

***PENNYRILE AREA DEVELOPMENT
DISTRICT***

FINANCIAL AND COMPLIANCE AUDIT

June 30, 2023

**PENNYRILE AREA DEVELOPMENT DISTRICT
300 HAMMOND DRIVE
HOPKINSVILLE, KENTUCKY 42240**

FINANCIAL AND COMPLIANCE AUDIT

JUNE 30, 2023

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**PENNYRILE AREA DEVELOPMENT DISTRICT
BOARD OF DIRECTORS**

June 30, 2023

Officers

Crissy Carter, Chair
Judge Executive Todd Mansfield, Vice Chair
Mayor Kevin Cotton, Treasurer
Judge Dakota Young, Secretary
Jason Vincent, Executive Director

Caldwell County

Dakota Young, Judge Executive / Board Secretary
Jim Seibert, Mayor of Fredonia
Amanda Davenport, Citizen Representative
Brock Thomas, Mayor of Princeton

Christian County

Jerry Gilliam, Judge Executive
James R. Knight, Jr., Mayor of Hopkinsville
Lori Harper, Citizen Representative
Nikki Durham, Citizen Representative
Verdell Smith, Citizen Representative

Crittenden County

Perry Newcom, Judge Executive
Robert B. Frazer, Citizen Representative
D'Anna Browning, City of Marion
Roger Simpson, Citizen Representative

Hopkins County

Jack Whitfield, Jr., Judge Executive
Kevin Cotton, Mayor of Madisonville / Board Treasurer
Chris Phelps, Mayor of Mortons Gap
Chris Smiley, Mayor of Dawson Springs

Livingston County

Garrett Gruber, Judge Executive
Crissy Carter, Citizen Representative / Board Chair
Gary Damron, Mayor of Salem
William Hesser, Mayor of Smithland
Terry Stringer, Citizen Representative

Lyon County

Jaime Smith-Green, Judge Executive
Greg Greene, Mayor of Eddyville
Deb Domke, Citizen Representative
Lee F. Wilson, Citizen Representative

Muhlenberg County

Mack McGehee, Judge Executive
Tony Armour, Mayor of Central City
Rajiv Johar, Citizen Representative
Karen Robinson, Citizen Representative
Ed DeArmond, Mayor of Greenville

Todd County

Todd Mansfield, Judge Executive / Board Vice Chair
Arthur Green, Mayor of Elkton
Martha Jo Ray, Mayor of Trenton
Scott Marshall, Citizen Representative

Trigg County

Stan Humphries, Judge Executive
Connie Allen, Mayor's Designee, City of Cadiz
Stephanie Perry, Citizen Representative
John Sumner, Citizen Representative

**WEST KENTUCKY WORKFORCE BOARD
BOARD OF DIRECTORS**

June 30, 2023

Officers

Dennis Courtney, Chair
Donnie Holland, Vice Chair
Jackie Jones, Treasurer
Phillip Bean, Secretary

Business

Justin Puckett, Ballard County
Jason Redfern, Caldwell County
Dennis Courtney, Calloway County
Phillip Bean, Carlisle County
Jackie Jones, Christian County
Fred Stubblefield, Crittenden County
Kristy Owens, Fulton County
Brad Youngblood, Graves County
Deena Pittman, Hickman County
Ben Spears, Hopkins County
Crissy Carter, Livingston County
Deb Domke, Lyon County
Justin Nichols, Marshall County
Terri Lundberg, McCracken County
Karen Robinson, Muhlenberg County
Wayne W. Belanger, Todd County
Donnie Holland, Trigg County
Johnna Howard, Pennyriple Manufacturing
Sandra Richey, Pennyriple Manufacturing
Yumi Matt, Purchase Manufacturing
Greg Wyatt, Purchase Manufacturing

Workforce

Chad Rennison, Labor - Pennyriple
Jim Key, Labor - Purchase
Derek Sanderson, Labor - Training
Chevene Duncan-Herring, KY Farmworkers Program, Inc.
Mary Anne Garnett, 4-H
George Radford, Genesis Express
Leigh Ann Jarvis, J.U. Kevil
Tim Herring, Veterans Affairs

Government & Economic Development

Mark Manning, Econ. Dev, Purchase
Dan Bozarth, Econ. Dev, Pennyriple
Jason Vincent, Area Development District
Jonathon Pendergrass, Career Development Off.
Jason Cole, Office of Vocational Rehabilitation

Education & Training

Chris Wooldridge, Murray State University
Dr. Alissa Young, Hopkinsville Community Coll.
Dr. Anton Reece, West KY Community Tech
Dr. Cindy Kelley, Madisonville Community Coll.
Gary Dawson, Adult Education

Ex Officio

Judge Todd Cooper, Purchase CLEO
Judge Stan Humphries, Pennyriple CLEO

**PENNYRILE HOUSING CORPORATION
BOARD OF DIRECTORS**

June 30, 2023

Officers

Heath Duncan, Chairman

Caldwell County

Gale Cherry, Director

Dakota Young, Director/Judge Executive

Christian County

Shirley Carter, Director

Gertrude Bullock, Director

Crittenden County

Todd Perryman, Director

Darrin Tabor, Director

Hopkins County

Heath Duncan, Director

Livingston County

Garrett Gruber, Director/Judge Executive

Barkley Gaines, Director

Lyon County

Jaime Smith-Green, Director/Judge Executive

Gerald Board, Director

Muhlenberg County

Gary Jones, Director

Todd County

Todd Mansfield, Director/Judge Executive

Trigg County

Stan Humphries, Director/Judge Executive

Lucy Miller, Director

**PENNYRILE DEVELOPMENT AND GOVERNMENTAL CENTER
BOARD OF DIRECTORS**

June 30, 2023

Officers

David Shore, Chair
Eddie DeArmond, Vice Chair
Rich Liebe, Secretary / Treasurer

Caldwell County

Sherman Chaudoin

Christian County

Rich Liebe

Muhlenberg County

Eddie DeArmond

Todd County

John Walton

Trigg County

David Shore



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pennyryle Area Development District
Hopkinsville, Kentucky

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Pennyryle Area Development District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Pennyryle Area Development District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of Pennyryle Area Development District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pennyryle Area Development District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pennyryle Area Development District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pennyrite Area Development District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pennyrite Area Development District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 – 13 as well as the Schedule of Proportionate Share of Net Pension Liability, Schedule of Required Contributions – Pension, Schedule of Proportionate Share of Net Other Post-Employment Benefits Liability, Schedule of Required Contributions – Other Post-Employment Benefits, and the notes to the required supplementary information on pages 54 – 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 statement 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

To the Board of Directors
Pennyrile Area Development District
January 23, 2024
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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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pennyrile Area Development District's basic financial statements. The Statement of Revenues and Expenditures by Program – Statutory Basis on pages 67 – 74 and the Schedule of Expenditures of Federal Awards with the Notes to the Schedule of Expenditures of Federal Awards on pages 62 – 66, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024, on our consideration of the Pennyrile Area Development District'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 solely 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 the effectiveness of Pennyrile Area Development District's 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 Pennyrile Area Development District's internal control over financial reporting and compliance.

Calhoun & Company

Hopkinsville, Kentucky
January 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The Pennyrile Area Development District ("District") offers this Management's Discussion and Analysis to provide an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. To fully understand the entire scope of the District's financial activities, this information should be read in conjunction with the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The liabilities and net position of the District exceeded its assets by \$134,475 at June 30, 2023.
- The District's total net position increased by \$749,040 during the year.
- The Fund Balance, a measure of current financial resources, increased in the governmental funds by \$1,122,101 to a fund balance of \$4,806,079 at June 30, 2023. As contract amounts vary from year to year, some of the excess revenues over expenditures have been set aside for administration of future projects. Programs with excess revenues to be used in upcoming fiscal years are listed as follows:
 - Local Interest Earned - \$66,762
 - Economic Development - \$174,326
 - Participant Directed Service Programs - \$279,672
 - Relending Programs - \$35,129

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all District assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Monitoring increases and / or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving, deteriorating, or stagnating.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported similar to the approach used by a commercial enterprise in that revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

A REGIONAL PLANNING & DEVELOPMENT AGENCY

Caldwell Chrisitan Crittenden Hopkins Livingston Lyon Muhlenberg Todd Trigg

Although the Statement of Activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position* that is essentially the same thing.

The government-wide financial statements can be found on pages 14 – 15 of this report.

Fund Financial Statements

The focus of fund financial statements is directed to specific activities of a governmental entity rather than the entity as a whole. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be categorized into one broad category: governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, however, governmental fund financial statements provide a detailed short-term view of the District's operations by using a modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund information is useful in determining whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities.

The District maintains three individual governmental funds, all of which are considered major funds by the District. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for each fund. The funds are as follows:

- General Fund – This fund is used to account for all financial transactions not reported in another fund.
- Special Revenue Fund – This fund includes all grant programs and services operated by the District that are restricted for a specific purpose.
- Pennyrile Development and Governmental Center Fund – This fund was put into place to account for the building facilities for the District.

The differences of results in the governmental fund financial statements to those of the government-wide financial statements are explained in a reconciliation following each governmental fund statement.

The basic governmental fund financial statements can be found on pages 16 –20 of this report.

Notes to the Financial Statements

These notes provide additional information crucial to understanding data provided in the government-wide and fund financial statements. Notes to the financial statements can be found on pages 21 – 52 of this report.

Required Supplementary Information

In addition to basic financial statements and accompanying notes, GASB Standards require budgetary comparison schedules for the general fund and any other special revenue fund that has a legally adopted budget, as well as the required supplementary information related to pensions and other post-employment benefits. The District's governing body is required to adopt a budget annually per KRS 65A.080. The adopted budget may be amended throughout the fiscal year.

Required supplementary information and notes to the required supplementary information can be found on pages 54 – 60 of this report.

Supplementary Information

Supplementary information that is not a required part of the basic financial statements can be found on pages 62 – 74 of this report.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's liabilities and deferred inflows exceeded assets and deferred outflows by \$134,475 at June 30, 2023. The District's Net Investment in Capital Assets reflects its investment in capital assets less outstanding related debt used to acquire those assets. These assets are not available for future spending. Although the District's capital investment is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table provides a summary of the District's net assets at June 30:

Pennyrile Area Development District Net Position

	Governmental Activities		Component Unit Activities		Total	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Assets						
Current and Other Assets	\$ 6,195,155	\$ 7,817,026	\$ 295,051	\$ 419,595	\$ 6,490,206	\$ 8,236,621
Capital Assets	706,049	690,207	3,186	3,186	709,235	693,393
Total Assets	6,901,204	8,507,233	298,237	422,781	7,199,441	8,930,014
Deferred Outflows of Resources						
Deferred Pension Outflows	502,033	595,709	-	-	502,033	595,709
Deferred OPEB Outflows	513,656	497,959	-	-	513,656	497,959
Total Deferred Outflows of Resources	1,015,689	1,093,668	-	-	1,015,689	1,093,668
Liabilities						
Current and Other Liabilities	821,619	1,557,806	286,187	425,624	1,107,806	1,983,430
Net Pension Liabilities	4,413,127	4,585,291	-	-	4,413,127	4,585,291
Net OPEB Liabilities	1,324,819	1,251,563	-	-	1,324,819	1,251,563
Long-Term Liabilities	601,783	772,403	46,160	31,214	647,943	803,617
Total Liabilities	7,161,348	8,167,063	332,347	456,838	7,493,695	8,623,901
Deferred Inflows of Resources						
Deferred Revenue	221,082	358,271	6,637	6,637	227,719	364,908
Deferred Pension Inflows	633,239	301,557	-	-	633,239	301,557
Deferred OPEB Inflows	475,042	598,757	-	-	475,042	598,757
Total Deferred Inflows of Resources	1,329,363	1,258,585	6,637	6,637	1,336,000	1,265,222
Net Position						
Net Investment in Capital Assets	271,792	88,987	3,186	3,186	274,978	92,173
Restricted:						
Revolving Loan Fund	671,252	679,023	-	-	671,252	679,023
Revolving Loan Fund - CARES	622,582	701,215	-	-	622,582	701,215
Intermediary Relending Program	683,835	709,650	-	-	683,835	709,650
Unrestricted	(2,823,279)	(2,003,622)	(43,933)	(43,880)	(2,867,212)	(2,047,502)
Total Net Position	\$ (573,818)	\$ 175,253	\$ (40,747)	\$ (40,694)	\$ (614,565)	\$ 134,559

At the end of the fiscal year, the District is able to report positive balances in the Net Investment in Capital Assets and Restricted Net Position for governmental activities. The component unit activities have a negative total net position balance.

