

Area Development District Working Group

Information Related to Questions Asked of Staff
Appropriations and Revenue Committee staff
August 28, 2019

ADD Demographic Comparison

	Number of Counties	Population		Area Square Miles	Per Capita		
		1970	2018		Personal Income		
					1975	In 2017 \$	2017
Barren River ADD	10	186,279	306,780	3,926	\$ 4,070	\$ 18,970	\$ 35,090
Big Sandy ADD	5	134,307	140,318	1,983	4,648	21,664	33,565
Bluegrass ADD	17	458,333	829,205	4,288	5,115	23,841	41,530
Buffalo Trace ADD	5	50,384	55,213	1,379	3,966	18,485	34,102
Cumberland Valley ADD	8	184,502	231,490	3,229	3,785	17,642	30,551
Fivco ADD	5	122,077	132,591	1,569	4,523	22,480	34,284
Gateway ADD	5	55,678	84,965	1,344	3,635	16,943	30,568
Green River ADD	7	179,613	216,408	2,619	5,135	23,934	37,661
Kentuckiana ADD	7	776,578	1,009,989	1,892	5,943	27,700	48,228
Kentucky River ADD	8	107,245	104,668	2,561	3,698	17,236	32,173
Lake Cumberland ADD	10	141,071	208,886	3,694	3,298	15,372	32,021
Lincoln Trail ADD	8	190,042	277,426	3,329	4,302	20,052	38,932
Northern Kentucky ADD	8	291,031	460,835	1,684	5,261	24,522	47,606
Pennyrile ADD	9	176,201	213,348	3,778	4,933	22,993	36,348
Purchase ADD	8	167,370	196,280	2,399	4,633	21,594	40,728
TOTAL	120	3,220,711	4,468,402	39,674	\$ 66,945	\$ 313,428	\$ 553,387
AVERAGE	8	214,714	297,893	2,645	\$ 4,463	\$20,895	\$ 36,892

General Comments about the Reports Required Under KRS 147A.115

- The reports are not submitted in a uniform electronic format, allowing the reader to actually read the document.
- Some formats allow for sorting of information in the document, other formats do not.
- Lingo – Unexpended funds, “...did not spend out completely.”
Direct services provided by ADD, “CM & Assessment.”
- People on Waiting List – Zero for most, More than the number served for few
- Performance Measures – “See Master Performance Measure Binder” “Listed in MOA”

