

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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# GREEN RIVER AREA DEVELOPMENT DISTRICT

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**GREEN RIVER AREA DEVELOPMENT DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Green River Area Development District  
Owensboro, Kentucky

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Green River Area Development District (GRADD), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise GRADD's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions 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 of material misstatement.

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

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

To the Board of Directors  
Green River Area Development District

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of GRADD, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, and Schedule of GRADD's Proportionate Share of the Net OPEB Liability – Medical Insurance Plan 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 basis financial statements. The accompanying Combining Schedule of Operations by Program and Supporting Services is presented for the purpose of additional analysis and is 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, Costs Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basis financial statements.

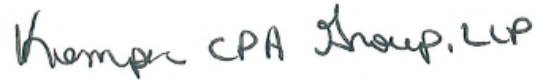
The Combining Schedule of Operations by Program and Supporting Services and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 statement 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 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.

To the Board of Directors  
Green River Area Development District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018, on our consideration of the 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.

November 5, 2018  
Evansville, Indiana



Certified Public Accountants and Consultants

## **GREEN RIVER AREA DEVELOPMENT DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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, 2018. Please read it in conjunction with GRADD's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The beginning net position restated for GRADD was \$2,187,402. The ending net position for GRADD was \$1,696,959. GRADD's total net position decreased by 22% from this period last year.
- During the year, GRADD's local expenses were \$111,096 more than the grant revenue received in the current fiscal year. This is lower than last year, when expenses exceeded grant revenues by \$182,260.

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

This annual report consists of four parts—(A) management's discussion and analysis (this section), (B) the basic financial statements, (C) required supplementary information, and (D) an optional section that presents a combining statement of operations by program and supporting services. The basic financial statements include two kinds of statements that present different views of GRADD:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about GRADD's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of GRADD, reporting GRADD's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

#### **Government-Wide Financial Statements**

The government-wide statements report information about GRADD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received and paid.

The two government-wide statements report GRADD's net position and how they have changed. Net position—the difference between GRADD's assets and liabilities—is one way to measure GRADD's financial health.

# GREEN RIVER AREA DEVELOPMENT DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

### Fund Financial Statements

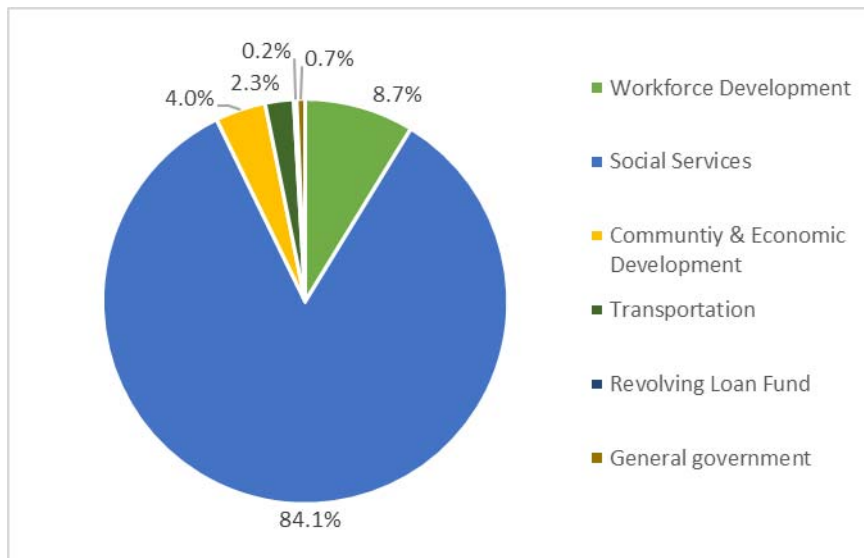
The fund financial statements provide more detailed information about GRADD’s most significant funds—not GRADD as a whole. Funds are accounting devices that GRADD uses to keep track of specific sources of funding and spending for particular purposes.

GRADD has three kinds of funds:

- General fund—This fund focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the general fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance GRADD’s programs.
- Special Revenue fund—Includes all grant programs and services operated by GRADD that are restricted for a specific purpose.
- Proprietary fund —Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing the goods and services to the general public thru user charges.

### FINANCIAL ANALYSIS OF GRADD AS A WHOLE

GRADD’s total revenues decreased by 1.9% to \$14.5 million. 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 expenses cover a wide range of services. The following pie chart outlines the percentages expended by activity, with 93% related to job training and social services activities.





## GREEN RIVER AREA DEVELOPMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	<u>2018</u>	<u>2017</u>
<b>Asset and Deferred Outflows of Resources</b>		
Current and other assets	8,980,628	\$ 8,644,833
Capital assets	1,309,678	1,422,331
Pension deferred outflows	<u>2,462,312</u>	<u>1,186,173</u>
Total assets and deferred outflows of resources	<u>12,752,618</u>	<u>11,253,337</u>
<b>Liabilities and Deferred Inflows of Resources</b>		
Long-term liabilities	8,716,395	\$ 6,100,060
Other liabilities	1,442,415	1,828,407
Pension deferred inflows	<u>896,849</u>	<u>108,398</u>
Total liabilities and deferred inflows of resources	<u>11,055,659</u>	<u>8,036,865</u>
<b>Net Position</b>		
Invested in capital assets, net of debt	630,417	698,253
Restricted	3,701,904	3,282,007
Unrestricted	(2,635,362)	(763,788)
<b>Total net position</b>	<u><u>\$ 1,696,959</u></u>	<u><u>\$ 3,216,472</u></u>

The government's net position decreased by \$1,519,513 during the current fiscal year mainly due to the GASB 68 and 75 required pension and OPEB adjustments.

### **FINANCIAL ANALYSIS OF GRADD'S FUNDS**

Total Assets	\$12,752,618
Total Liabilities	\$11,055,659
Fund Balance	\$ 1,696,959

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

#### **Capital Assets**

During 2018, GRADD invested \$33,029 in capital assets, including, computers and heating and air units. Overall, net capital assets decreased (including additions and deductions) \$112,653 from last year. More detailed information about GRADD's capital assets is presented in Note 4 to the financial statements.

## **GREEN RIVER AREA DEVELOPMENT DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)**

#### **Long-term Debt**

At year-end GRADD had \$679,261 in outstanding debt—a decrease of 6.2% over last year. More detailed information about GRADD's long-term liabilities is presented in Note 6 to the financial statements.

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

GRADD's original FY 2019 budget was based on actual information received from the state and local government contracts as of June 2018. This budget will be revised quarterly to reflect actual carryover balances and appropriations received from the state since this date.

#### **REQUESTED FROM 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 Green River Area Development District, Attention: Finance Department, 300 GRADD Way, Owensboro, KY 42301.

## **BASIC FINANCIAL STATEMENTS**

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,859,375	\$ 1,442,432	\$ 5,301,807
Grants receivable	1,681,572	-	1,681,572
Other receivables	4,968	-	4,968
Prepays	6,129	-	6,129
Notes receivable	-	1,986,152	1,986,152
Capital assets, being depreciated, net	1,309,678	-	1,309,678
Total assets	<u>6,861,722</u>	<u>3,428,584</u>	<u>10,290,306</u>
Deferred outflows related to pensions	1,911,942	-	1,911,942
Deferred outflows related to OPEB	550,370	-	550,370
Total deferred outflows	<u>2,462,312</u>	<u>-</u>	<u>2,462,312</u>
Total assets and deferred outflows	<u>9,324,034</u>	<u>3,428,584</u>	<u>12,752,618</u>
<b>LIABILITIES</b>			
Accounts payable - trade and contracts	441,652	666	442,318
Accrued liabilities	286,150	-	286,150
Compensated absences	136,783	-	136,783
Deferred revenue	566,733	-	566,733
Accrued interest payable	9,562	869	10,431
Net pension liability	5,900,661	-	5,900,661
Net OPEB liability	2,026,606	-	2,026,606
Notes payable - long-term	679,261	109,867	789,128
Total liabilities	<u>10,047,408</u>	<u>111,402</u>	<u>10,158,810</u>
Deferred inflows related to pensions	790,741	-	790,741
Deferred inflows related to OPEB	106,108	-	106,108
Total deferred inflows	<u>896,849</u>	<u>-</u>	<u>896,849</u>
<b>NET POSITION</b>			
Net investment in capital assets	630,417	-	630,417
Restricted	384,722	3,317,182	3,701,904
Unrestricted	(2,635,362)	-	(2,635,362)
Total Net Position	<u>\$ (1,620,223)</u>	<u>\$ 3,317,182</u>	<u>\$ 1,696,959</u>