Pennyrile Area Development District Changes in Net Position

	Governmental Activities		Component Unit Activities	
	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Revenues				
Program Revenues				
Charges for Services	\$ 344,778	\$ 341,390	\$ 1,493	\$ 1,328
Operating Grants and Contributions	9,915,255	14,962,530	4,231,233	3,952,169
Capital Grants and Contributions	79,856	-	-	-
General Revenues				
Annual Assessments	98,711	96,573	-	-
Interest Earned	5,414	87,889	68	434
Other Revenues	43,314	50,504	-	-
Total Revenues	<u>10,487,328</u>	<u>15,538,886</u>	<u>4,232,794</u>	<u>3,953,931</u>
Expenses				
General Government	59,660	(103,827)	-	-
Community / Economic Development	940,818	1,015,797	-	-
Transportation Services	94,875	119,310	-	-
Aging and Independent Living Services	8,772,611	13,680,574	-	-
Revolving Loan Funds	44,031	11,893	-	-
Intermediary Relending Program	2,588	2,266	-	-
Pennyrile Development & Gov't Center	26,124	39,122	-	-
Pennyrile Housing Corporation	-	-	165	1,229
West Kentucky Workforce Board	-	-	4,231,121	3,951,910
Interest on Long-Term Debt	20,221	24,680	771	739
Total Expenses	<u>9,960,928</u>	<u>14,789,815</u>	<u>4,232,057</u>	<u>3,953,878</u>
Change in Net Position	526,400	749,071	737	53
Net Position - Beginning	<u>(1,100,218)</u>	<u>(573,818)</u>	<u>(41,484)</u>	<u>(40,747)</u>
Net Position - Ending	<u>\$ (573,818)</u>	<u>\$ 175,253</u>	<u>\$ (40,747)</u>	<u>\$ (40,694)</u>

Changes in Net Position – Governmental Activities. The District's governmental activities increased net position by \$748,987 in the fiscal year 2023. Key elements of the increase are as follows:

Total revenues were \$15,538,886, an increase of 48% over the prior year. Of this, program revenues represent 98% of total revenues. Major sources of program revenues include various community support funding and grants. General revenues represent 2% of total revenues. Major sources of general revenues include annual assessments and interest income.

Total expenditures were \$14,789,899, an increase of 48% from the previous year. Of this, the major functions include aging and independent living services and community and economic development services. Together they comprise 99% of the total program expenditures.

Changes in Net Position – Component Units. The District’s two component units, 1) Pennyryle Housing Corporation (PHC) and 2) West Kentucky Workforce Board (WKWB) are discretely presented within the government-wide financial statements.

1. The PHC’s total revenues were \$1,762, an increase of 12% from the prior year. Of this, program revenues represent 85% of total revenues. Charges for services and operating grants and contributions are the major sources of program revenue.

Expenditures totaled \$1,709, an increase of 107% from the previous year.

2. The WKWB’s total revenues were \$3,952,169, a decrease of 7% from the prior year. The WKWB did not have any general revenues during the 2023 or 2022 fiscal years.

Expenditures totaled \$3,952,169, a decrease of 7% from the previous year.

CAPITAL ASSETS

The District’s investment in capital assets as of June 30, 2023 is \$693,393 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, leased equipment, and construction in progress.

	Governmental Activities		Component Unit Activities		Total	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Land	\$ 9,988	\$ 9,988	\$ -	\$ -	\$ 9,988	\$ 9,988
Buildings and Improvements	1,440,267	1,440,267	-	-	1,440,267	1,440,267
Office Furniture and Equipment	257,728	220,802	13,891	13,891	271,619	234,693
Computers and Equipment	216,873	148,966	81,831	81,831	298,704	230,797
Vehicles	106,484	115,627	-	-	106,484	115,627
Leased Equipment	40,061	40,061	-	-	40,061	40,061
Construction in Progress	-	-	3,186	3,186	3,186	3,186
	2,071,401	1,975,711	98,908	98,908	2,170,309	2,074,619
Less Accumulated Depreciation	(1,365,352)	(1,285,504)	(95,722)	(95,722)	(1,461,074)	(1,381,226)
Total Net Capital Assets	\$ 706,049	\$ 690,207	\$ 3,186	\$ 3,186	\$ 709,235	\$ 693,393

Additional information on the District’s capital assets can be found in Note 4 of this report.

LONG TERM DEBT

At year-end, the District had \$606,220 in outstanding notes, program debt, and lease liabilities, compared to \$434,257 at June 30, 2022. The PHC had \$42,920 in outstanding notes and program debt, compared to \$61,042 as of June 30, 2022.

The Pennyryle Development and Governmental Center had \$601,111 in outstanding notes at June 30, 2023 compared to \$425,000 at June 30, 2022. During the year, \$21,666 was paid to reduce the debt outstanding related to the building addition; however, PDGC borrowed an additional \$200,000 for a remodeling project and paid \$2,223 to reduce the debt related to the remodel project.

The Pennyryle Housing Corporation’s payments to the Kentucky Housing Corporation for the Nonprofit Housing Production loans were \$18,122. These loans are drawn down periodically as the money is needed for various housing projects. There were no borrowings during the fiscal year ended June 30, 2023.

Additional information on the District’s long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS

During the 2023 fiscal year, the District completed its 54th year of providing leadership on regional issues. The District is actively involved and partnering with other agencies to provide regional planning, review and technical services in areas of public administration, social services, economic and workforce development and transportation to the local Pennyryle communities in Caldwell, Christian, Crittenden, Hopkins, Livingston, Lyon, Muhlenberg, Todd and Trigg counties.

The District continues to be successful in seeking federal and state funding to address issues throughout the region. In addition, the District has received and implemented funding/programs to assist with recovery efforts as a result of natural disasters. However, we believe Congress and the State Legislator will look for areas to reduce future discretionary spending to pay for increased spending. In addition, specifically at the State level, future budgets will have to absorb substantial liabilities in the area of pension, healthcare, and continued investment in much needed infrastructure. The District is engaged with Legislative and Cabinet level leaders in order to monitor potential shortfalls impacting programs operated by the District. Management continues to make every effort to maximize our operational efficiency and effectiveness.

The Pennyryle Area Development District serves as the Sub-Grant Recipient/Fiscal Agent for the West Kentucky Workforce Board (WKWB). The WKWB's allocation funding is partially based on the employment/economic status of the Pennyryle and Purchase regions (totally 17 counties). As major unemployment events may occur, the WKWB receives additional grant dollars to provide services to dislocated workers beyond these allocations. The WKWB has normally participated in several federal direct funded US Department of Labor grants for special services. We have not received any additional dislocated worker grants due to the economic conditions for the region; however, we have received disaster grants for individuals impacted by the tornadoes, which also target job loss and retraining needs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Pennyryle Area Development District for all those with an interest in the finances. Questions or requests for additional information may be addressed to Jason Vincent, Executive Director, Pennyryle Area Development District or Sheila Clark, Director, West Kentucky Workforce Board, 300 Hammond Drive, Hopkinsville, Kentucky, 42240.

Respectfully Submitted,



Jason Vincent, Executive Director

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government	Component Units	
	Pennyrile Area Development District	Pennyrile Housing Corporation	West Kentucky Workforce Board
Assets			
Cash and Cash Equivalents	\$ 3,611,091	\$ 15,522	\$ 663
Program Receivables	2,328,435	(6,581)	608,716
Receivables Due (to) from Component Units	237,963	(43,944)	(195,515)
Other Current Assets	8,775	-	-
Non-Current Assets			
Certificates of Deposit	507,451	-	-
Notes Receivable, Due Within One Year	267,958	19,881	-
Notes Receivable, Due in More Than One Year	855,353	20,853	-
Right to Use Leased Assets, Net of Amortization	5,108	-	-
Depreciable Capital Assets, Net of Depreciation	675,111	-	-
Non-Depreciable Capital Assets	9,988	3,186	-
Total Assets	8,507,233	8,917	413,864
Deferred Outflows of Resources			
Deferred Outflows - Pensions	595,709	-	-
Deferred Outflows - Other Post Employment Benefits	497,959	-	-
Total Deferred Outflows of Resources	1,093,668	-	-
Liabilities			
Accounts Payable	934,219	54	401,445
Grants Payable	16,491	-	-
Other Current Liabilities	579,670	-	12,419
Non-Current Liabilities			
Accrued Annual Leave	198,609	-	-
Net Pension Liability	4,585,291	-	-
Net Other Post Employment Benefits Liability	1,251,563	-	-
Due Within One Year	27,426	11,706	-
Due in More Than One Year	573,794	31,214	-
Total Liabilities	8,167,063	42,974	413,864
Deferred Inflows of Resources			
Unavailable Revenue	353,355	6,637	-
Deferred Inflows - Bond Premiums	4,916	-	-
Deferred Inflows - Pensions	301,557	-	-
Deferred Inflows - Other Post Employment Benefits	598,757	-	-
Total Deferred Inflows of Resources	1,258,585	6,637	-

Net Position

Net Investment in Capital Assets	88,987	3,186	-
Restricted:			
Revolving Loan Fund	679,023	-	-
Revolving Loan Fund - CARES	701,215	-	-
Intermediary Relending Program	709,650	-	-
Unrestricted	<u>(2,003,622)</u>	<u>(43,880)</u>	<u>-</u>
Total Net Position	<u><u>\$ 175,253</u></u>	<u><u>\$ (40,694)</u></u>	<u><u>\$ -</u></u>

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions / Programs	Direct Expenses	Shared Costs Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary Government							
Governmental Activities							
General Government	\$ (103,838)	\$ 11	\$ 1,420	\$ (63,024)	\$ -	\$ 42,223	\$ -
Community / Economic Development	834,664	181,133	245,949	944,152	-	174,304	-
Transportation Services	90,391	28,919	-	119,310	-	-	-
Aging and Independent Living Services	13,241,247	439,327	35	13,960,568	-	280,029	-
Revolving Loan Fund	7,441	2,500	15,847	-	-	5,906	-
Revolving Loan Fund - CARES	1,500	452	1,973	1,524	-	1,545	-
Intermediary Relending Program	1,673	593	12,323	-	-	10,057	-
Pennyrile Development & Gov't Center	39,122	-	63,843	-	-	24,721	-
Interest on Long-Term Debt	24,680	-	-	-	-	(24,680)	-
Total Governmental Activities	14,136,880	652,935	341,390	14,962,530	-	514,105	-
Total Primary Government	\$ 14,136,880	\$ 652,935	\$ 341,390	\$ 14,962,530	\$ -	514,105	-
Component Units							
Pennyrile Housing Corporation	\$ 1,229	\$ -	\$ 1,328	\$ -	\$ -	-	99
West Kentucky Workforce Board	3,670,489	281,421	-	3,952,169	-	-	259
Interest on Long-Term Debt	739	-	-	-	-	-	(739)
Total Component Units	\$ 3,672,457	\$ 281,421	\$ 1,328	\$ 3,952,169	\$ -	-	(381)
General Revenues							
Annual Assessments						96,573	-
Interest Earned						87,889	434
Other Revenues						50,504	-
Total General Revenues						234,966	434
Change in Net Position						749,071	53
Net Position - Beginning						(573,818)	(40,747)
Net Position - Ending						\$ 175,253	\$ (40,694)

The accompanying notes are an integral part of the financial statements.

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Pennyrile Development & Governmental Center	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 2,207,831	\$ 1,171,990	\$ 231,270	\$ 3,611,091
Certificates of Deposit	507,451	-	-	507,451
Program Receivables	43,004	2,281,989	3,442	2,328,435
Due from Component Units	-	1,456,069	-	1,456,069
Other Current Assets	5,949	2,826	-	8,775
	<u>5,949</u>	<u>2,826</u>	<u>-</u>	<u>8,775</u>
Total Assets	<u>\$ 2,764,235</u>	<u>\$ 4,912,874</u>	<u>\$ 234,712</u>	<u>\$ 7,911,821</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	\$ 173,633	\$ 759,793	\$ 793	\$ 934,219
Grants Payable	-	16,491	-	16,491
Due to Component Units	1,121,742	-	127,407	1,249,149
Other Current Liabilities	771	578,899	-	579,670
Total Liabilities	<u>1,296,146</u>	<u>1,355,183</u>	<u>128,200</u>	<u>2,779,529</u>
Deferred Inflows of Resources				
Deferred Revenue	21,138	332,217	-	353,355
Total Deferred Inflows of Resources	<u>21,138</u>	<u>332,217</u>	<u>-</u>	<u>353,355</u>
Fund Balances				
Nonspendable:				
Long-term Notes Receivable	-	1,123,311	-	1,123,311
Restricted:				
Revolving Loan Fund	-	679,023	-	679,023
Revolving Loan Fund - CARES	-	701,215	-	701,215
Intermediary Relending Program	-	709,650	-	709,650
Assigned:				
Accrued Annual Leave	198,609	-	-	198,609
Long-Term Debt	5,108	-	106,512	111,620
Unassigned	1,243,234	12,275	-	1,255,509
Total Fund Balances	<u>1,446,951</u>	<u>3,225,474</u>	<u>106,512</u>	<u>4,778,937</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,764,235</u>	<u>\$ 4,912,874</u>	<u>\$ 234,712</u>	<u>\$ 7,911,821</u>

The accompanying notes are an integral part of the financial statements.