Reports Required Under KRS 147A.115

FY 2018	Grant Award	Local Funds	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds	% of Unexpended Funds
Barren River ADD	\$ 3,581,278.00	\$ 34,786.00	\$ 3,616,064.00	\$ 298,202.00	8.25%	\$ 2,923,846.00	80.86%	\$ 267,724.00	7.40%	\$ 126,292.00	3.49%
Big Sandy ADD	\$ 9,927,465.00	\$ 215,343.00	\$ 10,142,808.00	\$ 244,937.00	2.41%	\$ 5,396,811.00	53.21%	\$ 584,549.00	5.76%	\$ 3,916,511.00	38.61%
Bluegrass ADD	\$ 7,222,508.40	\$ 1,007.23	\$ 7,223,515.63	\$ 257,483.93	3.56%	\$ 4,524,227.69	62.63%	\$ 112,682.21	1.56%	\$ 2,329,121.80	32.24%
Buffalo Trace ADD	\$ 9,730,179.90	\$ 20,129.34	\$ 9,750,309.24	\$ 251,597.50	2.58%	\$ 5,966,541.82	61.19%	\$ 467,115.36	4.79%	\$ 3,065,054.57	31.44%
Cumberland Valley ADD	\$ 4,227,796.49	\$ 108,961.95	\$ 4,336,758.44	\$1,123,905.54	25.92%	\$ 2,261,256.08	52.14%	\$ 466,382.38	10.75%	\$ 485,114.46	11.19%
Fivco ADD	\$ 1,983,125.32	\$ 30,534.13	\$ 2,013,659.45	\$ 139,493.34	6.93%	\$ 1,553,646.78	77.16%	\$ 262,844.29	13.05%	\$ 57,669.04	2.86%
Gateway ADD	\$ 1,267,004.27	\$ 176,949.73	\$ 1,443,954.00	\$ 127,706.00	8.84%	\$ 1,118,380.03	77.45%	\$ 129,893.47	9.00%	\$ 67,428.50	4.67%
Green River ADD	\$ 6,317,234.07	\$ 799,604.90	\$ 7,116,838.97	\$ 391,938.16	5.51%	\$ 5,273,907.26	74.10%	\$ 418,238.19	5.88%	\$ 1,032,755.36	14.51%
Kentuckiana ADD	\$11,823,927.97	\$ 839,264.00	\$ 12,663,191.97	\$ 738,429.62	5.83%	\$ 9,657,799.34	76.27%	\$ 901,194.82	7.12%	\$ 1,365,768.19	10.79%
Kentucky River ADD	\$ 2,652,734.62	\$ 401,940.65	\$ 3,054,675.27	\$ 159,542.16	5.22%	\$ 2,450,317.26	80.22%	\$ 440,243.85	14.41%	\$ 4,572.00	0.15%
Lake Cumberland ADD*	\$ 9,548,526.43	\$ 474,070.06	\$ 10,022,596.49	\$ 528,213.43	5.27%	\$ 6,923,304.13	69.08%	\$ 797,698.12	7.96%	\$ 1,773,380.81	17.69%
Lincoln Trail ADD	\$ 6,427,631.04	\$ 21,134.89	\$ 6,448,765.93	\$ 403,656.69	6.26%	\$ 4,010,863.21	62.20%	\$ 295,049.44	4.58%	\$ 1,739,197.10	26.97%
Northern Kentucky ADD	\$10,051,557.27	\$ 555,378.25	\$ 10,606,935.52	\$ 931,892.99	8.79%	\$ 7,976,376.24	75.20%	\$ 445,599.97	4.20%	\$ 1,253,066.32	11.81%
Pennyrile ADD	\$11,992,585.78	\$ 265,494.72	\$ 12,258,080.50	\$ 482,303.04	3.93%	\$ 7,011,189.24	57.20%	\$ 599,520.91	4.89%	\$ 4,157,002.06	33.91%
Purchase ADD	\$ 4,208,399.67	\$ 57,966.46	\$ 4,266,366.13	\$ 230,361.77	5.40%	\$ 3,147,879.33	73.78%	\$ 487,342.50	11.42%	\$ 400,777.54	9.39%

*One report was received without identification of the ADD. It is assumed to be the report for Lake Cumberland ADD since no other report for that ADD was received and all others contained names.

Joint Funding Administration Community Development Block Grants

FY 2018	Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Barren River ADD	43,842.00			33,387.00	76%	10,455.00	24%	
Big Sandy ADD	19,384.00			16,006.00	83%	3,378.00	17%	
Bluegrass ADD	64,839.43			47,750.83	74%	17,088.60	26%	
Buffalo Trace ADD	31,101.60	4,321.82	14%	14,418.30	46%	12,361.48	40%	
Gateway ADD	18,584.52			11,798.26	63%	7,107.42	38%	(321.16)
Green River ADD	70,130.65			52,754.07	75%	17,376.58	25%	
Kentuckiana ADD	18,584.00			12,437.00	67%	3,747.00	20%	2,400.00
Kentucky River ADD	26,602.00			19,652.00	74%	6,808.00	26%	142.00
Lake Cumberland ADD*	28,811.00			20,075.00	70%	8,736.00	30%	
Lincoln Trail ADD	32,796.29	2,142.93	7%	23,156.75	71%	7,496.61	23%	
Pennyrile ADD	59,349.73			42,985.68	72%	16,364.05	28%	
Purchase ADD	32,749.55			24,115.27	74%	8,634.28	26%	

Joint Funding Administration Economic Development Administration

FY 2018	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Barren River ADD	150,158.00			112,413.00	75%	37,745.00	25%	
Big Sandy ADD	91,826.00			75,410.00	82%	16,416.00	18%	
Bluegrass ADD	161,467.32			121,181.41	75%	40,285.91	25%	
Gateway ADD	87,500.00			58,434.09	67%	29,105.49	33%	(39.58)
Green River ADD	94,526.34			72,092.34	76%	22,434.00	24%	
Kentuckiana ADD	87,500.00			67,712.00	77%	19,007.00	22%	781.00
Lake Cumberland ADD*	104,961.00			80,732.00	77%	24,229.00	23%	
Lincoln Trail ADD	159,652.51	10,447.67	7%	112,655.63	71%	36,549.21	23%	
Pennyrile ADD	181,456.37			133,048.69	73%	48,407.68	27%	
Purchase ADD	144,311.67			103,985.25	72%	40,326.42	28%	