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2018**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 87,489	\$ -	\$ 54,176	\$ (33,313)	\$ -	\$ (33,313)
Community and economic development	607,128	-	527,926	(79,202)	-	(79,202)
Social services	12,706,294	120,241	12,002,410	(583,643)	-	(583,643)
Workforce development	1,319,404	-	1,261,271	(58,133)	-	(58,133)
Transportation	344,272	-	319,634	(24,638)	-	(24,638)
Total governmental activities	<u>15,064,587</u>	<u>120,241</u>	<u>14,165,417</u>	<u>(778,929)</u>	<u>-</u>	<u>(778,929)</u>
<b>Business-type activities:</b>						
EDA Revolving Loan Fund	28,089	-	-	-	(28,089)	(28,089)
USDA Intermediary Relending Program	4,989	-	-	-	(4,989)	(4,989)
Total business-type activities	<u>33,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,078)</u>	<u>(33,078)</u>
Total	<u>\$ 15,097,665</u>	<u>\$ 120,241</u>	<u>\$ 14,165,417</u>	<u>(778,929)</u>	<u>(33,078)</u>	<u>(812,007)</u>
<b>General revenues:</b>						
				\$ 213,472	\$ -	\$ 213,472
				39,829	67,478	107,307
				10	775	785
				<u>253,311</u>	<u>68,253</u>	<u>321,564</u>
				(525,618)	35,175	(490,443)
				(1,094,605)	3,282,007	2,187,402
				<u>\$ (1,620,223)</u>	<u>\$ 3,317,182</u>	<u>\$ 1,696,959</u>

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,745,269	\$ 114,106	\$ 3,859,375
Grants receivable	-	1,681,572	1,681,572
Other receivables	53	4,915	4,968
Due (to) from other fund	257,666	(257,666)	-
Prepays	4,769	1,360	6,129
Total assets	<u>\$ 4,007,757</u>	<u>\$ 1,544,287</u>	<u>\$ 5,552,044</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable - trade and contracts	\$ 126,045	\$ 315,607	\$ 441,652
Accrued liabilities	336	285,814	286,150
Deferred revenue	8,589	558,144	566,733
Accrued interest payable	9,562	-	9,562
Total liabilities	<u>144,532</u>	<u>1,159,565</u>	<u>1,304,097</u>
Fund balances:			
Restricted	-	384,722	384,722
Assigned	467,449	-	467,449
Unassigned	3,395,776	-	3,395,776
Total fund balances	<u>3,863,225</u>	<u>384,722</u>	<u>4,247,947</u>
Total liabilities and fund balances	<u>\$ 4,007,757</u>	<u>\$ 1,544,287</u>	<u>\$ 5,552,044</u>

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2018**

Fund balances - total governmental funds		\$ 4,247,947
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital Assets	3,320,043	
Accumulated Depreciation	<u>(2,010,365)</u>	1,309,678
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources		1,911,942
Deferred inflows of resources		(790,741)
<p>Other Post Employment Benefits related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources		550,370
Deferred inflows of resources		(106,108)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in government funds:</p>		
Long-term debt	(679,261)	
Compensated absences	(136,783)	
Net other post employment benefits liability	(2,026,606)	
Net pension liability	<u>(5,900,661)</u>	(8,743,311)
Net Position of Governmental Activities		<u><u>\$ (1,620,223)</u></u>

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Federal	\$ -	\$ 4,073,852	\$ 4,073,852
State	-	9,182,106	9,182,106
Goods and services revenue	109,211	-	109,211
Patient liability revenue	55,123	-	55,123
Local	54,176	563,334	617,510
In-kind match	-	127,613	127,613
Program income	-	120,243	120,243
Member dues	213,472	-	213,472
Interest	38,349	1,480	39,829
Total revenues	<u>470,331</u>	<u>14,068,628</u>	<u>14,538,959</u>
<b>EXPENDITURES</b>			
General government	22,642	-	22,642
Community and economic development	-	580,137	580,137
Social services	-	12,032,625	12,032,625
Workforce Development	-	1,260,746	1,260,746
Transportation	-	328,967	328,967
Capital outlay	-	33,029	33,029
Debt Service			
Principal	44,817	-	44,817
Interest	19,606	-	19,606
Total expenditures	<u>87,065</u>	<u>14,235,504</u>	<u>14,322,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>383,266</u>	<u>(166,876)</u>	<u>216,390</u>
Net change in fund balances	383,266	(166,876)	216,390
Fund balances - beginning of year	<u>3,479,959</u>	<u>551,598</u>	<u>4,031,557</u>
Fund balances - end of year	<u>\$ 3,863,225</u>	<u>\$ 384,722</u>	<u>\$ 4,247,947</u>

The notes to the financial statements are an integral part of this financial statement



**GREEN RIVER AREA DEVELOPMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

Net change in fund balances - governmental funds		\$ 216,390
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlays	33,029	
Depreciation expense	<u>(145,682)</u>	
		(112,653)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while payment of the principal and interest consumes current financial resources of governmental funds. This amounts if the net effect of these difference in the treatment of long-term debt and related items.</p>		
		44,817
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		9,016
Pension expense		(683,188)
Change in net position of governmental activities		<u><u>\$ (525,618)</u></u>

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2018**

	<b>Business-Type Activities</b>		
	<b>USDA Intermediary Relending Program</b>	<b>EDA Revolving Loan Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,595	\$ 1,411,837	\$ 1,442,432
Notes receivable, net	95,775	1,890,377	1,986,152
Total assets	\$ 126,370	\$ 3,302,214	\$ 3,428,584
<b>LIABILITIES</b>			
Accounts payable - trade and contracts	\$ -	\$ 666	\$ 666
Accrued interest payable	869	-	869
Notes payable - long-term	109,867	-	109,867
Total Liabilities	110,736	666	111,402
<b>NET POSITION</b>			
Restricted	15,634	3,301,548	3,317,182
Total fund equity	15,634	3,301,548	3,317,182
Total Liabilities and net position	\$ 126,370	\$ 3,302,214	\$ 3,428,584

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2018**

	<b>Business-Type Activities</b>		
	<b>USDA Intermediary Relending Program</b>	<b>EDA Revolving Loan Fund</b>	<b>Totals</b>
<b>Revenues:</b>			
Local	\$ -	\$ 500	\$ 500
Interest	3,069	64,409	67,478
Other	-	275	275
Total revenues	3,069	65,184	68,253
<b>Expenses:</b>			
Administrative services	4,040	28,089	32,129
Total expenses	4,040	28,089	32,129
Operating Income (Loss)	(971)	37,095	36,124
<b>Nonoperating Revenues (Expenses):</b>			
Interest income	-	-	-
Interest expense	949	-	949
Total Nonoperating Revenue (Expenses)	(949)	-	(949)
Change in net position	(1,920)	37,095	35,175
Total net position - beginning	17,554	3,264,453	3,282,007
Total net position - ending	\$ 15,634	\$ 3,301,548	\$ 3,317,182

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2018**

	<u>Business-Type Activities</u>		
	<u>USDA Intermediary Relending Program</u>	<u>EDA Revolving Loan Fund</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from:			
Other receipts	\$ 3,069	\$ 65,184	\$ 68,253
Cash paid to/for:			
Other payments	(4,040)	(27,423)	(31,463)
Net cash provided by (used in) operating activities	<u>(971)</u>	<u>37,761</u>	<u>36,790</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Payments on note receivable	54,803	386,389	441,192
Issuance of notes receivable	-	(300,000)	(300,000)
Payments on debt	(6,477)	-	(6,477)
Interest paid on debt	(1,001)	-	(1,001)
Net cash provided by non-capital financing activities	<u>47,325</u>	<u>86,389</u>	<u>133,714</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	46,354	124,150	170,504
<b>CASH AT BEGINNING OF YEAR</b>	<u>(15,759)</u>	<u>1,287,687</u>	<u>1,271,928</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 30,595</u>	<u>\$ 1,411,837</u>	<u>\$ 1,442,432</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (971)	\$ 37,095	\$ 36,124
Change in assets and liabilities:			
Accounts payable	-	666	666
Net cash provided by (used in) operating activities	<u>\$ (971)</u>	<u>\$ 37,761</u>	<u>\$ 36,790</u>

The notes to the financial statements are an integral part of this financial statement

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 recorded in GRADD's financial statements.