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 4,778,937
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Amounts reported for governmental activities in the Statement of Net Position are different because
(See Note 1):

Long-term receivables are not due and receivable in the current period and therefore are not reported in the funds.	1,123,311
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. More specifically, non-depreciable and depreciable assets are reported on the Statement of Net Position.	685,099
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Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. More specifically, right to use leased assets, net of amortization are reported on the Statement of Net Position.	5,108
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Some deferred outflows are not due and receivable in the current period and therefore are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	595,709
Deferred Outflows of Resources Related to Other Post Employment Benefits	497,959

A portion of the Due to / from Component Units balance is related to accrued annual leave and depreciation. These items are not reported in the governmental fund statements.	31,043
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Some liabilities, including net pension obligations are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Accrued Annual Leave	(198,609)
Notes Payable	(601,220)
Net Pension Liability	(4,585,291)
Net Other Post Employment Benefits Liability	(1,251,563)

Some deferred inflows are not due and payable in the current period and therefore are not reported in the funds.

Deferred Inflows of Resources Related to Bond Premiums	(4,916)
Deferred Inflows of Resources Related to Pensions	(301,557)
Deferred Inflows of Resources Related to Other Post Employment Benefits	(598,757)

Net Position of Governmental Activities	\$ <u>175,253</u>
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PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Pennyrile Development & Governmental Center	Total Governmental Funds
Revenues				
Charges for Services	\$ 243,202	\$ 34,345	\$ -	\$ 277,547
Rent	-	-	63,843	63,843
Grants	(63,024)	15,025,554	-	14,962,530
Annual Assessments	96,573	-	-	96,573
Interest Income	66,558	18,062	3,269	87,889
Other Revenues	48,223	781	-	49,004
Total Revenues	391,532	15,078,742	67,112	15,537,386
Expenditures				
Current				
General Government	106,027	-	13,268	119,295
Community / Economic Development	69,941	944,525		1,014,466
Transportation Services	-	114,229	-	114,229
Aging and Independent Living Services	-	13,656,258	-	13,656,258
Revolving Loan Fund	-	11,469	-	11,469
Intermediary Relending Program	-	2,153	-	2,153
Debt Service				
Principal	18	1,834	23,972	25,824
Interest and Other Charges	-	43	24,637	24,680
Capital Outlays	36,492	-	-	36,492
Total Expenditures	212,478	14,730,511	61,877	15,004,866
Excess (Deficiency) of Revenues Over (Under) Expenditures	179,054	348,231	5,235	532,520
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	8,000	-	-	8,000
Payments on Notes Receivable	-	354,439	-	354,439
Proceeds from Borrowing	-	-	195,000	195,000
Bond Premiums	-	-	5,000	5,000
Total Other Financing Sources (Uses)	8,000	354,439	200,000	562,439
Net Change in Fund Balances	187,054	702,670	205,235	1,094,959
Fund Balances - Beginning	1,259,897	2,522,804	(98,723)	3,683,978
Fund Balances - Ending	\$ 1,446,951	\$ 3,225,474	\$ 106,512	\$ 4,778,937

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$1,094,959

Amounts reported for governmental activities in the Statement of Activities are difference because:

Governmental funds report loans issued as other financing uses and payments received as sources. However, in the Statement of Activities, the loan expenditure is recorded as a note receivable and the payments as a reduction of the receivable.

New Loan Issued	\$	-	
Less: Payments Received		(354,439)	
		<u>(354,439)</u>	
		<u>\$ (354,439)</u>	(354,439)

In the statement of activities, only the *gain* on the sale of capital assets is reported, whereas in

Gain on Sale	\$	1,500	
Less: Proceeds from Sale		8,000	
		<u>(6,500)</u>	
		<u>\$ (6,500)</u>	(6,500)

Governmental funds report pension contributions made during the year as expenditures.

District Pension Contributions	\$	459,713	
Cost of Benefits Earned Net of Employee Contributions		(206,519)	
		<u>253,194</u>	
		<u>\$ 253,194</u>	253,194

Governmental funds report other post employment benefit contributions made during the year as expenditures. However, in the Statement of Activities, the cost of other post employment benefits earned net of employee contributions is reported as pension expense.

District Other Post Employment Benefit Contributions	\$	66,599	
Cost of Benefits Earned Net of Employee Contributions		(132,755)	
		<u>(66,156)</u>	
		<u>\$ (66,156)</u>	(66,156)

Governmental funds report capital outlays and right to use leased assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. More specifically, this is the amount by which capital outlays and right to use leased assets exceeded depreciation and amortization in the current period.

Fixed Assets and Leased Equipment Purchased	\$	36,492	
Less: Depreciation and Amortization		(31,135)	
To Reconciliation		<u>5,357</u>	
		<u>\$ 5,357</u>	5,357

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Bond, note proceeds, and lease liabilities provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal (increases) decreases in debt service made during the year.

New Debt Incurred	\$ (195,000)	
Bond Premium	(5,000)	
Retired Debt	25,824	
Net Debt Service	<u>\$ (174,176)</u>	(174,176)

In the Statement of Activities, the accrued annual leave earned during the current fiscal year is expensed. However, the governmental funds will show only the amount actually taken during the year. Thus, the change in net position differs from the change in fund balance by the net of the amount taken and the amount earned.

(3,168)

Change in Net Position of Governmental Activities

\$ 749,071

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. Summary of Significant Accounting Policies

The financial statements of the Pennyrile Area Development District (the “District”) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

a. The Reporting Entity

The Pennyrile Area Development District (the District) was established under the laws of the Commonwealth of Kentucky by KRS 147A.050(4). The Attorney General in OAG 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, the District entered into various agreements, memoranda of agreements and contracts, all of which are subject to the financial management of the District. The District operates under a Board of Directors comprised of a minimum of fifty-one percent elected officials. The County Judge / Executive, at least one mayor and a citizen director from each of the nine counties serve on the Board.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization’s governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based on the application of the criteria set forth by the GASB, the District has determined that there are agencies or entities that should be presented as either discretely presented or blended component units.

Discretely presented component units:

Pennyrile Housing Corporation (PHC) was established to assist low- and moderate-income families to secure affordable housing.

West Kentucky Workforce Board (WKWB) was established after the implementation of the Workforce Innovation and Opportunity Act (WIOA) under the U.S. Department of Labor. The WKWB supports new business / expansion and assists in the retention of a well-trained workforce in the Western Kentucky region.

Neither PHC nor WKWB issue separate financial statements. The District provides personnel and facilities to PHC and WKWB and is reimbursed by the component units for such services. Salary expenditures are directly expensed. All other shared costs are expensed according to the shared cost plan.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

a. The Reporting Entity, Continued

Blended component unit:

The *Pennyrile Development and Governmental Center* (PDGC) is considered to be a blended component unit. As such, the activities of the PDGC have been included with the governmental activities of the District. The PDGC was established to provide building facilities for the District.

b. Basis of Presentation

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

c. Basis of Accounting and Measurement Focus

i. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are component unit activities. All of the District's activities are governmental and thus the statements reflect no business-type activities.

These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, as applicable, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of cash flows. The types of transactions reported as program revenues for the District are reported in three categories: charges for services, operating grants and contributions, and capital grants and contributions. Other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues; losses on the sale of capital assets are reported as function / program expenses. The effect of interfund activity has been eliminated from the government-wide financial statements.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

c. Basis of Accounting / Measurement Focus, Continued

ii. Fund Financial Statements

Fund financial statements report detailed information about the District. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented, if applicable. 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. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures / expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures / expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The District has the following major governmental funds:

The *General Fund* is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Any unassigned balances are considered as resources available for use.

The *Special Revenue Fund* is used to account 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 period, 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 included in this report.

The *Pennyrile Development & Governmental Center* is used to account for the activities of the building facilities. This is a blended component unit.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that meet those qualifications.

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, only current assets,

**PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023**

1. Summary of Significant Accounting Policies, Continued

c. Basis of Accounting/Measurement Focus, Continued

ii. Fund Financial Statements, Continued

current deferred outflows of resources, current liabilities, and current deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

d. Use of Estimates

The preparation of financial statements, in accordance with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

e. Interfund Transfers

Transfers are used to reimburse the General Fund for costs incurred to support Special Revenue Fund activity, and to reclassify as Unassigned in the General Fund equity which has been released from restricted due to satisfaction of program requirements. Any interfund transfers are reported as other financing sources / uses in the governmental funds. Short-term amounts owed between funds are classified as "Due to / from Component Units".

f. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. Short-term investments are those investments with an original maturity of 90 days or less.

Kentucky Revised Statute 66.480 permits the District to invest in U.S. Treasury obligations, U.S. Agency Obligations, certain Federal instruments, repurchase agreements, commercial banks' certificates of deposit, savings and loan deposits and the Commonwealth of Kentucky investment pool. As security for deposits of the District, any bank doing such business is required to pledge securities in an amount to exceed funds on deposit by the District. In addition, the District is insured by FDIC for up to \$250,000 (\$500,000 for funds under the District's EIN and PHC's EIN since they are public funds) with their bank.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

g. Capital Assets

Government-Wide Statements: In the government-wide statements, land, buildings, equipment, and vehicles are accounted for as capital assets in the applicable governmental or component unit activity column. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District has established a policy of capitalizing assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Capital assets of the District, as well as the component units, are depreciated using the straight-line method, except for vehicles, which uses sum of years depreciation, over the following estimated useful lives:

Buildings and Improvements	7 - 31.5 Years
Vehicles	3 Years
Office Furniture and Fixtures	5 - 15 Years
Computers and Equipment	3 - 7 Years

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life are not capitalized. Land and construction in progress are not depreciated.

The District elects to use the Basic Approach as defined by Statement No. 34 for their capital asset reporting.

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

h. Right to Use Assets

The District has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

i. Notes Receivable

Notes receivable are stated at the outstanding principal amount net of allowance for uncollectible notes. Management determines the allowance for uncollectible notes based on review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements and are collateralized by promissory notes and security agreements. Management determines when a note receivable is considered delinquent. Delinquent notes are written off

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

i. Notes Receivable, Continued

based on individual credit evaluation and specific circumstances of the borrower. While management determined that no allowance for uncollectible notes receivable was necessary at June 30, 2023, there were eight notes receivable that were delinquent. The District is in the legal process to collect the funds. The potential loss on foreclosure is probable, but the amount of the loss cannot be reasonably estimated.

j. Compensated Absences

All full-time employees are entitled to annual leave at the rate of one to five years of service, twelve days per year; six to ten years of service, fifteen days per year; eleven to fifteen years of service, eighteen days per year; sixteen to twenty years of service, twenty-one days per year; and twenty-one or more years of service, twenty-four days per year. Annual leave accrues from the anniversary date of hire on a pro-rated basis. Accrued annual leave is limited to forty days on February 1st of each year. An employee who resigns will be paid for all accumulated annual leave, up to the legal maximum they are permitted to carry over from year to year, provided the employee gives at least fourteen calendar days written notice of their final workday.

Accumulated unpaid annual leave amounts are accrued when incurred in the governmental funds if significant at year-end. At June 30, 2023, these liabilities included \$198,609 in annual leave pay.

k. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Financial Position and Balance Sheet may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until that time. As of June 30, 2023, the District has \$595,709 that relates to pensions as required by GASB Statement No. 68 and \$497,959 that relates to other post-employment benefits as required by GASB Statement No. 75 in deferred outflows of resources.

In addition to liabilities, the Statement of Financial Position and Balance Sheet may 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. The District has \$359,992 in deferred inflows of resources for fiscal year ended June 30, 2023 that relates to funds received that relate to a future time period. The District has \$4,916 in deferred inflows of resources for fiscal year ended June 30, 2023 related to bond premiums received with the new KACO debt. Additionally, as of June 30, 2023, the District also has \$301,557 related to pensions as required by GASB Statement No. 68 and \$598,757 related to other post-employment benefits as required by GASB Statement No. 75 in deferred inflows of resources.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

l. Payables and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In the governmental fund financial statements, payables, accrued liabilities and long-term obligations are recognized as a liability when due. Only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to / deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension investments are reported as fair value.

n. Other Post-Employment Benefits

For purposes of measuring the net other post-employment benefits (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, benefits are recognized when due and payable in accordance with the benefit terms. OPEB investments are reported at fair value.

o. Government-Wide Net Position

Government-wide net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is displayed in three components:

Net Investment in Capital Assets, Net of Related Debt – consists of capital assets net of accumulated depreciation and is reduced by any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted Net Position – consists of net assets that have a third-party (statutory or granting agency) limitation on their use. The District uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project. The District has a restricted net position in the Revolving Loan Fund, Revolving Loan Fund CARES, Intermediary Relending Program in the amounts of \$679,023, \$701,215 and \$709,650, respectively.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

o. Government-Wide Net Position, Continued

Unrestricted Net Position – consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”. The Board of Directors has the authority to revisit or alter this designation. As of June 30, 2023, the District had a deficit unrestricted net position in the amount of (\$2,003,622). This deficit is due mostly to compliance with GASB Statement No. 68 and GASB Statement No. 75 in recording the deferred outflows of resources, net liabilities associated with pensions and other post-employment benefits, and deferred inflows of resources. The net deficit amount related to these transactions is (\$5,643,500).

p. Governmental Fund Equity

Governmental fund equity is classified as fund balance and is displayed in five components:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. For fiscal year ended June 30, 2023, \$1,123,311 related to the long-term notes receivable for the Revolving Loan Fund, CARES Revolving Loan Funds, and Intermediary Relending Program is nonspendable.