Joint Funding Administration Appalachian Regional Commission

FY 2018	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Barren River ADD	82,811.00			61,739.00	75%	21,072.00	25%	
Big Sandy ADD	165,666.00			127,149.00	77%	27,772.00	17%	10,739.00
Bluegrass ADD	224,868.07			166,741.82	74%	58,126.25	26%	
Buffalo Trace ADD	95,633.40	13,104.13	14%	45,191.42	47%	37,337.85	39%	
Gateway ADD	112,100.45			69,831.74	62%	40,692.25	36%	1,576.46
Kentucky River ADD	229,670.00			171,705.00	75%	57,965.00	25%	
Lake Cumberland ADD*	275,891.00			215,932.00	78%	59,959.00	22%	

Joint Funding Administration Miscellaneous

SPGE and Administration								
FY 2018	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Bluegrass ADD	17,568.92			12,877.33	73%	4,691.59	27%	
Cumberland Valley ADD	352,364.00	267,039.00	76%			92,942.00	26%	(7,617.00)
Fivco ADD	297,437.45			221,314.00	74%	75,887.00	26%	236.45
Northern Kentucky ADD	206,725.25	172,494.50	83%	6,625.23	3%	27,605.52	13%	

Program Administration								
FY 2018	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Bluegrass ADD	29,413.91			21,521.30	73%	7,892.61	27%	
Gateway ADD	7,772.43			10,600.72	136%	6,395.71	82%	(9,224.00)
Kentuckiana ADD	102,352.00			63,727.00	62%	18,641.00	18%	19,984.00
Kentucky River ADD	16,573.00			11,982.00	72%	4,591.00	28%	
Lake Cumberland ADD*	52,780.00			3,949.00	7%	13,311.00	25%	

Joint Funding Administration Miscellaneous

Committees/Management								
FY 2018	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Bluegrass ADD	38,358.00			28,283.55	74%	10,074.44	26%	
Gateway ADD	7,772.43			9,026.37	116%	5,375.47	69%	(6,629.41)
Kentucky River ADD	48,819.00			35,498.00	73%	13,321.00	27%	
Lake Cumberland ADD*	46,762.00			35,929.00	77%	10,833.00	23%	

Communities and Economic Development								
FY 2018	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Buffalo Trace ADD	87,816.35	11,846.12	13%	41,984.50	48%	33,985.73		
Kentucky River ADD	80,810.00			59,401.00	74%	21,409.00	26%	

Facilities & Technical Assistance								
FY 2018	Total Grant Funds	Admin Costs	% of Admin Cost	Direct Expenditures	% of Direct Expenditures	Indirect Expenditures	% of Indirect Expenditures	Unexpended Funds
Buffalo Trace ADD	6,546.94	942.92	14%	2,996.33	46%	2,625.69	40%	

Comparison of Data Sources

Department of Local Government reported that total Joint Funding Administration allocations for 2018 equaled:

\$3,491,300

The reports provided by ADD under KRS 147A.115 report Joint Funding Administration grants for 2018 equal:

\$4,296,646

The difference between these two sources equals \$805,346.

Comparison of Data Sources – JFA

	DLG Allocations for 2018	Reports for ADD under KRS 147A.115
Barren River ADD	233,828.49	276,811.00
Big Sandy ADD	243,313.09	276,876.00
Bluegrass ADD	304,949.82	536,515.65
Buffalo Trace ADD	216,337.33	221,098.29
Cumberland Valley ADD	289,990.89	352,364.00
Fivco ADD	245,774.64	297,437.45
Gateway ADD	213,313.74	233,729.83
Green River ADD	217,097.79	164,656.99
Kentuckiana ADD	291,623.34	208,436.00
Kentucky River ADD	208,436.78	402,474.00
Lake Cumberland ADD*	277,242.94	509,205.00
Lincoln Trail ADD	176,722.72	192,448.80
Northern Kentucky ADD	199,830.53	206,725.25
Pennyrile ADD	200,470.93	240,806.10
Purchase ADD	172,366.99	177,061.22