**B. BASIS OF PRESENTATION**

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements – provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION (CONTINUED)**

The statement of activities presents a comparison between direct expenses and program revenues for each function of GRADD's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of GRADD, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of GRADD.

Fund Financial Statements – Fund financial statements report detailed information about GRADD. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. GRADD has neither nonmajor funds nor fiduciary funds.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in fund balances. Proprietary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how GRADD finances and meets the cash flow needs of its proprietary activities.

A description for each class of funds along with the associated restrictions, follow:

1. Governmental Fund Types

- i) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of GRADD.
- ii) The Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the specified project periods, as well as state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards in this report. This is a major fund of GRADD.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION (CONCLUDED)**

2. Proprietary Fund Types

- i) Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing good or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or other purposes. The EDA Revolving Loan Fund is considered a major enterprise fund.

**C. BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are presented using the accrual basis of accounting. Government funds used the modified accrual basis of accounting. Proprietary funds also use the accrual basis of account.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For GRADD, available means expected to be received within sixty days of the fiscal year end.

Non-Exchange Transactions, in which GRADD received value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used for the fiscal year when use is first permitted; matching requirements, in which GRADD must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to GRADD on a reimbursement basis. On a modified accrual basis, revenue from Non-Exchange Transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been incurred and eligibility requirements are met are recorded as deferred revenue.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. BASIS OF ACCOUNTING (CONCLUDED)**

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, GRADD’s policy is to first apply restricted resources.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**D. BUDGETARY PRINCIPLES**

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

**E. CASH EQUIVALENTS**

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

**F. 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.

**G. ALLOWANCE OF 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. There is no allowance for loan loss as of June 30, 2018. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

**H. 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 the value of the asset or materially extend assets lives are not capitalized.



**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. CAPITAL ASSETS (CONCLUDED)**

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

Land improvements	10 years
Building and improvements	10 - 40 years
Vehicle and equipment	5 - 10 years
Equipment - grants	5 - 10 years

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

**I. 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 is reported on page 45. In management's judgement, GRADD is in conformity with 2 CFR Part 225.

**J. 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.

**K. 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.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan, and additions to/deductions from the OPEB 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.

**M. 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.

**N. FUND BALANCE CLASSIFICATION**

GRADD reports funds balances in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The fund balance of the Special Revenue Fund is restricted for program services.
- Committed fund balance – amounts constrained to specific purposes by GRADD itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless GRADD takes the same highest level action to remove or change the constraint.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**N. FUND BALANCE CLASSIFICATION (CONCLUDED)**

- Assigned fund balance – amounts GRADD intends to use for a specific purpose. Intent can be expressed by GRADD or by an official or body to which the Board of Directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balances is established by the Board of Directors through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

GRADD would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**O. RECENTLY ISSUED ACCOUNTING STANDARDS**

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

*GASB 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.

**P. DATE OF MANAGEMENT’S REVIEW**

GRADD has evaluated subsequent events through November 5, 2018, the date which the financial statements were available to be issued.

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018**

**NOTE 2 – 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.

**A. CUSTODIAL CREDIT RISK – DEPOSITS**

Custodial credit risk for deposits with financial institutions is the risk that in the event of 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, 2018, the reported amount of GRADD’s cash deposits was \$5,301,807 and the bank balance was \$5,465,376. Of the bank balance, \$750,000 was covered by FDIC insurance, and \$4,440,259 was covered by collateral held in the pledging banks trust departments in GRADD’s name.

Cash equivalents include certificate of deposit totaling \$552,088. The certificates bear interest at rates ranging from 0.90% to 5.00% and have maturities of nine to twenty-three months.

**NOTE 3 – 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 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, 2018, and other advances, were as follows:

	GRHC	CGI	Total
Administration services revenue	\$ -	\$ 8,801	\$ 8,801

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2018, was as follows:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
<b>Governmental activities:</b>				
Capital Assets Not Being Depreciated				
Land	\$ 83,200	\$ -	\$ -	\$ 83,200
Total Capital Assets Not Being Depreciated	<u>83,200</u>	<u>-</u>	<u>-</u>	<u>83,200</u>
Other Capital Assets:				
Land improvements	12,206	-	-	12,206
Building and improvements	2,243,692	9,815	-	2,253,507
Vehicles and equipment	499,314	14,131	(66,153)	447,292
Equipment - grants	527,530	9,083	(12,775)	523,838
Total Other Capital Assets At Historical Cost	<u>3,282,742</u>	<u>33,029</u>	<u>(78,928)</u>	<u>3,236,843</u>
Total Accumulated Depreciation	<u>1,943,611</u>	<u>145,682</u>	<u>(78,928)</u>	<u>2,010,365</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,422,331</u>	<u>\$ (112,653)</u>	<u>\$ -</u>	<u>\$ 1,309,678</u>

**NOTE 5 – 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.

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.

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018**

**NOTE 5 – REVOLVING LOAN FUNDS (CONTINUED)**

IRP loan payable activity for the year was as follows:

Balance, June 30, 2017	\$	116,344
Repayments		<u>(6,477)</u>
Balance, June 30, 2018	\$	<u>109,867</u>

The loan is to be paid 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. Therefore, principal and interest are being paid annually to maturity. Interest expense totaled \$949 for the year ended June 30, 2018.

The revolving loans receivable at June 30, 2018, are summarized as follows:

	<u>RLF</u>	<u>IRP</u>	<u>Total</u>
Accounts receivables	\$ 1,890,377	\$ 95,775	\$ 1,986,152
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>
Net accounts receivable	<u>\$ 1,890,377</u>	<u>\$ 95,775</u>	<u>\$ 1,986,152</u>

No loans have been extended to related parties. There were no loans approved but not yet disbursed at June 30, 2018.

In May of 2017, GRADD was notified by EDA that for two consecutive reporting period 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 \$380,730. 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 is at 75%.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 5 – REVOLVING LOAN FUNDS (CONCLUDED)**

The balance of sequestered cash is detailed below.

Income for the revolving loan funds and the composition of cash as of and for the year ended June 30, 2018, was as follows:

	RLF		IRP	Total
	For Lending	Sequestered		
Interest earned on:				
Outstanding loans	\$ 63,725	\$ -	\$ 3,069	\$ 66,794
Cash accounts	-	-	-	-
Loan application, processing, and late fees	775	-	-	775
Total RLF income	<u>\$ 64,500</u>	<u>\$ -</u>	<u>\$ 3,069</u>	<u>\$ 67,569</u>
Composition of cash	<u>\$ 1,031,107</u>	<u>\$ 380,730</u>	<u>\$ 30,595</u>	<u>\$ 1,442,432</u>

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

**NOTE 6 – 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.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 6 – LONG-TERM DEBT (CONCLUDED)**

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

<u>Type of Debt</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Lease obligation	\$ 724,078	\$ -	\$ 44,817	\$ 679,261	\$ 46,081
Total Debt	<u>\$ 724,078</u>	<u>\$ -</u>	<u>\$ 44,817</u>	<u>\$ 679,261</u>	<u>\$ 46,081</u>

Annual debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 46,081	\$ 18,956	\$ 65,037
2020	47,380	17,639	65,019
2021	48,716	16,329	65,045
2022	50,090	14,891	64,981
2023	51,502	13,459	64,961
Thereafter	435,492	50,622	486,114
Total	<u>\$ 679,261</u>	<u>\$ 131,896</u>	<u>\$ 811,157</u>

Interest expense totaled \$19,606 for the year ended June 30, 2018.