Restricted – amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors. For fiscal year ended June 30, 2023, \$679,023 has been grantor restricted for the Revolving Loan Fund, \$701,215 has been grantor restricted for the CARES Revolving Loan Fund, and \$709,650 has been grantor restricted for the Intermediary Relending Program.

Committed – amounts that can only be spent for specific purposes determined by the District’s Board of Directors through formal action.

Assigned – amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The amounts may be assigned by the Board or management. For the fiscal year ended June 30, 2023, \$198,609 and \$106,512 have been assigned for future use related to compensated absences and long-term debt, respectively.

Unassigned – all other amounts not included in other spendable classifications.

q. Prioritization and Use of Available Resources

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

r. Non-exchange Transactions

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, donations and other gifts. Revenue from grants, entitlements and donations are 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 or the year when use is first permitted, and, matching requirements, in which the District must provide local resources to be used for a specified purpose. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

s. Cost Allocation Plan

The District is required by the Department of Local Government to operate under a cost allocation plan that conforms with 2 CFR Part 225. A summary of the cost allocation plan begins in Note 12. The District is in conformity with 2 CFR Part 225.

t. Fair Value of Financial Instruments

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and the principal or most advantageous market for that asset or liability.

The fair value should be calculated based on assumptions that market participants would use on pricing the asset or liability, not on assumptions specific to the entity.

Cash and cash equivalents, certificates of deposit, receivables, other current assets, other non-current assets, accounts and grant payables, other current liabilities, and non-current liabilities – The carrying amounts reported in the balance sheets for these items are a reasonable estimate of the fair value.

u. Subsequent Events

Subsequent events have been evaluated by management through the date the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

v. Related Company Transactions

The District handles transfers between the primary government and component units as revenues when received and expenses when paid. Short-term amounts owed between units are classified as “Due (to) from Component Units”. Outside of related-party transactions between the primary government and the component units, there are no material related party transactions that require disclosure.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

1. Summary of Significant Accounting Policies, Continued

w. Concentrations

The District operates in a heavily regulated environment and approximately 86% of its revenues are derived from federal and state funds.

2. Deposits and Investments

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Kentucky or its agencies and instrumentalities that have a market value of not less than the principal amount of deposits. The District's deposits, including certificates of deposit, were insured or collateralized as required by State statutes at their highest daily balance during the fiscal year.

The District is exposed to custodial credit risk at various points throughout the year. The District's deposits not covered by depository insurance are collateralized by pledged securities held by the financial institution.

As of the high cash day for the fiscal year ended June 30, 2023, the amount of deposits collateralized by depository insurance and pledged securities is as follows:

	Bank Balance	Depository Insurance	Pledged Securities	(Over) / Under Collateralized
Governmental Activities	\$ 3,598,041	\$ 500,000	\$ 3,952,693	\$ (854,652)
Blended Component Unit - PDGC	\$ 235,275	\$ 250,000	\$ -	\$ (14,725)
Component Unit - PHC	\$ 23,102	\$ 500,000	\$ 539,162	\$ (1,016,060)
Component Unit - WKWB	\$ 296,544	\$ 250,000	\$ 685,000	\$ (638,456)

3. Receivables

The District has program receivables in the amount of \$2,930,570. The majority of these receivables are related to grant receivables. The breakdown by function / program is as follows:

General Government	\$ 30,380
Community / Economic Development	\$ 217,018
Transportation Services	\$ 6,506
Aging and Independent Living Services	\$ 2,071,089
Pennyrile Development and Governmental Center	\$ 3,442
Pennyrile Housing Corporation	\$ (6,581)
West Kentucky Workforce Board	\$ 608,716

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

4. Capital Assets and Right to Use Leased Assets

In accordance with GASB Statement No. 87, the District has recorded right to use assets for leased equipment. The related leases are discussed in the Leases subsection of the Liabilities note. The right to use lease assets are amortized in a systematic and rational manner over the terms of the related leases.

In accordance with GASB Statement No. 34, the District has reported all capital assets in the Government-Wide Statement of Net Position.

Capital and right to use asset activity of the governmental activities for the year ended June 30, 2023, consisted of the following:

	Balance June 30, 2022	Additions / Reclassifications	Deletions / Reclassifications	Balance June 30, 2023
Governmental Activities				
Land	\$ 9,988	\$ -	\$ -	\$ 9,988
Buildings and Improvements	1,440,267	-	-	1,440,267
Office Furniture and Equipment	257,728	-	36,926	220,802
Computers and Equipment	216,873	1,350	69,257	148,966
Vehicles	106,484	35,142	25,999	115,627
Leased Equipment	40,061	-	-	40,061
Total	2,071,401	36,492	132,182	1,975,711
Less Accumulated Depreciation	(1,365,352)			(1,285,504)
Total Governmental Activities	\$ 706,049			\$ 690,207

A summary of the component units fixed asset transactions for the year ended June 30, 2023, follows:

	Balance June 30, 2022	Additions / Reclassifications	Deletions / Reclassifications	Balance June 30, 2023
Component Unit Activities				
Office Furniture and Equipment	\$ 13,891	\$ -	\$ -	\$ 13,891
Computers and Equipment	81,831	-	-	81,831
Construction in Progress	3,186	-	-	3,186
Total	98,908	-	-	98,908
Less Accumulated Depreciation	(95,722)			(95,722)
Total Component Unit Activities	\$ 3,186			\$ 3,186

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

4. Capital Assets and Right to Use Leased Assets, Continued

For the year ended June 30, 2023, depreciation and amortization on capital assets, including right of use assets associated with leases, was charged to the government functions as follows:

General	\$ 18
Community / Economic Development	1,043
Transportation Services	221
Aging Services	3,950
Revolving Loan Fund	17
RLF CARES	8
Intermediary Relending Program	4
Pennyrile Development and Gov't Center	25,854
West Kentucky Workforce Board	<u>3,465</u>
Total Depreciation Expense	<u>\$ 34,580</u>

5. Notes Receivable

A summary of the District's notes receivable is as follows:

- a. The District loaned Refine Tile \$250,000 on November 1, 2014, for the purpose of purchasing equipment and fixtures. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance due was \$196,467.
- b. The District loaned Hopkinsville Industrial Foundation \$250,000 on May 22, 2019, to finance leasehold improvements on property. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance due was \$153,418.
- c. The District loaned B&H Butcher Block, LLC \$50,000 on July 16, 2021, for the purpose of purchasing equipment and fixtures. Terms of the agreement stipulate a 5-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance due was \$31,919.
- d. The District loaned Central Screen Printing, Inc. \$200,000 on May 20, 2022, for the purpose of making improvements to real estate. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance due was \$183,674.
- e. The District loaned Strader Farms, LLC \$25,000 on September 3, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$4,934.
- f. The District loaned Four Season Catering \$25,000 on October 8, 2020 for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$4,924.
- g. The District loaned Blue Dot Cab Company \$25,000 on October 20, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$9,844.
- h. The District loaned Seven Oaks Stone \$25,000 on November 6, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$5,626.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

5. Notes Receivable, Continued

- i. The District loaned Milkweed Health & Harmony \$22,382 on November 6, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$6,299.
- j. The District loaned The Bruce Convention Center \$25,000 on November 6, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$7,039.
- k. The District loaned Poppy's Meat Shop \$25,000 on November 3, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, the principal balance was \$7,032.
- l. The District loaned Shaw Trucking \$25,000 on December 1, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$25,000.
- m. The District loaned Dreamfield Lending \$25,000 on December 1, 2020 for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$7,734.
- n. The District loaned Colonial Motel \$25,000 on December 1, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$10,541.
- o. The District loaned Princeton Pike Tire \$25,000 on January 4, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$12,651.
- p. The District loaned Griffin Auto Sales \$25,000 on January 4, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$10,547.
- q. The District loaned Regional Door \$25,000 on February 19, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$9,119.
- r. The District loaned Majestic House, LLC \$25,000 on February 19, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$9,120.
- s. The District loaned Poplar Creek \$25,000 on April 5, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$12,621.
- t. The District loaned Kentucky Machine \$25,000 on April 6, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$10,516.
- u. The District loaned The Brick Oven \$25,000 on April 19, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was zero. The loan was paid off during the current fiscal year.
- v. The District loaned Lily Ann's \$22,432 on April 27, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$22,205.
- w. The District loaned Brothers BBQ \$25,000 on May 3, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$11,285.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

5. Notes Receivable, Continued

- x. The District loaned Artic Refrigeration \$25,000 on May 25, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$11,909.
- y. The District loaned Place One \$25,000 on May 25, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$20,922.
- z. The District loaned Bard Distillery \$25,000 on June 28, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$12,603.
- aa. The District loaned TM Liquor and Wine \$25,000 on June 23, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$18,170.
- bb. The District loaned Car Spa, LLC \$11,256 on July 23, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$7,255.
- cc. The District loaned Trophy House \$25,000 on September 3, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$13,383.
- dd. The District loaned Tosha Harris \$15,000 on October 29, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$14,661.
- ee. The District loaned Alesha McDonald \$10,000 on December 3, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$6,427.
- ff. The District loaned Tesha Radford \$15,000 on December 3, 2021, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$12,547.
- gg. The District loaned Ronnie Moss \$3,600 on June 17, 2022, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 0.5 percent interest. As of June 30, 2023, principal balance was \$3,303.
- hh. The District loaned Navya Pooja, LLC \$80,000 on June 21, 2021, for the purpose of working capital. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance was \$67,626.
- ii. The District loaned Bard Distillery \$203,000 on February 23, 2022, for the purpose of working capital. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance was \$181,990.
- jj. The District loaned Marion Mining Bolts \$231,500 on March 1, 2012, for the purpose of financing real estate. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance was zero. The loan was paid in full during the current fiscal year.
- kk. The District loaned Newcom Properties \$247,500 on January 1, 2015, for the purpose of making improvement to real estate. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance was zero. The loan was paid in full during the current fiscal year.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

5. Notes Receivable, Continued

A summary of Pennyryle Housing Corporation's (PHC), the component unit, notes receivable is as follows:

- a. PHC loaned Lisa Robertson Owen \$23,000 on December 12, 2005, for the purpose of making improvements to real estate. Terms of the agreement stipulate a 20-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$6,120.
- b. PHC loaned Wilma Gilford \$25,000 on February 6, 2008, for the purpose of making improvements to real estate. Terms of the agreement stipulate a 20-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$8,754.
- c. PHC loaned Cora Tolliver \$4,000 on April 1, 2008, for the purpose of making improvements to real estate. Terms of the agreement stipulate a 10-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$199.
- d. PHC loaned Mark Steele \$11,246 on September 2, 2014, for the purpose of making improvements to real estate. Terms of the agreement stipulate a 10-year repayments schedule at 6 percent interest. As of June 30, 2023, principal balance was \$9,942.
- e. PHC loaned Katherine Hurt \$11,710 on October 23, 2017, for the purpose of making improvements to real estate. Terms of the agreement stipulate a 10-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$10,875.
- f. PHC loaned Shelia Hampton \$5,630 on July 23, 2021, for the purpose of making improvements to real estate. Terms of the agreement stipulate a 10-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$4,844.

6. Accounts Payable

The District has accounts payable in the amount of \$1,335,718. The majority of these payables are related to operating and program expenses. The breakdown by function / program is as follows:

General Government	\$	173,633
Community / Economic Development	\$	6,487
Transportation Services	\$	493
Aging and Independent Living Services	\$	752,813
Pennyryle Development & Gov't Center	\$	793
Pennyryle Housing Corporation	\$	54
West Kentucky Workforce Board	\$	401,445

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

7. Non-Current Liabilities

The District's non-current liabilities include compensated absences, notes from direct borrowings, and leases payable. The following is a summary of non-current liability transactions for the year ended June 30, 2023:

	Balance July 01, 2022	Transfers, Issues, or Additions	Transfers, Payments, or Expenditures	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Notes from Direct Borrowings	\$ 425,000	\$ 195,000	\$ 23,888	\$ 596,112	\$ 26,111
Lease Liabilities - Equipment	9,257	-	4,149	5,108	1,315
Compensated Absences	191,675	146,438	139,504	198,609	-
Net Pension Liability	4,413,127	172,164	-	4,585,291	-
Net OPEB Liability	1,324,819	-	73,256	1,251,563	-
Total Governmental Activities	6,363,878	513,602	240,797	6,636,683	27,426
Component Unit Activities					
Notes from Direct Borrowings	61,043	-	18,123	42,920	11,706
Total Component Unit Activities	61,043	-	18,123	42,920	11,706
Total Non-Current Liabilities	\$ 6,424,921	\$ 513,602	\$ 258,920	\$ 6,679,603	\$ 39,132

Direct Borrowings

The District's outstanding note from direct borrowings related to the component unit activities in the amount of \$42,920 is unsecured. The outstanding note from direct borrowings related to the component unit activities in the amount of \$42,920 contains no default provisions.