KRS 65A.030

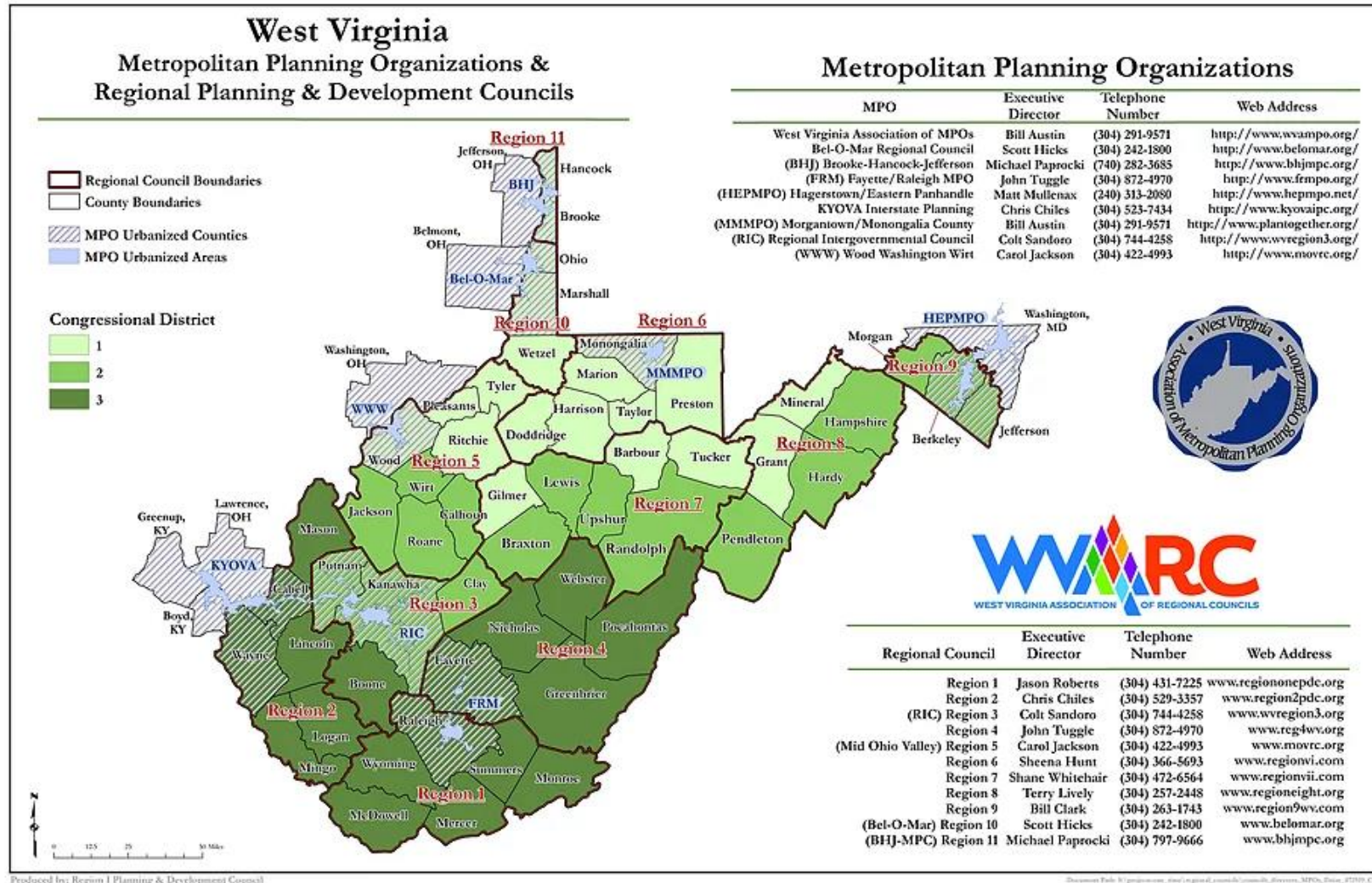
Annual Audited Financial Statements

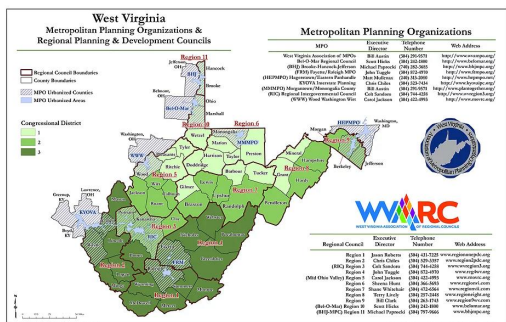
- In addition to the financial statements required under KRS 147A.115, audited financial statements are also required.
- All ADDs have contracted with an outside firm to perform these audits.
- An Independent Auditors' Report is available for Fiscal Year 2018 on the DLG Website for all but one ADD – Kentucky River ADD
- These audited financial statements and the reports required under KRS 147A.115 provide similar information
 - Revenues coming in
 - Expenditures going out