**NOTE 7 – 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 maximum of 225 unused accumulated vacation hours based on current salary rates.

This compensated absences liability represents the value of unused vacation time earned by employees up to a maximum of 225 hours.



**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 8 – 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 two items that qualify for reporting in this category: the pension deferred outflows of \$1,911,942 and the other post employment benefit of \$550,370 at June 30, 2018. The pension deferred outflows are described in Note 9 to the financial statements. The other post employment benefit deferred outflows are described in Note 10.

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 inflow of \$790,741 and other post employment benefit deferred inflow of \$106,108 at June 30, 2018. The pension deferred inflows are described in Note 9 to the financial statements. The other post employment benefit deferred outflows are described in Note 10.

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, 2018, totaled \$566,733.

**NOTE 9 – PENSION PLAN**

**A. 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).

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 9 – PENSION PLAN (CONTINUED)**

**B. 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 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 year 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.

**C. 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, 2018, was 19.18% of annual creditable compensation, of which 14.48% and 4.70% was contributed to the pension and insurance funds within CERS, respectively. Contributions to the CERS pension fund by GRADD were \$337,023 for the year ended June 30, 2018.

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018**

**NOTE 9 – PENSION PLAN (CONTINUED)**

**D. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2018, GRADD reported a liability of \$5,900,661 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017 measurement date, GRADD’s proportion was 0.100809%, an increase of 0.006488% from its proportion measured as of June 30, 2016, of 0.107297%.

For the year ended June 30, 2018, GRADD recognized pension expense of \$567,094. At June 30, 2018, GRADD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 7,319	\$ 149,784
Changes of assumptions	1,088,832	-
Changes in proportion and difference between contributions and proportionate share of contributions	11,443	246,616
Net difference between projected and actual earnings on plan investments	467,325	394,341
Pension Contributions made subsequent to the Measurement Date	<u>337,023</u>	<u>-</u>
<b>Total</b>	<b><u><u>\$ 1,911,942</u></u></b>	<b><u><u>\$ 790,741</u></u></b>

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 9 – PENSION PLAN (CONTINUED)**

**D. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONCLUDED)**

The \$337,023 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, 2019. Other amounts reported as deferred outflows or resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending June 30</b>		
2018	\$	346,069
2019		353,779
2020		160,097
2021		(75,768)
2022		-
Thereafter		-
Total	\$	<u>784,177</u>

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	2.00% average, including inflation
Investment rate of return	6.25%, 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, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 9 – PENSION PLAN (CONTINUED)**

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability was 6.25%, representing no change from the prior year rate of 7.50%. The discount rate does not use a municipal bond rate.

**G. 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 projection period.

**H. 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 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 assumptions 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.

**I. PERIODS OF PROJECTED BENEFIT PAYMENTS**

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

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 9 – PENSION PLAN (CONCLUDED)**

**J. 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:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>
Fixed Income	14%
Public Equities	51%
Private Equities	10%
Absolute return (diversified hedge funds)	10%
Real Return	8%
Real Estate	5%
Short-Term Investments	2%
	100%

**K. 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 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Lower 5.25%	Current Discount 6.25%	1% Higher 7.25%
<b>Net Pension Liability</b>	\$ 7,442,009	\$ 5,900,661	\$ 4,611,335

**L. 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.

**M. 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, 2018.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 10 – 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 for receiving benefits from the Kentucky Employees Retirement Systems (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS). The Insurance Fund pays a prescribed contribution for whole or 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% of covered payroll for the fiscal year ended June 30, 2018, respectively. GRADD's contributions to the Insurance Fund for the year ending June 30, 2018, was \$109,393 which equaled the required contributions each year.

**ACTUARIAL ASSUMPTIONS**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.25%	, net of OPEB plan investment expense, including inflation
Projected salary increases	3.05%	, including inflation
Inflation rate	2.30%	
Real Wage Growth	0.50%	
Wage Inflation	2.00%	
Healthcare cost trend rates		
Under 65	7.25%	for FY 2017 decreasing to an ultimate rate of 4.05% by FY 2031
Ages 65 and Older	5.10%	for FY 2017 decreasing to an ultimate rate of 4.05% by FY 2029
Municipal Bond Index Rate	3.56%	
Discount Rate	5.83%	
Single Equivalent Interest Rate	5.83%	, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries.

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018**

**NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)**

The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS’s investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Global Equity	53%	5%
Fixed Income	12%	1%
Real Estate	5%	7- 9%
Private Equity	10%	7%
Real Return	8%	4%
Other Additional Catagories	10%	3%
Cash (LIBOR)	2%	0.5%
	100%	

*Discount rate* - The discount rate used to measure the total OPEB liability was 5.84%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the GRADD’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.83%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.84%) or 1-percentage-point higher (6.84%) than the current rate:

	1% Decrease (4.84%)	Current Discount Rate (5.84%)	1% Increase (6.84%)
Districts net pension liability	2,578,743	2,026,606	1,567,140



**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the GRADD reported a liability for its proportionate share of the net OPEB liability that is reflected as a reduction for State OPEB support provided to the GRADD. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The GRADD's proportion of the collective net OPEB liability was based on a projection of the GRADD's long-term share of contributions to the OPEB plan relative to the projected contributions of the GRADD, actuarially determined. At June 30, 2017, the GRADD's proportion was \$2,026,606 (.100809%). The State's support and total are for disclosure purposes only.

At June 30, 2018, the GRADD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 5,629
Changes of assumptions	440,977	-
Changes in proportion and difference between contributions and proportionate share of contributions	-	4,703
Net difference between projected and actual earnings on plan investments	-	95,776
Pension Contributions made subsequent to the Measurement Date	<u>109,393</u>	<u>-</u>
<b>Total</b>	<b><u><u>\$ 550,370</u></u></b>	<b><u><u>\$ 106,108</u></u></b>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018**

**NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONCLUDED)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the GRADD’s OPEB expense as follows:

<b>Year Ending June 30</b>		
2018	\$	57,617
2019		57,617
2020		57,617
2021		57,617
2022		81,561
Thereafter		22,838
Total	\$	<u>334,867</u>

**NOTE 11 – 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 contribution to these plans.

**NOTE 12 – RISK MANAGEMENT**

GRADD is exposed to various risk 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.

**A. 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, 2018, for current or prior claim years.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 12 – RISK MANAGEMENT (CONCLUDED)**

**B. 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 \$45,000 per employee, and maximum aggregate claims and administrative costs up to \$1,000,000 for calendar year 2018. 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.

**NOTE 13 – 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.

**NOTE 14 – CONCENTRATION OF RISK**

During the year ended June 30, 2018, 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 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.