The District's outstanding notes from direct borrowings related to the governmental activities in the amount of \$596,112 were borrowed to fund the construction of a building addition to the District's facilities and further improvements. The notes are secured by the building. The agreement defines events of defaults as (a) failure to pay any of the payments at the specified time; (b) failure to vacate or surrender the building by the July 1 following an event of nonappropriation; and (c) failure to observe or perform any covenant, condition, or agreement for a period of 30 days after written notice specifying such failure and requesting that it be remedied unless an extension of such time prior to expiration is given in writing. The remedies for default on the outstanding note from direct borrowing are that the lender may (a) enforce the pledge set forth in the agreement that during the remaining term there is levied on all taxable property a direct tax annually in an amount sufficient to pay the payments when and as due; (b) take legal title to, and sell or re-lease the building or any portion thereof; and (c) take whatever action at law or in equity may appear necessary or desirable to enforce the rights in and to the building under this agreement, and / or the applicable covenants and agreements under this agreement and to recover damages for the breach thereof.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

7. Non-Current Liabilities, Continued

Leases

The District has entered into agreements to lease certain equipment. The leases agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception.

The first agreement was executed on October 26, 2016, to lease equipment and requires 60 monthly payments of \$346. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.50%, which is the prime rate as of that date. As a result of the lease, the District has recorded a right to use asset with a net book value of \$19,020. This lease ended in fiscal year ended June 30, 2023.

The second agreement was executed on June 27, 2018, to lease equipment and requires 60 monthly payments of \$269.17. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5.00%, which is the prime rate as of that date. As a result of the lease, the District has recorded a right to use asset with a net book value of \$14,264. The lease ended in fiscal year ended June 30, 2023.

The third agreement was executed on March 8, 2022, to lease equipment and requires 60 monthly payments of \$125.58. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.25%, which is the prime rate as of that date. As a result of the lease, the District has recorded a right to use asset with a net book value of \$6,777.

Non-current liabilities at June 30, 2023, are comprised of the following:

Governmental Activities			
<u>Notes from Direct Borrowings</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance End of Year</u>
Lease Payable			
Kentucky Association of Counties	3.57%	2037	\$ 403,334
Kentucky Association of Counties	4.08%	2042	192,778
Total Governmental Activities			<u>596,112</u>

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

7. Non-Current Liabilities, Continued

Component Units			
<u>Notes from Direct Borrowings</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance End of Year</u>
Kentucky Housing Corporation	1.00%	2025	\$ 3,267
Kentucky Housing Corporation	1.00%	2026	7,248
Kentucky Housing Corporation	1.00%	2026	6,149
Kentucky Housing Corporation	1.00%	2028	2,255
Kentucky Housing Corporation	1.00%	2029	2,356
Kentucky Housing Corporation	1.00%	2030	7,417
Kentucky Housing Corporation	1.00%	2031	14,228
Total Component Units			<u>42,920</u>
Total Long-Term Debt			<u><u>\$ 639,032</u></u>

The annual requirements to retire debt are as follows:

Governmental Activities			
Notes from Direct Borrowings			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payable</u>
2024	\$ 26,111	\$ 29,274	\$ 55,385
2025	30,000	26,807	56,807
2026	30,000	25,232	55,232
2027	30,000	23,657	53,657
2028	30,000	22,332	52,332
2029-2033	202,500	87,999	290,499
2034-2038	180,000	40,850	220,850
2039-2043	<u>67,501</u>	<u>11,038</u>	<u>78,539</u>
Total Notes from Direct Borrowings	<u><u>\$ 596,112</u></u>	<u><u>\$ 267,189</u></u>	<u><u>\$ 863,301</u></u>

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

7. Non-Current Liabilities, Continued

Governmental Activities			
Lease Liabilities			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payable</u>
2024	\$ 1,315	\$ 192	\$ 1,507
2025	1,372	135	1,507
2026	1,432	75	1,507
2027	989	16	1,005
2028	-	-	-
Total Lease Liabilities	<u>\$ 5,108</u>	<u>\$ 418</u>	<u>\$ 5,526</u>
Component Units			
Notes from Direct Borrowings			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 11,706	\$ 293	\$ 11,999
2025	8,468	301	8,769
2026	8,477	217	8,694
2027	4,055	131	4,186
2028	3,521	91	3,612
2029-2033	<u>6,693</u>	<u>84</u>	<u>6,777</u>
Total Notes from Direct Borrowings	<u>\$ 42,920</u>	<u>\$ 1,117</u>	<u>\$ 44,037</u>
Total Governmental and Component Activities	<u>\$ 644,140</u>	<u>\$ 268,724</u>	<u>\$ 912,864</u>

Of the three funds the District maintains, the General Fund and the Pennyrile Development and Governmental Center are the funds used to meet the obligations of the general debt activities.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

8. Pension Plan

Plan Description: The District contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Public Pensions Authority (KPPA) 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. The KPPA was created by state statute under Kentucky Revised Statute Chapter 61. The KPPAS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the KPPA. The Kentucky Department of Revenue, an agency in the legislative branch of state government, administers the plans of KPPA. The KPPA issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided: CERS provides for retirement, disability, and death benefits to system members through its pension fund. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.5%. No COLA has been granted since July 1, 2011. 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.

Tier 1 – Members of the CERS (nonhazardous), participating prior to September 21, 2008, are eligible to retire with an unreduced benefit at age 65 or any age with over 27 years of service credit. Benefits are determined by a formula using the member's five highest annual compensation and the member's years of service. A reduced early retirement benefit is available at age 65 with at least 25 years, but less than 27 years of service credit, or at age 55 with 5 years of service credit.

Tier 2 – Members of the CERS (nonhazardous), participating after September 1, 2008 but before January 1, 2014, are eligible to retire with an unreduced benefit at age 57 if age plus service credits equal 87 years at retirement or after age 65 with 5 years of service credit. Benefits are determined by a formula using the member's last five consecutive year's compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 with at least 10 years of service credit.

Tier 3 – Members of the CERS (nonhazardous), participating after January 1, 2014, are eligible to retire with an unreduced benefit at age 57 and if age plus service credits equal 87 years at retirement or after age 65 with 5 years of service credit. Service-related disability benefits are provided for all three tiers regardless of length of service. A variety of death benefits are available under various eligibility criteria. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

8. Pension Plan, Continued

Contributions: Contributions for members are established in the statutes governing the KPPA and may only be changed by the Kentucky General Assembly. CERS and Insurance Fund covered employees are required to contribute 5% of gross pay and all employees that began participating after September 1, 2008, are required to contribute an additional 1% for health coverage. By law, employer contributions for the CERS and Insurance Fund are required to be paid. The actuarially determined contribution rate for the year ended June 30, 2023, was 26.79% of annual creditable compensation, of which 23.40% and 3.39% was contributed to the pension and insurance funds within CERS, respectively. Contributions to the CERS pension fund were \$459,713 for the year ended June 30, 2023.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability: At June 30, 2023, the District reported a liability of \$4,585,291 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan during the year ended June 30, 2022, relative to the contributions of all members for the year ended June 30, 2022. At the June 30, 2022, measurement date, District's proportion was 0.063429%. The District's proportionate share decreased 0.005788% from the prior year.

For the year ended June 30, 2023, the District recognized a pension expense of \$234,758.

For the year ended June 30, 2023, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,902	\$ 40,834
Change of assumptions	-	-
Net difference between projected and actual earnings on plan investments	117,550	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,544	260,723
Employer contributions subsequent to the measurement date	459,713	-
	<u>\$ 595,709</u>	<u>\$ 301,557</u>

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

8. Pension Plan, Continued

The amount shown above for “Employer contributions subsequent to the measurement date” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related pensions will be recognized in pension expense as follows:

<u>June 30</u>	<u>Amount</u>
2024	\$ (133,579)
2025	(123,707)
2026	(38,532)
2027	130,257
2028	-
	<u><u>\$ (165,561)</u></u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions: The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increases	3.30% - 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CERS non-hazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Long-Term Rate of Return: The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. These ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rate of return for each major asset class are summarized below. The current long-term inflation assumption is 2.30% per annum. The long-term expected rates of return on Pension Plans’ investments were applied to all periods of projected benefit payments to determine the total pension liability.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

8. Pension Plan, Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit / High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the total pension liability for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using a discount rate of 6.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (5.25%) or 1-percent-point higher (7.25%) than the current rate for non-hazardous:

	<u>1% Decrease (5.25%)</u>	<u>Discount Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
Pennyrile Area Development District's net pension liability	\$ 5,731,045	\$ 4,585,291	\$ 3,637,657

Plan Fiduciary Net Position: Detailed information about the pension plan fiduciary net position is available in the separately issued Kentucky Retirement System Comprehensive Annual Financial Report.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

9. Post-Employment Benefits Other Than Pensions (OPEB)

Plan Description: The District contributes to the Kentucky Public Pensions Authority Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Kentucky Public Pensions Authority (KPPA). The authority to establish and amend benefit provisions rests with the Kentucky General Assembly. The KPPA issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided: The Insurance Fund was established to provide hospital and medical insurance for members receiving benefits from the County Employees Retirement System (CERS). 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.

Contributions: Employers participating in the KPPA Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KPPA board is a percentage of each employee's creditable compensation. Employees qualifying as Tier 2 or Tier 3 of the CERS plan contribute 1% of creditable compensation to an account created for the payment of health insurance benefits. For the year ended June 30, 2023, the required contribution was 3.39% of each employee's covered payroll. Contributions from the District to the Insurance Fund for the year ended June 30, 2023, were \$66,599.

Implicit Subsidy: The fully insured premiums KPPA pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

OPEB Liabilities (Assets), OEPB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Other Post-Employment Benefits Liability: At June 30, 2023, the District reported a liability of \$1,251,563 for its proportionate share of net liability associated with the other post-employment benefits. The net other post-employment benefits liability was measured as of June 30, 2022, and the total other post-employment benefits liability used to calculate the net other post-employment benefits asset was determined by an actuarial valuation as of that date. The District's portion of the net other post-employment benefits liability was based on the District's contributions to the other post-employment benefits plan during the year ended June 30, 2022, relative to the contributions of all members for the year ended June 30, 2022. At the June 30, 2022, measurement date, the District's proportion was 0.063418%. The District's proportionate share decreased 0.005783% from the prior year.

For the year ended June 30, 2023, the District recognized other post-employment benefits expenses of \$104,516.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

9. Post-Employment Benefits Other Than Pensions (OPEB), Continued

For the year ended June 30, 2023, District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 125,980	\$ 287,012
Change of assumptions	197,943	163,104
Net difference between projected and actual earnings on plan investments	50,798	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,515	148,641
Employer contributions subsequent to the measurement date	<u>111,723</u>	<u>-</u>
	<u><u>\$ 497,959</u></u>	<u><u>\$ 598,757</u></u>

The amount shown above for “Employer contributions subsequent to the measurement date” will be recognized as a reduction (increase) to net other post-employment benefits liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related pensions will be recognized in pension expense as follows:

June 30	Amount
2024	\$ (45,538)
2025	(46,907)
2026	(105,732)
2027	(14,344)
2028	-
	<u><u>\$ (212,521)</u></u>

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense.

**PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023**

9. Post-Employment Benefits Other Than Pensions (OPEB), Continued

Actuarial Assumptions: The total other post-employment benefits liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increases	3.30% - 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 9.00% in 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous System projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement disabled)	PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

Long-Term Expected Rate of Return: The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rates of returns are developed for each 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 current long-term inflation assumption is 2.30% per annum.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

9. Post-Employment Benefits Other Than Pensions (OPEB), Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit / High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount Rate: The projection of cash flows used to determine the discount rate of 5.70% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 23-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70%. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

9. Post-Employment Benefits Other Than Pensions (OPEB), Continued

Sensitivity of the Proportionate Share of Net Other Post-Employment Benefits Liability (Asset) to Changes in the Discount Rate: The following presents the net other post-employment benefits liability of the District, calculated using a discount rate of 5.70%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (4.70%) or 1-percent-point higher (6.70%) than the current rate for non-hazardous:

	<u>1% Decrease</u> <u>(4.70%)</u>	<u>Discount Rate</u> <u>(5.70%)</u>	<u>1% Increase</u> <u>(6.70%)</u>
Pennyriple Area Development District's net other post-employment benefits liability	\$ 1,673,140	\$ 1,251,563	\$ 903,059

Sensitivity of the Proportionate Share of Net Other Post-Employment Benefits Liability (Asset) to Changes in the Healthcare Cost Trend Rate: The following presents the net other post-employment benefits liability of the District, calculated using a the current healthcare cost trend rate, as well as what the District's net pension liability would be if it were calculated at a 1% decrease and a 1% increase:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Pennyriple Area Development District's net other post-employment benefits liability	\$ 930,509	\$ 1,251,563	\$ 1,637,088

OPEB Plan Fiduciary Net Position: Detailed information about the pension plan fiduciary net position is available in the separately issued Kentucky Public Pensions Authority Comprehensive Annual Financial Report.

10. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured under a public entity risk pool for these types of risk, including workers' compensation. In accordance with Kentucky Revised Statute 304.48-250, if the assets of the liability insurance group (pool) are at any time insufficient to enable the group to discharge its legal liabilities, other obligations, and to maintain the required reserves, the pool shall immediately levy an additional assessment upon all members of the pool for the amount necessary to make up the deficiency.

The District reduces the risk of loss by purchasing commercial liability insurance. No additional assessments have resulted for the liability insurance or workers' compensation insurance in any of the past three fiscal years.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

11. Contingencies

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. To the extent that the District has not complied with the rules and regulations governing these grants, refunds of any money received may be impaired. Based on prior experience, management believes the District will not incur significant losses from possible grant disallowances. Amounts that management anticipates will be refunded are included in grants payable.

The District passes a significant portion of the state and federal grant funds it receives through to subrecipients. The District monitors the activities of the subrecipients and requires that applicable subrecipients have financial and compliance audits performed. To the extent that audits of subrecipients indicate failures to comply with applicable grant requirements, the District assesses the likelihood of grant refunds payable as a result of such noncompliance, and records a liability for amounts management deems to be in excess of amounts recoverable from the subrecipient. Management also assesses the likelihood of noncompliance by subrecipients that have not yet submitted audited results and, to the extent material amounts are believed by management to be refundable, amounts in excess of what management deems recoverable from the subrecipient, is recognized as a liability of the District. Continuation of the District's programs is predicated by the grantor's satisfaction that the funds are being spent as intended and the grantors' intent to continue their programs.

12. Cost Allocation Plan

The District allocates shared costs according to the cost allocation plan. The plan is calculated according to a monthly salary allocation ratio that is calculated for each applicable program. The shared costs are made up of the costs determined to be indirect costs incurred on behalf of all programs.

Operating expenses of the Pennyrile Area Development District are charged as either direct program costs or indirect costs on behalf of all programs. Direct charges to a particular program are as defined in 2 CFR Part 200, Uniform Guidance, which can be identified specifically with a particular program objective. The criteria as used by the District in determining direct and indirect costs are as follows:

A. Salaries and Wages

- a. Direct Costs – The majority of the employees direct charge their salary costs since their work is specifically identifiable to specific grants, contracts, or other activities of the organization.

The charges are supported by auditable labor distribution reports which reflect the actual activities of the employees.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

12. Cost Allocation Plan, Continued

- b. Mixed Charges – The following employees may charge their salary costs to both direct and indirect activities:
 - i. Executive Director
 - ii. Administrative Officer
 - iii. Executive Assistant
 - iv. Accounting Clerks
 - v. Website Developer
 - vi. Computer Manager
 - vii. Receptionist

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs, they are indirect. When functions are specific to one or more programs they are direct because they do not benefit all programs. Auditable labor distribution records which reflect the actual activities of employees are maintained to support the mix of direct / indirect charges.

- c. Release time costs (vacation leave earned, sick leave used, and paid holidays) are considered part of salary costs. Since such costs are part of salary, the recipient does not claim release time as separate charges. Pennyriple ADD's records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is treated as a cost incurred during the period the leave is earned.

B. Fringe Benefits

The District contributes the following fringe benefits for its employees:

- Federal Insurance Contributions Act (Social Security and Medicare)
- Unemployment Insurance
- Health, Dental and Vision Insurance
- Disability Insurance
- Employee Discretionary Insurance Coverage
- Kentucky Retirement System
- Worker's Compensation Insurance
- Life Insurance
- Annual Leave

Since the district's accounting system tracks fringe benefits costs by individual employee and charges those costs directly or indirectly in the same manner as salary and wage costs are recorded, the district does not need to have a fringe benefit rate established.

Payments to separating employees for unused leave are not charged as direct costs to any federal awards.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

12. Cost Allocation Plan, Continued

C. Travel

Travel costs are charged either as direct or indirect depending upon the predominant purpose of the trip. Auditable travel vouchers support all claimed travel costs. Travel costs are normally limited to those allowable under the Federal Travel Regulations. The District identifies unallowable travel costs (e.g., most first class airfare, excessive lodging costs, and alcoholic beverages) and does not charge them as direct to federal awards or as indirect to any indirect cost pool.

D. Consultant Contracts

All consultant contracts whose content is directly attributed to specific work elements are to be charged as a direct cost of the program(s) in which they apply.

E. Printing and Duplicating

All printing and duplicating costs which are directly attributable to documents within a specific work element are to be charged as a direct cost. This specifically applies to any printing, which is necessary on required plans and reports. All miscellaneous printing costs are to be charged as indirect service costs.

F. Postage

All postage costs, which are directly attributable to a specific work element, are to be charged as a direct cost. All postage not identifiable with a specific program is considered an indirect cost.

G. Audit Fees

The Pennyrile Area Development District's audit cost for the Agency's annual overall audit with details by specific program are to be charged as a shared administrative cost; except in the case of a specific program or grant requiring a special audit report in which case these fees should be charged against that specific program or grant.

H. Building Rental

All building rental or depreciation and the associated utilities costs is to be charged as a shared service cost.

I. Equipment Rental / Purchases

Depreciation charges, rentals, and usage costs of equipment are generally charged as shared service costs. In some instances, if allowable, depreciation charges, rentals, and usage costs may be charged as a direct cost to the applicable program element. Equipment purchases are not charged as shared costs.

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2023

12. Cost Allocation Plan, Continued

For fiscal year ended June 30, 2023, the shared cost categories that were allocated to all of the programs are as follows:

Salaries	\$ 335,584
Employee Benefits	185,624
Annual Leave	30,757
Travel	65,667
Duplicating	2,970
Postage	2,241
Depreciation	5,101
Other Indirect Costs	<u>305,723</u>
 Total Shared Cost	 <u><u>\$ 933,667</u></u>

13. New GASB Standards

During fiscal year ended June 30, 2023, the District implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangement (SBITA's)". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements for government end users. This standard requires recognition of certain software subscriptions as an asset and corresponding liability, similar to the requirements established in Statement No. 87, "Leases". The implementation of the statement as no impact on the financial statements as the District has not entered into any subscription contracts that meet the requirements set out in this Standard.

REQUIRED SUPPLEMENTARY INFORMATION

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with
	Original	Final	Amounts -	Final Budget
			Budgetary	Favorable
			Basis	(Unfavorable)
Revenues				
Federal and State Grants	\$ 19,767,723	\$ 23,863,215	\$ 14,718,892	\$ (9,144,323)
Annual Assessments	98,687	98,687	96,573	(2,114)
Interest Income	2,200	40,000	84,620	44,620
Other Revenues	443,955	497,793	326,551	(171,242)
Total Revenues	20,312,565	24,499,695	15,226,636	(9,273,059)
Expenditures				
Direct Expenditures				
Salaries	2,307,364	2,325,365	1,649,519	675,846
Employee Benefits	1,344,313	1,356,761	941,636	415,125
Travel	230,000	230,000	120,302	109,698
Contracted Services	15,427,627	19,094,283	11,665,495	7,428,788
Duplicating	22,000	22,000	12,159	9,841
Postage	15,000	15,000	11,143	3,857
Depreciation	30,000	30,000	5,101	24,899
Other Direct Costs	724,614	827,753	544,833	282,920
Shared Costs Applied	-	-	(280,732)	280,732
Total Expenditures	20,100,918	23,901,162	14,669,456	9,231,706
Excess (Deficiency) of Revenues over Expenditures	211,647	598,533	557,180	(41,353)
Net Change in Fund Balance	\$ 211,647	\$ 598,533	\$ 557,180	\$ (41,353)

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND AND
SPECIAL REVENUE FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources / Inflows of Resources

Actual Amounts (Budgetary Basis) "Total Revenues" from the Budgetary Comparison Schedule	\$ 15,226,636
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Differences - Budget to GAAP

The in-kind revenue impacts revenue but not budgetary inflows.	243,638
Payments on notes receivables received impacts revenue but not budgetary inflows.	354,439

Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

\$ 15,824,713

Uses / Outflows of Resources

Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 14,669,456
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Differences - Budget to GAAP

The in-kind expenditures impact the expenditures but not budgetary outflows.	243,638
Capital outlays are expenditures but not budgetary outflows.	36,492
(Increase)/decrease in accrued annual leave are budgetary outflows but not expenditures.	(3,168)
Shared depreciation is included in budgetary outflows but not expenditures.	(3,429)

Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

\$ 14,942,989

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEE RETIREMENT SYSTEM
FOR THE YEARS ENDED JUNE 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Net Pension Liability (Asset) for County Employee Retirement System	\$ 7,229,013,496	\$ 6,375,784,388	\$ 7,669,917,211	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,463	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,376,263
Pennyrrile Area Development District's Proportion of the Net Pension Liability (Asset)	0.063429%	0.069217%	0.069114%	0.067170%	0.074377%	0.075167%	0.074476%	0.078550%	0.081091%
Pennyrrile Area Development District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,585,291	\$ 4,413,127	\$ 5,300,987	\$ 4,724,096	\$ 4,529,786	\$ 4,399,756	\$ 3,666,933	\$ 3,377,279	\$ 2,630,890
Pennyrrile Area Development District's Covered Payroll	\$ 1,964,585	\$ 1,753,963	\$ 1,767,990	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305	\$ 1,809,114	\$ 1,832,682
Pennyrrile Area Development District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	233.40%	251.61%	299.83%	266.85%	267.35%	238.89%	198.50%	186.68%	143.55%
Plan Fidicuary Net Position as a Percentage of the Total Net Position	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

*The amounts presented were determined as of June 30 of the prior fiscal year

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Additional years will be presented as they become available.

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF REQUIRED CONTRIBUTIONS - PENSION
COUNTY EMPLOYEE RETIREMENT SYSTEM
FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Pension Contribution	\$ 459,713	\$ 371,314	\$ 341,222	\$ 341,676	\$ 274,816	\$ 266,689	\$ 257,699	\$ 224,692	\$ 233,667	\$ 255,613
Contribution in Relation to the Contractually Required Pension Contribution	<u>(459,713)</u>	<u>(371,314)</u>	<u>(341,222)</u>	<u>(341,676)</u>	<u>(274,816)</u>	<u>(266,689)</u>	<u>(257,699)</u>	<u>(224,692)</u>	<u>(233,667)</u>	<u>(255,613)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pennyrile Area Development District's Covered Payroll	\$ 1,964,585	\$ 1,753,963	\$ 1,767,990	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305	\$ 1,809,114	\$ 1,832,682	\$ 1,860,357
Pension Contributions as a Percentage of Pennyrile Area Development District's Covered Payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Additional years will be presented as they become available.

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER
POST-EMPLOYMENT BENEFITS LIABILITY
COUNTY EMPLOYEE RETIREMENT SYSTEM
FOR THE YEARS ENDED JUNE 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Net Other Post-Employment Benefits Liability (Asset) for County Employee Retirement System	\$ 1,973,513,617	\$ 1,914,449,967	\$ 2,414,695,884	\$ 1,681,954,950	\$ 1,775,480,122	\$ 2,010,342,058
Pennyrile Area Development District's Proportion of the Net Other Post-Employment Benefits Liability (Asset)	0.063418%	0.069201%	0.069094%	0.067152%	0.074374%	0.075167%
Pennyrile Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability (Asset)	\$ 1,251,563	\$ 1,324,819	\$ 1,668,410	\$ 1,129,466	\$ 1,320,496	\$ 1,511,114
Pennyrile Area Development District's Covered Payroll	\$ 1,964,585	\$ 1,753,963	\$ 1,767,990	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775
Pennyrile Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability as a Percentage of Its Covered Payroll	63.71%	75.53%	94.37%	63.80%	77.94%	82.05%
Plan Fiduciary Net Position as a Percentage of the Total Net Position	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

*The amounts presented were determined as of June 30 of the prior fiscal year.

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Additional years will be presented as they become available.

