,901
Multiply federal share of RLF	<u>96%</u>
Federal Expenditures for SEFA reporting	\$ <u>3,146,785</u> **



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Green River Area Development District

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 Green River Area Development District (GRADD), as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether GRADD'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.

*Rivney Hancock* CPAs PSC

Owensboro, Kentucky  
October 30, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Green River Area Development District

Report on Compliance for Each Major Federal Program

We have audited the Green River Area Development District's (GRADD) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of GRADD's major federal programs for the year ended June 30, 2017.

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 GRADD's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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 GRADD's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, GRADD 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, 2017.

### **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Owensboro, Kentucky  
October 30, 2017

*Riley Hancock* CPAs PSC

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2017

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**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Green River Area Development District (GRADD) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of GRADD which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for GRADD expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs include:
  - WIA/WIOA Cluster:
  - 17.258 - Adult Program
  - 17.259 - Youth Program
  - 17.278 - Dislocated Worker Formula Grants
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. GRADD was determined to be a low-risk auditee.

**B. Findings - Financial Statement Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended June 30, 2017

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No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2016.