**NOTE 15 – RESTATEMENT AND PRIOR PERIOD ADJUSTMENT**

The GRADD implemented GASB Statement No. 75 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net OPEB liability in the current year. During the prior year, management determined that the self-insurance reserve was incorrectly categorized as a liability when it needed to be contained within unrestricted net assets. Because these OPEB related opening balances reflect OPEB expenses not previously recognized and the reclassification of self-insurance reserve, the beginning net position of the business-type activities on the Statement of Revenues, Expenses, and Changes in Net Position has been restated as follows:

Net position - July 1, 2017	\$ 3,216,472
Effect of recognizing OPEB liability	(1,473,514)
Reclass self-insurance reserve	<u>444,444</u>
Net position, restated - July 1, 2017	<u><u>\$ 2,187,402</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other than Management's Discussion and Analysis)**

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE  
OF NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.100809%	0.107297%	0.110956%	0.108772%
District's proportionate share of the net pension liability	\$ 5,900,661	\$ 5,282,876	\$ 4,770,588	\$ 3,529,000
District's covered payroll	\$ 2,454,443	\$ 2,559,563	\$ 2,378,433	\$ 2,496,840
District's proportionate share of the net pension liability as a percentage of it's covered payroll	240.41%	206.40%	200.58%	141.34%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 337,023	\$ 342,394	\$ 317,897	\$ 303,250
Contributions in relation to the contractually required contributions	<u>(337,023)</u>	<u>(342,394)</u>	<u>(317,897)</u>	<u>(303,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,327,504	\$ 2,454,443	\$ 2,559,563	\$ 2,378,433
Contributions as a percentage of covered payroll	14.48%	13.95%	12.42%	12.75%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>2018</b>
Contractually required contributions	\$ 109,393
Contributions in relation to the contractually required contributions	(109,393)
Contribution deficiency (excess)	\$ -
District's covered payroll	\$ 2,454,443
Contributions as a percentage of covered payroll	4.46%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF GRADD'S PROPORIONATE SHARE OF THE  
NET OPEB LIABILITY – MEDICAL INSURANCE PLAN  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2018**

	2017
GRADD's proportion of the collective net OPEB liability (asset)	0.100809
GRADD's proportionate share of the collective net OPEB liability (asset)	2,026,606
GRADD's covered-employee payroll	2,454,443
GRADD's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	82.5689%
Plan fiduciary net position as a percentage of the total OPEB liability	52.3940%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.



**GREEN RIVER AREA DEVELOPMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

Change in Benefit Terms

None

Changes of Assumptions

None

**SUPPLEMENTAL INFORMATION**

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF SHARED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Shared Costs Applied:**