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF REQUIRED CONTRIBUTIONS - OTHER
POST-EMPLOYMENT BENEFITS
COUNTY EMPLOYEE RETIREMENT SYSTEM
FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Other Post-Employment Benefits Contribution (Implicit Subsidy Omitted)	\$ 66,599	\$ 101,379	\$ 84,156	\$ 84,268	\$ 89,121	\$ 86,564	\$ 87,378
Contribution in Relation to the Contractually Required Other Post-Employment Benefits Contribution	<u>(66,599)</u>	<u>(101,379)</u>	<u>(84,156)</u>	<u>(84,268)</u>	<u>(89,121)</u>	<u>(86,564)</u>	<u>(87,378)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pennyrile Area Development District's Covered Payroll	\$ 1,964,585	\$ 1,753,963	\$ 1,767,990	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305
Contributions as a Percentage of Pennyrile Area Development District's Covered Payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Additional years will be presented as they become available.

**PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

1. Budgetary Information

The District adopts a budget conforming with the requirements established by KRS 65A.020 annually prior to the start of the fiscal year to which the budget applies. Any amendments made during the year follow the same approval process that was used for the adoption of the original budget.

2. Pension and OPEB – Changes of Benefit Terms

There have been no benefit terms changes since June 20, 2021 for the pension plan or the OPEB plan.

3. Pension and OPEB – Changes of Assumptions

There have been no actuarial assumption or method changes since June 30, 2021 for the pension plan.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

SUPPLEMENTARY INFORMATION

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Grantor / Program Title	Federal ALN Number	Pass-Through Grantor Number	Passed Through to Subrecipients	Expenditures
<u>U. S. Department of Commerce</u>				
Passed-Through Department for Local Government Joint Funding Administration	11.302	MOA*	\$ -	\$ 75,149
Economic Development Cluster				
Passed-Through Department for Local Government EDA CARES Act	11.307	PON2 112 2100000404	-	80,098
Passed-Through Economic Development Administration Economic Adjustment Program (RLF CARES) (Note 5)	11.307	04-79-07509	-	742,547
Economic Adjustment Assistance (RLF CARES)	11.307	04-79-06079	-	1,524
Total Economic Development Cluster			-	824,169
Total U.S. Department of Commerce			-	899,318
<u>U.S. Environmental Protection Agency</u>				
Passed-Through University of Kentucky Research Foundation State Indoor Radon Grants	93.113	3200003101-20-299	-	36,616
Total U.S. Environmental Protection Agency			-	36,616
<u>U. S. Department of Health and Human Services</u>				
Passed-Through Kentucky Cabinet for Health and Family Services				
Aging Cluster				
Title III Part B - Supportive Services	93.044	PON3 725 2200000036	191,354	301,637
COVID-19 (ARPA) - Title III Part B - Supportive Services	93.044	PON3 725 2200000036	71,080	79,354
Centers for Disease and Control and Prevention	93.044	PON2 725 2000004400	-	19,936
Total Title III Part B - Support Services			262,434	400,927
Title III Part C - Nutrition Services	93.045	PON3 725 2200000036	385,903	452,180
Nutrition Services Incentive	93.053	PON3 725 2200000038	112,662	112,662
Total Aging Cluster			760,999	965,769
Title III Part D - Disease Prevention	93.043	PON3 725 2200000036	17,259	17,259
COVID-19 (ARPA) - Title III Part D - Disease Prevention	93.043	PON3 725 2200000036	9,464	9,464
Total Title III Part D - Disease Prevention			26,723	26,723
Title III Part E - Caregiver Support	93.052	PON3 725 2200000036	-	162,201
Centers for Medicare and Medicaid Service - Research, Demonstrations, and Evaluations	93.324	PON3 725 2200000040	29,450	30,989
Medical Assistance Program	93.778	PON3 725 2200000065	-	37,500
Title VII - Ombudsman	93.042	PON3 725 2200000019	-	4,177
COVID-19 (ARPA) - Title VII - Ombudsman	93.042	PON3 725 2200000019	-	1,150
Total Title VII - Ombudsman			-	5,327
Title VII - Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	PON3 725 2200000019	-	4,232
Medicare Enrollment Assistance Program	93.071	PON3 725 2200000037	15,403	28,942
Passed-Through Kentucky Administrative Office of the Courts Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	PON2 2100000274	-	4,501
Total U.S. Department of Health and Human Services			832,575	1,266,184
<u>U.S. Department of Homeland Security</u>				
Passed-Through Todd County Fiscal Court Pre-Disaster Mitigation	97.047	MOA*	-	91,295
Total U.S. Department of Homeland Security			-	91,295

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Grantor / Program Title	Federal ALN Number	Pass-Through Grantor Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Labor</u>				
Passed-Through Kentucky Cabinet for Health and Family Services Senior Community Service Employment Title V Aging	17.235	PON3 725 2200000035	131,908	139,256
Passed-Through Commonwealth of Kentucky, Education and Labor Cabinet, Career Development Office				
Trade Adjustment Assistance	17.245	20520	14,633	154,993
Trade Adjustment Assistance	17.245	20521	40,643	240,251
Passed-Through Commonwealth of Kentucky, Education and Labor Cabinet, Department of Workforce Development				
WIOA NDWG / WIA NEG	17.277	258CV21	-	10,680
WIOA NDWG / WIA NEG	17.277	258KT22	184,293	430,283
WIOA Cluster				
WIOA Adult Program	17.258	27022	-	13,269
WIOA Adult Program	17.258	27322	151,106	369,125
WIOA Adult Program	17.258	27023	47,562	117,218
WIOA Adult Program	17.258	27323	88,384	270,864
WIOA Youth Activities	17.259	27422	14,168	184,670
WIOA Youth Activities	17.259	27423	39,501	544,387
WIOA Dislocated Worker Formula Grant	17.278	27222	53,450	135,900
WIOA Dislocated Worker Formula Grant	17.278	27122	136,239	929,042
WIOA Dislocated Worker Formula Grant	17.278	27223	76,762	204,373
WIOA Dislocated Worker Formula Grant	17.278	27123	52,717	342,539
Total WIOA Cluster			<u>659,889</u>	<u>3,111,387</u>
Total U.S. Department of Labor			<u>1,031,366</u>	<u>4,086,850</u>
<u>U.S. Department of Agriculture</u>				
Rural Business Development Grant	10.351		-	50,000
Total U.S. Department of Agriculture			<u>-</u>	<u>50,000</u>
<u>U.S. Department of the Treasury</u>				
Passed-Through Kentucky Cabinet for Health and Family Services Coronavirus State and Local Fiscal Recovery Funds - Expanded Senior Meal Planning	21.027	PON3 725 2200000036	1,553,683	1,804,341
Total U.S. Department of the Treasury			<u>1,553,683</u>	<u>1,804,341</u>
<u>Delta Regional Authority</u>				
Passed-Through Department for Local Government Delta Regional Authority Act - Technical Assistance	90.200	SF424	-	16,446
Total Delta Regional Authority			<u>-</u>	<u>16,446</u>
Total Federal Award Expenditures			<u>\$ 3,417,624</u>	<u>\$ 8,251,050</u>

* Memorandum of Agreement (MOA)

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023 and is presented on the statutory basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not represent the financial position, changes in net assets, or cash flows for the District.

2. 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The District uses a Cost Allocation Plan methodology as defined in Appendix VII, Part 200, Section F3.

4. Federal Expenditure Reconciliation

The District participates in certain federal programs that involve the loaning of monies to third parties. In accordance with Uniform Guidance, federal expenditures reflected in this schedule include the value of new loans made during the year plus: the federal share of loans outstanding, cash, and administrative costs incurred during the fiscal year.

Federal Expenditures	\$ 7,506,979
RLF Project Funds	1,524
RLF CARES Project Funds	<u>742,547</u>
Total Federal Expenditures	<u><u>\$ 8,251,050</u></u>

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
JUNE 30, 2023

5. Revolving Loan Federal Expenditures Calculation

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

RLF CARES		
Loan Receivable at 6/30/2023	\$	308,217
Cash in Bank		432,378
Administrative Expenses		<u>1,952</u>
Total		742,547
Federal Share		<u>100%</u>
	\$	<u><u>742,547</u></u>

6. WKWB Reconciliation

Kentucky Education and Workforce Development Cabinet	\$3,947,594
Increases (Decreases)	
Funding from Kentucky Administrative Office of the	
Courts Substance Abuse and Mental Health Services	
Projects of Regional and National Significance	<u>4,501</u>
Workforce Board Expenditures	<u><u>\$3,952,095</u></u>

PENNYRILE AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
JUNE 30, 2023

7. Subrecipients

Of the federal expenditures presented in the schedule, Pennyrile Area Development District provided federal awards to the following subrecipients:

<u>Subrecipient</u>	<u>Program Title</u>	<u>Amount Provided</u>
Pennyrile Allied Community Services, Inc.	Title III	\$ 646,310
	SHIP	29,450
	Title V - Senior Community Service Employment Program	131,908
	USDA	112,662
	Coronavirus State and Local Fiscal	1,553,683
	Medicare Enrollment Assistance Program	15,403
	Subrecipient Total	<u>\$ 2,489,416</u>
Kentucky Legal Aid	Title III	\$ 28,750
	Subrecipient Total	<u>\$ 28,750</u>
Purchase Area Development District	WIOA Funds	\$ 899,458
	Subrecipient Total	<u>\$ 899,458</u>

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Unrestricted Local Operations	Joint Funding Administration	Local Economic Development	Campbell Strong	Delta Regional Authority	Hazard Mitigation	Todd County Land Acquisition
Revenues							
Federal	\$ -	\$ 75,149	\$ -	\$ -	\$ 16,446	\$ 91,295	\$ -
Federal - CARES	-	-	-	-	-	-	-
Federal - ARPA	-	-	-	-	-	-	-
State	-	254,973	-	-	87,000	-	153,846
Local							
Annual Assessments	96,573	-	-	-	-	-	-
Interest Income	66,558	-	-	-	-	-	-
Local Match	(6,265)	-	1,981	-	-	-	-
Local Applied to Grants	(56,759)	553	-	834	-	-	-
Other Revenues	49,723	-	231,782	10,000	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-
Total Revenues	149,830	330,675	233,763	10,834	103,446	91,295	153,846
Expenditures							
Direct Expenditures							
Salaries	-	148,943	26,845	4,876	44,633	27,576	-
Employee Benefits	-	73,861	14,469	2,676	24,464	12,164	-
Annual Leave	-	8,501	1,744	495	3,720	1,518	-
Travel	6,902	8,914	1,108	-	3,370	1,081	-
Contracted Services	-	-	-	-	-	-	153,846
Duplicating	-	701	-	-	221	-	-
Postage	-	158	8	4	49	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other Direct Costs	76,166	7,518	149	-	883	34,137	-
In-Kind Expenditures	-	-	-	-	-	-	-
Total Direct Expenditures	83,068	248,596	44,323	8,051	77,340	76,476	153,846
Shared Costs Applied	-	82,079	15,139	2,783	26,106	14,819	-
Total Expenditures	83,068	330,675	59,462	10,834	103,446	91,295	153,846
Excess of Revenues Over (Under)							
Expenditures	\$ 66,762	\$ -	\$ 174,301	\$ -	\$ -	\$ -	\$ -

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

	Pennyrile Westpark RDAAP	Pennyrile Housing Corporation	University of KY Radon Project	EDA CARES	Intermediary Relending Program	Revolving Loan Fund	Revolving Loan Fund CARES
Revenues							
Federal	\$ -	\$ -	\$ 36,616	\$ -	\$ -	\$ -	\$ -
Federal - CARES	-	-	-	80,098	-	-	1,524
Federal - ARPA	-	-	-	-	-	-	-
State	5,940	-	-	-	-	-	-
Local							
Annual Assessments	-	-	-	-	-	-	-
Interest Income	-	1,762	-	-	28,080	17,711	1,973
Local Match	-	-	4,038	-	-	-	-
Local Applied to Grants	-	-	-	-	-	-	-
Other Revenues	-	-	-	4,167	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-
Total Revenues	5,940	1,762	40,654	84,265	28,080	17,711	3,497
Expenditures							
Direct Expenditures							
Salaries	-	-	13,352	19,041	957	4,421	843
Employee Benefits	-	-	6,524	9,265	571	2,343	426
Annual Leave	-	-	1,406	1,379	99	263	81
Travel	-	-	-	822	-	414	-
Contracted Services	5,940	-	12,005	19,318	-	-	-
Duplicating	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	480	-	-	-	-	-
Other Direct Costs	-	1,229	-	23,023	46	-	150
In-Kind Expenditures	-	-	-	-	-	-	-
Total Direct Expenditures	5,940	1,709	33,287	72,848	1,673	7,441	1,500
Shared Costs Applied	-	-	7,367	11,417	593	2,500	452
Total Expenditures	5,940	1,709	40,654	84,265	2,266	9,941	1,952
Excess of Revenues Over (Under)							
Expenditures	\$ -	\$ 53	\$ -	\$ -	\$ 25,814	\$ 7,770	\$ 1,545