Performance Measures

- Nothing in the required reports or the audited financial statements answer the questions that I hear most:
 - Are the expenditures appropriate?
 - I don't know.
 - Are we getting the relevant services for the millions of dollars we are spending?
 - I don't know.
 - Are the grants improving the region?
 - I don't know.
- Appropriate – Relevant – Improving require measurement.

West Virginia





West Virginia Regional Planning & Development Councils

- 11 regions serving as development districts
 - “To more effectively utilize funding resources and maximize small communities’ chances of attracting funds from federal, state, and local organizations to foster community and cooperation throughout the state.”
- Projects include water and sewer facilities, infrastructure, transportation, employment, industry, small business development, housing, health care, education, and recreation.
- Administered jointly through Metropolitan Planning Organizations and Regional Planning & Development Councils
- Regional Councils consist of the mayor of each municipality and president of each county commission in the region.
- West Virginia Code, Chapter 8, Article 25
- Both CDBG, EDA, and ARC grants are administered through the West Virginia Department of Commerce, Office of Development.

Tennessee





Tennessee Development Districts

- 9 Regional Boards consist of:
 - Chief elected officials from member counties and cities;
 - A designated economic development professional from each county; and
 - One Senator and one State Representative from within each region.
- Projects include:
 - Economic development initiatives creating new jobs
 - Small business loans
 - Infrastructure projects
 - In-home services to Medicare eligible citizens
- Tennessee Code, Title 13, Chapter 14
- The Tennessee Department of Economic & Community Development administers CDBG and ARC grants.