Salary	\$ 393,781
Fringe	198,493
Travel	35,695
Rent	944
Supplies	41,782
Insurance	31,944
Printing	13,698
Communications	24,939
Postage	12,854
Utilities	32,731
Maintenance	30,189
Interest expense	19,606
Depreciation expense	89,248
Professional fees	16,700
Other	<u>21,242</u>
 Total Shared Costs	 \$ <u><u>963,846</u></u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL – GENERAL FUND AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 14,309,577	\$ 14,237,465	\$ 14,285,658	\$ (48,193)
Local	180,936	234,298	213,472	20,826
Interest	38,000	38,000	39,829	(1,829)
Other	20,000	20,000	-	20,000
Total revenues	<u>14,548,513</u>	<u>14,529,763</u>	<u>14,538,959</u>	<u>(9,196)</u>
<b>EXPENDITURES</b>				
Program operations -				
General government	213,936	269,298	22,642	246,656
Community and economic development	673,260	594,426	580,137	14,289
Social services	11,724,470	11,726,730	12,085,260	(358,530)
Workforce development	1,611,530	1,613,992	1,260,746	353,246
Transportation	325,317	325,317	328,967	(3,650)
Total expenditures	<u>14,548,513</u>	<u>14,529,763</u>	<u>14,277,752</u>	<u>252,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>261,207</u>	<u>(261,207)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,207</u>	<u>\$ (261,207)</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>CDBG</u> <u>Administration</u>	<u>KIA Water</u> <u>Resource</u> <u>Planning</u>	<u>Industrial</u> <u>Authority Admin</u>	<u>SPGE</u>	<u>Delta Regional</u> <u>Authority</u>	<u>Rec Trails</u> <u>Land Water</u>
Revenues						
Federal	\$ 179,956	\$ -	\$ -	\$ -	\$ 4,740	\$ -
State	-	63,267	-	5,000	-	-
Local	240	-	15,000	-	-	2,250
In-kind match	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	-	5,628	-	-	-	36
Total Revenues	<u>180,196</u>	<u>68,895</u>	<u>15,000</u>	<u>5,000</u>	<u>4,740</u>	<u>2,286</u>
Expenditures						
Direct Costs						
Personnel	81,028	29,712	6,630	2,391	2,070	1,022
Employee benefits	43,266	15,076	3,706	1,295	1,442	576
Professional services	35	-	-	-	-	-
Travel	4,507	2,737	225	-	42	139
Occupancy	726	-	-	-	-	-
Supplies	1,025	5,348	-	-	-	-
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	5,362	924	-	-	-	-
Capital equipment	2,111	-	-	-	-	-
Program Services	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-
Total Direct Costs	<u>138,060</u>	<u>53,797</u>	<u>10,561</u>	<u>3,686</u>	<u>3,554</u>	<u>1,737</u>
Shared Costs						
Shared costs applied	42,136	15,098	3,497	1,266	1,186	549
Total Expenditures	<u>180,196</u>	<u>68,895</u>	<u>14,058</u>	<u>4,952</u>	<u>4,740</u>	<u>2,286</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>USDA Admin</u>	<u>Union Co. GAP</u>	<u>McLean Co. Comp Plan</u>	<u>DRA Projects</u>	<u>IT Technical Assistance</u>	<u>KIA Coal Severance</u>
Revenues						
Federal	\$ 35,890	\$ 1,677	\$ -	\$ 6,565	\$ -	\$ -
State	-	-	-	-	-	35,000
Local	-	-	7,440	-	941	-
In-kind match	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	-	176	289	100	129	237
Total Revenues	<u>35,890</u>	<u>1,853</u>	<u>7,729</u>	<u>6,665</u>	<u>1,070</u>	<u>35,237</u>
Expenditures						
Direct Costs						
Personnel	17,512	876	3,738	3,152	496	16,169
Employee benefits	9,264	472	1,993	1,767	239	9,236
Professional services	-	-	-	-	-	83
Travel	125	42	27	62	92	1,090
Occupancy	-	-	-	-	-	-
Supplies	-	-	-	-	-	42
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital equipment	-	-	-	-	-	-
Program Services	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-
Total Direct Costs	<u>26,901</u>	<u>1,390</u>	<u>5,758</u>	<u>4,981</u>	<u>827</u>	<u>26,620</u>
Shared Costs						
Shared costs applied	<u>8,989</u>	<u>463</u>	<u>1,971</u>	<u>1,684</u>	<u>243</u>	<u>8,617</u>
Total Expenditures	<u>35,890</u>	<u>1,853</u>	<u>7,729</u>	<u>6,665</u>	<u>1,070</u>	<u>35,237</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Connect GRADD</u>	<u>Green River Beef Improvement</u>	<u>JFA</u>	<u>Title III B Administration</u>	<u>Title III Supportive Services</u>	<u>Title III Ombudsman</u>
Revenues						
Federal	\$ -	\$ -	\$ 105,046	\$ 18,183	\$ 179,849	\$ 40,100
State	-	3,567	52,546	36,903	283,221	-
Local	8,801	-	-	-	120,900	-
In-kind match	-	-	-	-	-	7,307
Program income	-	-	-	-	12,871	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	-	-	46,606	2,059	-	5,191
Total Revenues	<u>8,801</u>	<u>3,567</u>	<u>204,198</u>	<u>57,145</u>	<u>596,841</u>	<u>52,598</u>
Expenditures						
Direct Costs						
Personnel	4,496	1,471	95,488	23,579	106,931	20,118
Employee benefits	2,079	1,194	50,296	13,459	50,210	12,381
Professional services	-	-	83	-	-	-
Travel	35	-	5,530	3,080	3,906	1,658
Occupancy	-	-	-	660	-	-
Supplies	-	-	661	16	2,906	18
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	-	-	2,394	3,857	908	137
Capital equipment	-	-	-	-	289	-
Program Services	-	-	-	-	-	-
Contractual services	-	-	-	-	377,923	-
In-kind match	-	-	-	-	-	7,307
Total Direct Costs	<u>6,610</u>	<u>2,665</u>	<u>154,452</u>	<u>44,651</u>	<u>543,073</u>	<u>41,619</u>
Shared Costs						
Shared costs applied	<u>2,191</u>	<u>902</u>	<u>49,746</u>	<u>12,494</u>	<u>53,768</u>	<u>10,979</u>
Total Expenditures	<u>8,801</u>	<u>3,567</u>	<u>204,198</u>	<u>57,145</u>	<u>596,841</u>	<u>52,598</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title III C 1</u> <u>Administration</u>	<u>Title III</u> <u>Congregate</u>	<u>Title III C 2</u> <u>Administration</u>	<u>Title III</u> <u>Home Delivered</u>	<u>Title III</u> <u>Disease Prevention</u>	<u>Title III</u> <u>Family Caregiver</u> <u>Admin</u>
Revenues						
Federal	\$ 18,613	\$ 185,640	\$ 24,533	\$ 245,331	\$ 12,457	\$ 9,108
State	3,285	32,847	3,680	36,800	-	-
Local	-	61,033	-	98,568	-	-
In-kind match	-	2,339	-	962	-	-
Program income	-	67,285	-	24,102	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	840	-	2,216	-	-	4,616
Total Revenues	<u>22,738</u>	<u>349,144</u>	<u>30,429</u>	<u>405,763</u>	<u>12,457</u>	<u>13,724</u>
Expenditures						
Direct Costs						
Personnel	10,367	-	13,078	-	-	6,868
Employee benefits	6,276	-	8,834	-	-	3,378
Professional services	-	-	-	-	-	-
Travel	488	-	1,119	-	-	1
Occupancy	-	-	-	-	-	-
Supplies	-	5,452	-	1,581	-	-
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital equipment	-	-	-	-	-	-
Program Services	-	2,459	-	-	3,391	-
Contractual services	-	341,233	-	404,182	9,066	-
In-kind match	-	-	-	-	-	-
Total Direct Costs	<u>17,131</u>	<u>349,144</u>	<u>23,031</u>	<u>405,763</u>	<u>12,457</u>	<u>10,247</u>
Shared Costs						
Shared costs applied	<u>5,607</u>	<u>-</u>	<u>7,398</u>	<u>-</u>	<u>-</u>	<u>3,477</u>
Total Expenditures	<u>22,738</u>	<u>349,144</u>	<u>30,429</u>	<u>405,763</u>	<u>12,457</u>	<u>13,724</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title III</u> <u>Family Caregiver</u>	<u>Title III</u> <u>Elder Abuse</u>	<u>Title VII</u> <u>Ombudsman</u>	<u>Homecare</u> <u>Administration</u>	<u>Homecare</u> <u>Supportive Services</u>	<u>Homecare</u> <u>Home Delivered</u>
Revenues						
Federal	\$ 90,621	\$ 3,488	\$ 5,755	\$ -	\$ -	\$ -
State	14,000	-	-	88,996	494,756	196,205
Local	-	-	-	-	28,600	33,357
In-kind match	17,855	670	1,108	-	-	-
Program income	-	-	-	-	2,343	13,640
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	5,435	215	394	7,234	7,414	-
<b>Total Revenues</b>	<b>127,911</b>	<b>4,373</b>	<b>7,257</b>	<b>96,230</b>	<b>533,113</b>	<b>243,202</b>
Expenditures						
Direct Costs						
Personnel	29,061	1,758	2,897	42,667	112,412	-
Employee benefits	16,711	1,009	1,701	27,009	56,368	-
Professional services	-	-	-	-	-	-
Travel	538	-	-	3,021	5,819	-
Occupancy	-	-	-	-	-	-
Supplies	366	-	-	34	8,564	-
Communications	-	-	-	-	1,283	-
Depreciation expense	-	-	-	-	-	-
Other	120	-	-	-	520	-
Capital equipment	-	-	-	-	1,500	-
Program Services	-	-	-	-	22,554	-
Contractual services	47,981	-	-	-	266,543	243,202
In-kind match	17,855	670	1,108	-	-	-
<b>Total Direct Costs</b>	<b>112,632</b>	<b>3,437</b>	<b>5,706</b>	<b>72,731</b>	<b>475,563</b>	<b>243,202</b>
Shared Costs						
Shared costs applied	15,279	936	1,551	23,499	57,550	-
<b>Total Expenditures</b>	<b>127,911</b>	<b>4,373</b>	<b>7,257</b>	<b>96,230</b>	<b>533,113</b>	<b>243,202</b>
Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>PCAP</u> <u>Administration</u>	<u>PCAP</u> <u>Evaluation</u>	<u>PCAP</u> <u>Subsidy</u>	<u>Consumer</u> <u>Directed Option</u>	<u>SHIP</u>	<u>NSIP</u>
Revenues						