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

	Aging						
	Water Management/ Resources	Regional Transportation	Local Road Updates	Rural Business Enterprise Grant	BRIC Community Resilience Project	Title III B Administration	Title III C1 Administration
Revenues							
Federal	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 33,349	\$ 35,155
Federal - CARES	-	-	-	-	-	-	-
Federal - ARPA	-	-	-	-	-	8,274	-
State	71,000	83,453	19,000	-	535	8,508	10,826
Local							
Annual Assessments	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Local Match	-	-	-	-	-	-	-
Local Applied to Grants	13,669	14,077	2,780	-	179	4,144	-
Other Revenues	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-
Total Revenues	84,669	97,530	21,780	50,000	714	54,275	45,981
Expenditures							
Direct Expenditures							
Salaries	36,600	43,759	10,674	-	236	20,128	17,634
Employee Benefits	19,217	19,083	4,255	-	147	12,548	11,215
Annual Leave	2,052	3,914	368	-	24	1,770	1,554
Travel	4,006	4,568	1,078	-	179	2,413	590
Contracted Services	-	-	-	50,000	-	-	-
Duplicating	-	-	-	-	-	555	555
Postage	-	-	-	-	-	318	318
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other Direct Costs	1,499	2,692	-	-	-	4,515	3,225
In-Kind Expenditures	-	-	-	-	-	-	-
Total Direct Expenditures	63,374	74,016	16,375	50,000	586	42,247	35,091
Shared Costs Applied	21,295	23,514	5,405	-	128	12,028	10,890
Total Expenditures	84,669	97,530	21,780	50,000	714	54,275	45,981
Excess of Revenues Over (Under)							
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

	Aging						
	Title III C2 Administration	Title III E Administration	Title III Supportive Services	Title III Congregate Meals	Title III Home Delivered Meals	Title III Disease Prevention	NSIP
Revenues							
Federal	\$ 31,122	\$ 14,291	\$ 258,584	\$ 346,634	\$ 39,269	\$ 17,259	\$ 112,662
Federal - CARES	-	-	-	-	-	-	-
Federal - ARPA	-	-	71,080	-	-	9,464	-
State	6,072	3,034	201,528	22,852	130,246	2,914	-
Local							
Annual Assessments	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Local Match	-	-	-	-	-	-	-
Local Applied to Grants	7,768	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-
In-Kind Revenue	-	-	3,378	132,436	9,073	26,465	-
Total Revenues	44,962	17,325	534,570	501,922	178,588	56,102	112,662
Expenditures							
Direct Expenditures							
Salaries	17,132	6,805	29,284	-	-	-	-
Employee Benefits	10,946	4,368	20,456	-	-	-	-
Annual Leave	1,512	599	1,842	-	-	-	-
Travel	590	32	953	-	-	-	-
Contracted Services	-	-	453,990	369,486	169,515	29,637	112,662
Duplicating	555	555	8	-	-	-	-
Postage	318	318	21	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other Direct Costs	3,339	524	6,346	-	-	-	-
In-Kind Expenditures	-	-	3,378	132,436	9,073	26,465	-
Total Direct Expenditures	34,392	13,201	516,278	501,922	178,588	56,102	112,662
Shared Costs Applied	10,570	4,124	18,292	-	-	-	-
Total Expenditures	44,962	17,325	534,570	501,922	178,588	56,102	112,662
Excess of Revenues Over (Under)							
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

	Aging					
	Title V Senior Employment	Federal Caregiver Services	Disability Resource Center	MIPPA ADRC	MIPPA AAA	MIPPA SHIP
Revenues						
Federal	\$ 139,256	\$ 147,910	\$ 37,500	\$ 2,898	\$ 10,641	\$ 15,403
Federal - CARES	-	-	-	-	-	-
Federal - ARPA	-	-	-	-	-	-
State	-	49,229	37,500	-	-	-
Local						
Annual Assessments	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Local Match	-	-	-	-	-	-
Local Applied to Grants	-	112	3,044	-	-	-
Other Revenues	-	-	-	-	-	-
In-Kind Revenue	16,674	-	-	-	-	-
Total Revenues	<u>155,930</u>	<u>197,251</u>	<u>78,044</u>	<u>2,898</u>	<u>10,641</u>	<u>15,403</u>
Expenditures						
Direct Expenditures						
Salaries	2,991	35,347	29,490	1,193	4,344	-
Employee Benefits	1,980	21,918	23,535	838	2,949	-
Annual Leave	247	1,596	1,724	74	290	-
Travel	-	2,540	596	-	286	-
Contracted Services	131,908	111,010	-	-	-	15,403
Duplicating	-	1,238	60	25	31	-
Postage	-	716	183	-	45	-
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Direct Costs	280	1,695	2,404	-	-	-
In-Kind Expenditures	16,674	-	-	-	-	-
Total Direct Expenditures	<u>154,080</u>	<u>176,060</u>	<u>57,992</u>	<u>2,130</u>	<u>7,945</u>	<u>15,403</u>
Shared Costs Applied	<u>1,850</u>	<u>21,191</u>	<u>20,052</u>	<u>768</u>	<u>2,696</u>	<u>-</u>
Total Expenditures	<u>155,930</u>	<u>197,251</u>	<u>78,044</u>	<u>2,898</u>	<u>10,641</u>	<u>15,403</u>
Excess of Revenues Over (Under)						
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

	Aging					
	Participant Directed Services	Expanded Meals Program	Title III B Ombudsman	Elder Abuse	SHIP	Title VII Ombudsman
Revenues						
Federal	\$ -	\$ 1,804,341	\$ 9,704	\$ 4,232	\$ 30,989	\$ 4,177
Federal - CARES	-	-	-	-	-	-
Federal - ARPA	-	-	-	-	-	1,150
State	7,554,656	-	12,981	-	-	5,558
Local						
Annual Assessments	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Local Match	-	-	-	747	-	1,481
Local Applied to Grants	-	-	-	-	-	-
Other Revenues	10	-	-	-	-	-
In-Kind Revenue	-	30,424	-	-	79	-
Total Revenues	<u>7,554,666</u>	<u>1,834,765</u>	<u>22,685</u>	<u>4,979</u>	<u>31,068</u>	<u>12,366</u>
Expenditures						
Direct Expenditures:						
Salaries	302,427	66,132	9,470	2,078	541	5,113
Employee Benefits	199,180	48,336	5,577	1,224	361	3,068
Annual Leave	17,578	3,904	712	156	48	387
Travel	6,269	2,179	263	58	-	269
Contracted Services	6,605,801	1,632,584	-	-	29,450	-
Duplicating	2,116	10	221	49	-	103
Postage	4,409	25	116	25	-	54
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Direct Costs	19,509	8,107	706	155	247	330
In-Kind Expenditures	-	30,424	-	-	79	-
Total Direct Expenditures	<u>7,157,289</u>	<u>1,791,701</u>	<u>17,065</u>	<u>3,745</u>	<u>30,726</u>	<u>9,324</u>
Shared Costs Applied	<u>186,985</u>	<u>43,064</u>	<u>5,620</u>	<u>1,234</u>	<u>342</u>	<u>3,042</u>
Total Expenditures	<u>7,344,274</u>	<u>1,834,765</u>	<u>22,685</u>	<u>4,979</u>	<u>31,068</u>	<u>12,366</u>
Excess of Revenues Over (Under)						
Expenditures	<u>\$ 210,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

			Aging			
	Bridge the Gap	Homecare Services	Crittenden County Vaccine Grant	State Long- Term Care Ombudsman	CDC	Veterans Directed Benefits
Revenues						
Federal	\$ -	\$ -	\$ -	\$ -	\$ 19,936	\$ -
Federal - CARES	-	-	-	-	-	-
Federal - ARPA	-	-	-	-	-	-
State	4,302	551,490	-	61,943	-	-
Local						
Annual Assessments	-	-	-	-	-	-
Interest Income	-	-	-	-	-	441
Local Match	-	-	-	-	-	-
Local Applied to Grants	-	4,946	169	-	242	-
Other Revenues	-	-	771	-	-	1,825,393
In-Kind Revenue	-	25,109	-	-	-	-
Total Revenues	4,302	581,545	940	61,943	20,178	1,825,834
Expenditures						
Direct Expenditures:						
Salaries	312	52,018	379	25,704	198	302,427
Employee Benefits	152	34,737	209	15,370	98	45,972
Annual Leave	12	3,922	31	1,931	12	5,285
Travel	-	3,719	68	855	-	510
Contracted Services	2,112	412,095	-	-	-	1,348,733
Duplicating	-	1,489	32	599	21	45
Postage	-	870	-	345	-	599
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Direct Costs	-	15,382	-	1,894	19,752	4,346
In-Kind Expenditures	-	25,109	-	-	-	-
Total Direct Expenditures	2,588	549,341	719	46,698	20,081	1,707,917
Shared Costs Applied	175	32,204	221	15,245	97	48,637
Total Expenditures	2,763	581,545	940	61,943	20,178	1,756,554
Excess of Revenues Over (Under)						
Expenditures	\$ 1,539	\$ -	\$ -	\$ -	\$ -	\$ 69,280

PENNYRILE AREA DEVELOPMENT DISTRICT, INC.
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

	Pennyrile Dev. & Gov't Center	Computer Services	West Kentucky Workforce Board	Shared Cost Allocation	Total
Revenues					
Federal	\$ -	\$ -	\$ 3,952,095	\$ -	\$ 7,336,913
Federal - CARES	-	-	-	-	81,622
Federal - ARPA	-	-	-	-	89,968
State	-	-	-	-	9,339,386
Local					
Annual Assessments	-	-	-	-	96,573
Interest Income	3,269	-	-	-	119,794
Local Match	-	-	-	-	1,982
Local Applied to Grants	-	-	74	-	(4,168)
Other Revenues	63,843	1,420	-	-	2,187,109
In-Kind Revenue	-	-	-	-	243,638
Total Revenues	67,112	1,420	3,952,169	-	19,492,817
Expenditures					
Direct Expenditures					
Salaries	-	32	533,279	335,584	2,182,798
Employee Benefits	-	3	245,069	185,624	1,085,198
Annual Leave	-	-	44,928	30,757	146,435
Travel	-	3	41,903	65,667	162,205
Contracted Services	-	-	2,702,900	-	14,368,395
Duplicating	-	-	3,289	2,970	15,448
Postage	-	3	511	2,241	11,654
Depreciation	25,854	-	-	5,101	30,955
Interest	24,637	-	-	-	25,117
Other Direct Costs	13,268	91	98,869	305,723	658,199
In-Kind Expenditures	-	-	-	-	243,638
Total Direct Expenditures	63,759	132	3,670,748	933,667	18,930,042
Shared Costs Applied	-	11	281,421	(933,667)	689
Total Expenditures	63,759	143	3,952,169	-	18,930,731
Excess of Revenues Over (Under)					
Expenditures	\$ 3,353	\$ 1,277	\$ -	\$ -	\$ 562,086



**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 of
Pennyryle Area Development District
Hopkinsville, 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 aggregate discretely presented component units, and each major fund of Pennyryle Area Development District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pennyryle Area Development District's basic financial statements and have issued our report thereon dated January 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pennyryle Area Development District's internal control over financial reporting (internal control) as a basis for designing 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 Pennyryle Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pennyryle Area Development District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pennyryle Area Development District'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

To the Board of Directors
Pennyrile Area Development District
January 23, 2024
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effect on the financial statements. 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.

Calhoun & Company

Hopkinsville, Kentucky
January 23, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH UNIFORM GUIDANCE**

To the Board of Directors of
Pennyryle Area Development District
Hopkinsville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pennyryle Area Development District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pennyryle Area Development District's major federal programs for the year ended June 30, 2023. Pennyryle Area Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pennyryle Area Development District, 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pennyryle Area Development District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Pennyryle Area Development District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Pennyryle Area Development District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pennyryle Area Development District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pennyryle Area Development District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pennyryle Area Development District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pennyryle Area Development District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Pennyryle Area Development District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

To the Board of Directors
Pennyrile Area Development District
January 23, 2024
Page 3 of 3

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units and each major fund of Pennyrile Area Development District as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Pennyrile Area Development District's basic financial statements. We issued our report thereon dated January 23, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Calhoun & Company

Hopkinsville, Kentucky
January 23, 2024

**PENNYRILE AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report Issued	Unmodified
Internal Control Over Financial Report:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified That are not Considered to be Material Weaknesses?	None Reported
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified That are not Considered to be Material Weaknesses?	None Reported
Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified
Audit Findings Disclosed that are Required to be Reported in Accordance with Section 2 CFR 200.516(a)?	None Reported
Identification of Major Programs:	
Economic Development Cluster CFDA #11.307 – Economic Adjustment Assistance / Revolving Loan Fund	
Aging Cluster CFDA #93.044 – Title III, Part B – Grants for Supportive Services and Senior Centers CFDA #93.045 – Title III, Part C – Nutrition Services CFDA #93.053 – Nutrition Services Incentive Program	
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	Yes

**PENNYRILE AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

No Matters Were Reported.

Section III – Federal Award Findings and Questioned Costs

No Matters Were Reported.