Ohio

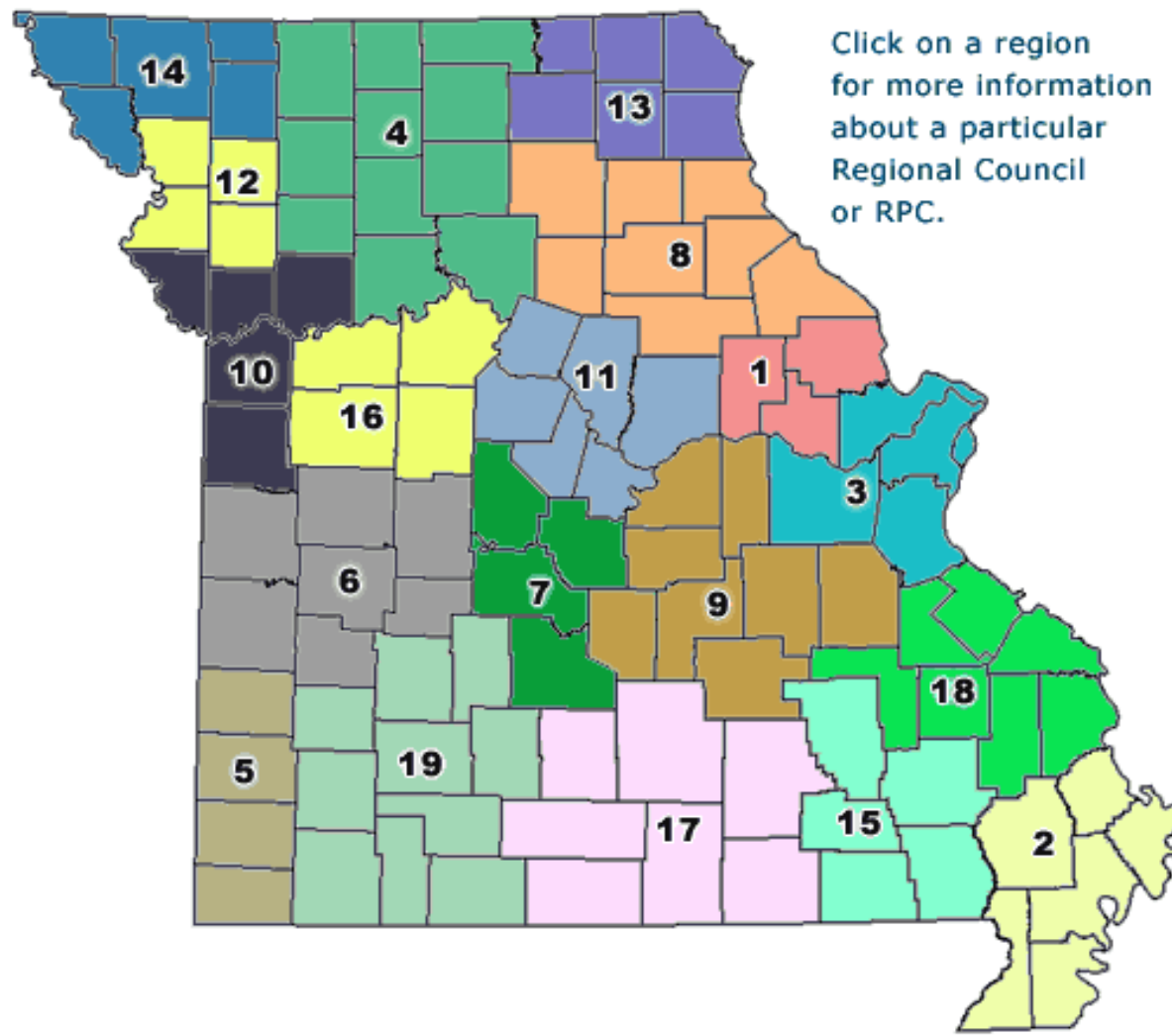


Ohio Association of Regional Councils

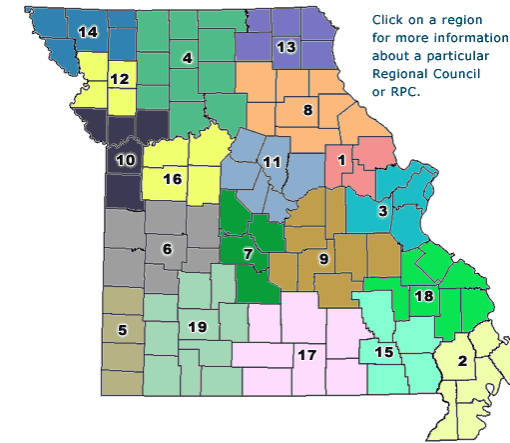


- The 23 regional councils do not cover the entire state.
- The mission of the association is identify the needs of local communities. Based on these needs, leaders work with local citizens to develop plans for communities' economic development and secure financing for the proposed projects.
- Committees within the association include water quality, rideshare and air quality, and transportation.
- CDBG and Economic Development Programs are administered through the Ohio Development Services Agency.
- ARC grants are administered through Governor's Office of Appalachia
- Allowed by Ohio Revised Code 167.01 – any two or more governing bodies may enter into agreement

Missouri



Missouri Regional Planning Commissions and Councils of Government



- The Missouri Association of Councils of Governments is the statewide organization representing the 19 regional planning commissions and councils of governments.
- Committed to enhancing the state's regions
- Projects include economic and community development, housing initiatives, safety and security, transportation planning, environmental issues, and quality-of-life issues.
- No statutory provisions were found
- The Missouri Department of Economic Development website contains guidelines for the CDBG application process.



Indiana Housing & Community Development Authority

- IHEDA Board consists of the Lt. Governor, the Treasurer, the Director of Public Finance, and 4 appointees by the Governor
- Strategically planned innovation, leadership, quality, and improvement
- 31 different programs with goals that include:
 - Providing Housing Opportunities – Home investment and Veteran Assistance programs
 - Promoting Self-Sufficiency – Educational Accounts, Energy Assistance, and an Individual Development Savings Program for large purchases
 - Strengthening Communities – Blight Elimination Program, Placemaking Indiana – fostering places where people want to live
- Indiana Code, Title 5, Article 20, Chapter 1
- The Indiana Housing & Community Development Authority coordinates the CDBG program and other economic development grants.