Federal	\$ -	\$ -	\$ -	\$ 391,181	\$ 32,615	\$ 124,163
State	35,749	32,174	289,566	7,306,664	-	-
Local	-	-	-	55,207	-	-
In-kind match	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	1,480	-	-
Local applied to grants	1,207	2,177	337	-	1,292	-
Total Revenues	<u>36,956</u>	<u>34,351</u>	<u>289,903</u>	<u>7,754,532</u>	<u>33,907</u>	<u>124,163</u>
Expenditures						
Direct Costs						
Personnel	17,428	14,006	-	593,165	14,962	-
Employee benefits	10,185	9,737	-	347,589	6,228	-
Professional services	-	-	-	-	-	-
Travel	5	460	-	37,263	2,251	-
Occupancy	-	-	-	1,465	-	-
Supplies	-	2,132	-	22,946	175	-
Communications	-	-	-	1,006	-	-
Depreciation expense	-	-	-	-	-	-
Other	-	-	-	18,403	2,991	-
Capital equipment	-	-	-	899	-	-
Program Services	-	-	-	6,370,909	35	-
Contractual services	-	-	289,903	14,049	-	124,163
In-kind match	-	-	-	-	-	-
Total Direct Costs	<u>27,618</u>	<u>26,335</u>	<u>289,903</u>	<u>7,407,694</u>	<u>26,642</u>	<u>124,163</u>
Shared Costs						
Shared costs applied	9,338	8,016	-	320,384	7,265	-
Total Expenditures	<u>36,956</u>	<u>34,351</u>	<u>289,903</u>	<u>7,728,078</u>	<u>33,907</u>	<u>124,163</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,454</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>State LTC Ombudsman</u>	<u>MIPPA SHIP</u>	<u>MIPPA AAAIL</u>	<u>MIPPA ADRC</u>	<u>Senior Medicare Patrol</u>	<u>FAST</u>
<b>Revenues</b>						
Federal	\$ -	\$ 13,642	\$ 8,917	\$ 2,594	\$ 20,000	\$ 573
State	41,130	-	-	-	-	-
Local	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	3,234	60	-	-	31	-
<b>Total Revenues</b>	<b>44,364</b>	<b>13,702</b>	<b>8,917</b>	<b>2,594</b>	<b>20,031</b>	<b>573</b>
<b>Expenditures</b>						
<b>Direct Costs</b>						
Personnel	16,585	5,624	4,460	1,128	9,481	274
Employee benefits	9,725	2,624	2,121	804	5,334	154
Professional services	-	-	-	-	-	-
Travel	2,314	25	68	-	241	-
Occupancy	-	-	-	-	-	-
Supplies	1,138	-	-	-	-	-
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	5,652	2,625	-	-	-	-
Capital equipment	-	-	-	-	-	-
Program Services	60	-	-	-	-	-
Contractual services	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-
<b>Total Direct Costs</b>	<b>35,474</b>	<b>10,898</b>	<b>6,649</b>	<b>1,932</b>	<b>15,056</b>	<b>428</b>
<b>Shared Costs</b>						
Shared costs applied	8,890	2,804	2,268	662	4,975	145
<b>Total Expenditures</b>	<b>44,364</b>	<b>13,702</b>	<b>8,917</b>	<b>2,594</b>	<b>20,031</b>	<b>573</b>
<b>Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Improving Arthritis</u>	<u>Medicaid ADRC</u>	<u>SAMS Administration</u>	<u>Misc Aging Services</u>	<u>NCOA Benefits Outreach</u>	<u>Veterans Directed Care</u>
Revenues						
Federal	\$ 2,400	\$ 16,000	\$ -	\$ -	\$ 66,495	\$ 18,033
State	-	16,000	99,768	-	-	-
Local	-	-	-	16,601	-	-
In-kind match	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	-	1,500	-	-	41	-
Total Revenues	<u>2,400</u>	<u>33,500</u>	<u>99,768</u>	<u>16,601</u>	<u>66,536</u>	<u>18,033</u>
Expenditures						
Direct Costs						
Personnel	-	17,073	46,119	-	30,514	8,089
Employee benefits	-	7,759	24,114	-	12,581	4,333
Professional services	-	-	-	-	-	-
Travel	-	24	5,634	35	3,261	66
Occupancy	-	-	-	-	-	-
Supplies	-	83	497	32	100	-
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	-	-	-	-	5,355	-
Capital equipment	-	-	-	-	-	-
Program Services	-	-	-	16,534	-	-
Contractual services	2,400	-	-	-	-	-
In-kind match	-	-	-	-	-	-
Total Direct Costs	<u>2,400</u>	<u>24,939</u>	<u>76,364</u>	<u>16,601</u>	<u>51,811</u>	<u>12,488</u>
Shared Costs						
Shared costs applied	-	8,561	23,404	-	14,725	4,184
Total Expenditures	<u>2,400</u>	<u>33,500</u>	<u>99,768</u>	<u>16,601</u>	<u>66,536</u>	<u>16,672</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,361</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Comm Collaboration for Children</u>	<u>CCC Parent Involvement</u>	<u>AmeriCorps Senior Conn</u>	<u>Citizen Corps</u>	<u>Henderson Cert</u>	<u>Volunteer Generation Fund</u>
Revenues						
Federal	\$ 160,941	\$ 2,310	\$ 608,068	\$ 26,626	\$ -	\$ 4,918
State	-	-	-	-	-	-
Local	-	-	114,268	1,285	80	-
In-kind match	94,266	-	-	-	-	3,106
Program income	-	-	-	-	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	3,069	-	-	-	-	-
Total Revenues	<u>258,276</u>	<u>2,310</u>	<u>722,336</u>	<u>27,911</u>	<u>80</u>	<u>8,024</u>
Expenditures						
Direct Costs						
Personnel	11,372	-	57,241	4,794	-	-
Employee benefits	6,536	-	25,546	2,617	-	-
Professional services	-	-	-	-	-	-
Travel	1,146	-	4,563	30	-	-
Occupancy	-	-	-	-	-	-
Supplies	71	-	232	-	-	-
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	35	-	1,841	-	-	-
Capital equipment	-	-	-	-	-	-
Program Services	4,549	2,310	604,865	18,004	80	4,918
Contractual services	134,300	-	-	-	-	-
In-kind match	94,266	-	-	-	-	3,106
Total Direct Costs	<u>252,275</u>	<u>2,310</u>	<u>694,288</u>	<u>25,445</u>	<u>80</u>	<u>8,024</u>
Shared Costs						
Shared costs applied	6,001	-	28,048	2,466	-	-
Total Expenditures	<u>258,276</u>	<u>2,310</u>	<u>722,336</u>	<u>27,911</u>	<u>80</u>	<u>8,024</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>OTS</u>	<u>MPO</u>	<u>KYTC</u>	<u>FHWA</u>	<u>FTA</u>	<u>Trade</u>
<b>Revenues</b>						
Federal	\$ 9,000	\$ -	\$ -	\$ 105,058	\$ 52,549	\$ 87,385
State	-	-	92,572	6,566	-	-
Local	9,674	11,380	-	19,698	13,137	-
In-kind match	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Member dues	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Local applied to grants	416	-	8,917	-	-	-
<b>Total Revenues</b>	<b>19,090</b>	<b>11,380</b>	<b>101,489</b>	<b>131,322</b>	<b>65,686</b>	<b>87,385</b>
<b>Expenditures</b>						
<b>Direct Costs</b>						
Personnel	7,877	4,063	46,771	60,785	29,106	-
Employee benefits	5,452	2,252	25,878	36,494	19,332	-
Professional services	-	-	-	-	-	-
Travel	1,100	301	2,923	635	539	-
Occupancy	-	-	-	-	-	-
Supplies	-	240	231	786	123	-
Communications	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other	209	78	351	-	233	-
Capital equipment	-	2,330	1,055	-	-	-
Program Services	-	-	-	-	-	87,385
Contractual services	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-
<b>Total Direct Costs</b>	<b>14,638</b>	<b>9,264</b>	<b>77,209</b>	<b>98,700</b>	<b>49,333</b>	<b>87,385</b>
<b>Shared Costs</b>						
Shared costs applied	4,452	2,116	24,280	32,622	16,353	-
<b>Total Expenditures</b>	<b>19,090</b>	<b>11,380</b>	<b>101,489</b>	<b>131,322</b>	<b>65,686</b>	<b>87,385</b>
<b>Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>WIOA</u>	<u>KY Health</u>	<u>SNAP</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Unrestrictive Local Operations</u>	<u>Total Revenues and Expenditures</u>
<b>Revenues</b>							
Federal	\$ 1,152,831	\$ -	\$ -	\$ 4,073,851	\$ -	\$ -	\$ 4,073,851
State	-	18,383	2,672	9,291,317	-	-	9,291,317
Local	-	-	-	618,460	-	54,176	672,636
In-kind match	-	-	-	127,613	-	-	127,613
Program income	-	-	-	120,241	-	-	120,241
Member dues	-	-	-	-	-	213,472	213,472
Interest	-	-	-	1,480	-	38,349	39,829
Local applied to grants	-	-	-	111,096	-	(111,096)	-
<b>Total Revenues</b>	<b>1,152,831</b>	<b>18,383</b>	<b>2,672</b>	<b>14,344,058</b>	<b>-</b>	<b>194,901</b>	<b>14,538,959</b>
<b>Expenditures</b>							
<b>Direct Costs</b>							
Personnel	208,792	7,871	39	1,853,606	386,321	-	2,239,927
Employee benefits	89,666	3,363	27	999,688	198,493	3,485	1,201,666
Professional services	-	-	-	201	16,700	10,625	27,526
Travel	8,872	2,849	-	108,888	35,695	1,509	146,092
Occupancy	41,624	-	-	44,475	83,471	(350)	127,596
Supplies	964	-	-	55,763	41,782	3,087	100,632
Communications	-	-	-	2,289	24,939	-	27,228
Depreciation expense	-	-	-	-	89,248	56,433	145,681
Other	8,287	-	-	60,282	79,737	23,847	163,866
Capital equipment	899	-	-	9,083	-	-	9,083
Program Services	589,096	-	-	7,727,149	-	45	7,727,194
Contractual services	115,078	-	2,583	2,372,606	-	-	2,372,606
In-kind match	-	-	-	124,312	-	-	124,312
<b>Total Direct Costs</b>	<b>1,063,278</b>	<b>14,083</b>	<b>2,649</b>	<b>13,358,342</b>	<b>956,386</b>	<b>98,681</b>	<b>14,413,409</b>
<b>Shared Costs</b>							
Shared costs applied	89,553	3,775	23	956,386	(956,386)	-	-
<b>Total Expenditures</b>	<b>1,152,831</b>	<b>17,858</b>	<b>2,672</b>	<b>14,314,728</b>	<b>-</b>	<b>98,681</b>	<b>14,413,409</b>
<b>Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ 525</b>	<b>\$ -</b>	<b>\$ 29,330</b>	<b>\$ -</b>	<b>\$ 96,220</b>	<b>\$ 125,550</b>

Reconciliation to Governmental Funds	
Total Expenditures	\$ 14,413,409
Depreciation expense	(145,681)
Effect of prior period adjustment	(23,005)
Debt payments	44,817
Assets capitalized	33,029
	<u>\$ 14,322,569</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED JUNE 30, 2018**

<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	\$ 176,372	\$ -
Passed through Delta Regional Authority:				
Rural Business Opportunity Grant State Strategic Plan	10.773	N/A	6,565	-
Passed through local sources:				
Grant Program to Establish a Fund for Financing Water and Wastewater Projects:				
City of Hartford	10.864	N/A	15,000	-
McLean County Regional Water Commission	10.864	N/A	20,890	-
			35,890	-
Total U.S. Department of Agriculture			\$ 218,827	\$ -
<u>U.S. Department of Commerce</u>				
Direct Program:				
Economic Adjustment Assistance Revolving Loan Fund	11.307	04-95-901689	\$ 3,184,419	\$ -
Passed through Department for Local Government				
Economic Development Support for Planning Organizations	11.302	N/A	70,000	-
Total U.S. Department of Commerce			\$ 3,254,419	\$ -
<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	\$ 11,000	\$ -
Daviness County Fiscal Court	14.228	N/A	38,956	-
City of Hartford	14.228	N/A	50,000	-
City of Centertown	14.228	N/A	35,000	-
City of Sacramento	14.228	N/A	25,000	-
City of Clay	14.228	N/A	20,000	-
			179,956	-



**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2018**

<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>
Passed through Department for Local Government: Community Development Block Grants - State's Program-JFA	14.228	N/A	35,046 <u>215,002</u>	- <u>-</u>
Passed through Kentucky Housing Corporation: Home Investment Partnerships Program GAP Pool Union County Housing	14.239	N/A	<u>1,677</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			\$ <u>216,679</u>	\$ <u>-</u>
 <u>U.S. Department of Labor</u>				
Passed through Kentucky Education and Workforce Development Cabinet: Workforce Investment and Opportunity Act: WIOA Cluster:				
WIOA Adult Program	17.258	27017	\$ 2,166	\$ -
		27317	91,265	-
		27318	40,903	16,076
		27018	46,785	16,478
			<u>181,119</u>	<u>32,554</u>
WIOA Youth Activities	17.259	27417	120,418	600
		27418	149,679	21,892
			<u>270,097</u>	<u>22,492</u>
WIOA Dislocated Workers	17.278	27216	1,962	-
		27CM16	22,906	14,279
		27217	65,342	-
		27117	450,106	22,216
		27218	75,655	3,703
		27118	85,643	19,834
			<u>701,614</u>	<u>60,032</u>
WIOA Cluster Total			<u>1,152,830</u>	<u>115,078</u>
Trade Adjustment Assistance	17.245	205BE16	<u>87,385</u>	<u>-</u>
Total U.S. Department of Labor			\$ <u>1,240,215</u>	\$ <u>115,078</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2018**

<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 Transportation</u>				
Passed through Kentucky Transportation Cabinet:				
Highway Planning and Construction:				
FHWA - Owensboro Transportation Planning	20.205	1700005052	\$ <u>105,058</u>	\$ <u>-</u>
Metropolitan Transportation Planning:				
FTA-Owensboro Transportation Planning	20.505	P030217442	<u>52,549</u>	<u>-</u>
Passed through City of Owensboro:				
Federal Transit Formula Grants:				
FTA - OTS Transit Management	20.507	2017/2018	<u>9,000</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 166,607</u>	<u>\$ -</u>
<u>U.S. Department of Veterans Affairs</u>				
Passed through Pennyrrille Area Development District:				
VHA Home Care	64.044	VA2016-01 G	\$ <u>18,033</u>	\$ <u>-</u>
Total Department of Veterans Affairs			<u>\$ 18,033</u>	<u>\$ -</u>
<u>Delta Regional Authority</u>				
Direct Program:				
Delta Local Development District Assistance	90.202	N/A	\$ <u>4,740</u>	\$ <u>-</u>
Total Delta Regional Authority			<u>\$ 4,740</u>	<u>\$ -</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	1700002624	\$ 238,132	\$ 118,432
Special Programs for the Aging Title III Part C, Nutrition Services	93.045	1700002624	474,117	421,281
Nutrition Services Incentive Program	93.053	1800000566	<u>124,163</u>	<u>124,163</u>
Aging Cluster Total			<u>836,412</u>	<u>663,876</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2018**

<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>
Special Programs for the Aging Title VII Chapter 3 Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	1700002626	3,488	-
Special Programs for the Aging Title VII Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	1700002626	5,755	-
Special Programs for the Aging Title III Disease Prevention and Health Promotions Services	93.043	1700002624	12,457	9,066
Passed through Louisville/Jefferson County Metro Government: Title IV and Title II, Discretionary Projects	93.048	N/A	20,000	-
National Family Caregiver Support, Title III, Part E	93.052	1700002624	99,729	47,829
Public Health Emergency Preparedness	93.069	1700002632	573	-
Medicare Enrollment Assistance Program	93.071	1800000579	25,153	-
Passed through National Council on Aging: Medicare Enrollment Assistance Program	93.071	N/A	66,495	-
			91,648	-
Promoting Safe and Stable Families	93.556	16000011615	63,572	51,666
Community-Based Child Abuse Prevention Grants	93.590	16000011615	97,369	79,134
Passed through Eastern Kentucky University: Community-Based Child Abuse Prevention Grants	93.590	N/A	2,310	-
			99,679	79,134
Medical Assistance Program	93.778	1700002631	16,000	-
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	1700002623	32,615	-

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2018**

<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>
Assistance Programs for Chronic Disease Prevention and Control	93.945	1700002633	<u>2,400</u>	<u>2,400</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,284,328</u>	<u>\$ 851,571</u>
<u>Corporation for National and Community Service</u>				
Passed through the Kentucky Commission on Community Volunteerism and Service:				
AmeriCorps - Senior Connections	94.006	1700000015	\$ 126,018	\$ -
AmeriCorps - Senior Connections	94.006	1800000327	<u>482,050</u>	<u>-</u>
			608,068	-
Volunteer Generation Fund - National Days of Service and Community Engagement Mini-Grant Pilot	94.021	1800000327	<u>4,918</u>	<u>-</u>
Total Corporation for National and Community Service			<u>\$ 612,986</u>	<u>\$ -</u>
<u>Department of Homeland Security</u>				
Passed through the Kentucky Office of Homeland Security:				
Homeland Security Grant Program	97.067	1800001584	<u>26,626</u>	<u>-</u>
Total Department of Homeland Security			<u>\$ 26,626</u>	<u>\$ -</u>
Total Federal Awards			<u>\$ 7,043,460</u>	<u>\$ 966,649</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED JUNE 30, 2018**

**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, 2018. 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	\$ 4,073,850
Revolving Loan Fund	3,184,419
Intermediary Relending Program	176,372
Consumer Directed Options	(391,181)
Total per Schedule of Expenditures	
of Federal Awards	<u>\$ 7,043,460</u>

**NOTE E: REVOLVING LOAN FEDERAL EXPENDITURES CALCULATION**

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

	<u>04-95-901689</u>
Balance of RLF loans outstanding at year end	\$ 1,890,377
Cash and investment balance at year end	1,398,636
Administrative expenses paid out of RLF income during year	28,090
Unpaid principal of loans written off during the year	-
Total	<u>3,317,103</u>
Multiply federal share of RLF	96%
Federal Expenditures for SEFA reporting	<u>\$ 3,184,419</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***

To the Board of Directors  
Green River Area Development District  
Owensboro, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of The Green River Area Development District (GRADD), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise GRADD's basic financial statements and have issued our report thereon dated November 5, 2018.

**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 opinions 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 of 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.

To the Board of Directors  
Green River Area Development District

### **Internal Control over Financial Reporting (Continued)**

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

November 5, 2018  
Evansville, Indiana



Certified Public Accountants and Consultants

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

To the Board of Directors  
Green River Area Development District  
Owensboro, Kentucky

**Report of 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, 2018. GRADD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GRADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GRADD's compliance.



To the Board of Directors  
Green River Area Development District

### **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, 2018.

### **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 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 that 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.



Certified Public Accountants and Consultants

November 5, 2018  
Evansville, Indiana

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

**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:
  - i. Aging Cluster:
    1. 93.044 Grants for Supportive Services and Senior Centers
    2. 93.045 Nutrition Services
    3. 93.053 Nutrition Services Incentive Program
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 YEAR FINDINGS  
YEAR ENDED JUNE 30, 2018**

No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2017.