Virginia

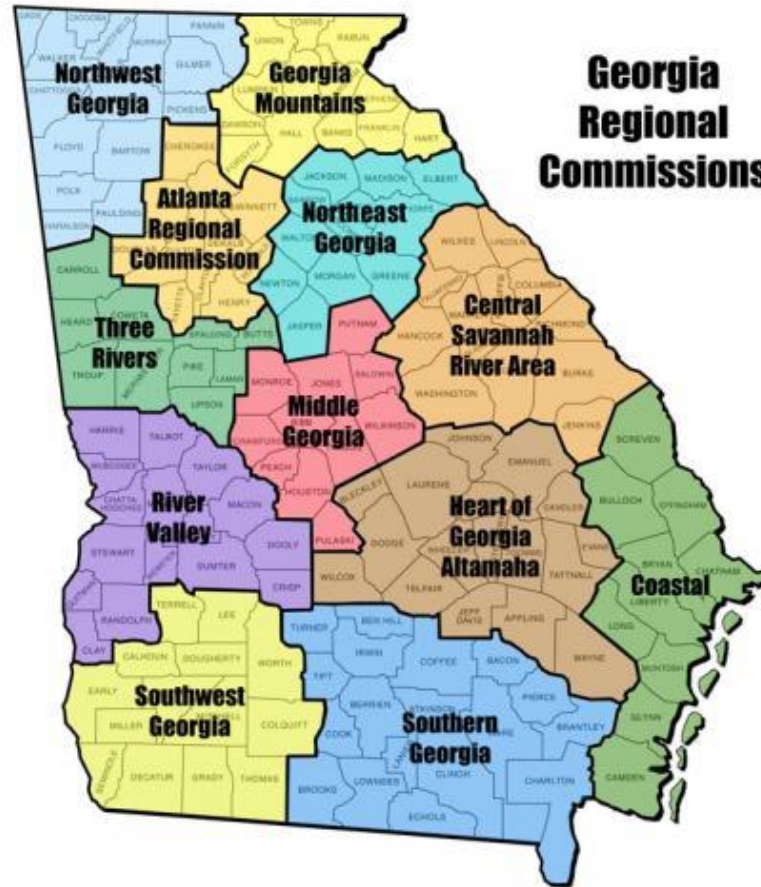
Department of Housing and Community Development (DHCD)

- A source of assistance across state government.
 - By partnering its resources with those of other state, local, regional and federal partners, DHCD supports strategic, coordinated planning for development at the local level.
- Virginia statutes provide for economic development but not necessarily regional development.
- DHCD administers both CDBG and ARC grants.

Illinois

- 10 Regional Development Authorities – small discrete authorities spread across the state, located in areas determined to need special economic development assistance to secure long-term financing at a lower interest rate on behalf of private business, to establish enterprise zones, have bonding authority
- Association of Regional Councils – 14 multi-county regional councils and about the same number of single-county councils
- Metropolitan Planning Organization Advisory Council – a forum for the sharing of information and best practices, policy and programming recommendations regarding transportation issues, and research intended to improve Illinois.
- No statutory provisions were found.
- The Illinois Department of Commerce and Economic Opportunity administers the CDBG program and other economic development initiatives.

Georgia Regional Commissions





Georgia Regional Commissions

- 12 Regional Commissions (RC) - public agencies created in order to assist local governments on a regional basis and to develop, promote, and assist in coordinated and comprehensive planning
- The Georgia Department of Community Affairs (DCA) and the Georgia Department of Human Services developed a scorecard to evaluate and report on state-funded operations and services of all 12 regional commissions.
- The Regional Commission Scorecard is intended to promote accountability and transparency by allowing each RC to measure its performance relative to its peers across financial, customer, learning and growth, and internal business process perspectives.
- Georgia Planning Act (O.C.G.A. 50-8-34.1)
- DCA administers CDBG and EDA grants

Georgia Performance Scorecard

Performance Audit • Report No. 18-06

November 2018



Georgia Department of Audits and Accounts Performance Audit Division

Greg S. Griffin, State Auditor
Leslie McGuire, Director

Why we did this review

This audit was conducted in compliance with O.C.G.A. § 50-8-38, which requires the State Auditor to conduct performance audits of state funds received by the regional commissions in the state.

In conjunction with the Department of Community Affairs (DCA) and the Department of Human Services (DHS), we developed a performance

Regional Commissions

Results of the performance scorecard, compliance scorecard, and follow-up reviews

What we found

We found that regional commissions have taken actions to