

***PENNYRILE AREA DEVELOPMENT  
DISTRICT***

***FINANCIAL AND COMPLIANCE AUDIT***

***June 30, 2025***

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

**FINANCIAL AND COMPLIANCE AUDIT**

**JUNE 30, 2025**

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**PENNYRILE AREA DEVELOPMENT DISTRICT  
BOARD OF DIRECTORS**

June 30, 2025

Officers

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

Caldwell County

William "Kota" Young, Judge Executive  
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  
Tara Rascoe, Citizen Representative  
Verdell Smith, Citizen Representative

Crittenden County

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

Hopkins County

Jack Whitfield, Jr., Judge Executive  
Kevin Cotton, Mayor of Madisonville  
Chris Phelps, Mayor of Mortons Gap  
Jenny Sewell, Mayor of Dawson Springs

Livingston County

Teris Swanson, Judge Executive  
Crissy Carter, Citizen Representative  
Gary Damron, Mayor of Salem  
William Hesser, Mayor of Smithland  
Brad Hunter, Citizen Representative

Lyon County

Jaime Smith, Judge Executive  
Greg Greene, Mayor of Eddyville  
Wade White, 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  
Arthur Green, Mayor of Elkton  
Martha Jo Ray, Mayor of Trenton  
Michael Smith, Citizen Representative

Trigg County

Stan Humphries, Judge Executive  
Todd King, Mayor of City of Cadiz  
Beth Sumner, Citizen Representative  
Todd Wallace, Citizen Representative

**WEST KENTUCKY WORKFORCE BOARD  
BOARD OF DIRECTORS**

June 30, 2025

Officers

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

**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  
Kim Humphrey, Hopkins County  
Carla Wiggins, Livingston County  
Deb Domke, Lyon County  
Beth Cavanah, Marshall County  
Terri Lundberg, McCracken County  
Karen Robinson, Muhlenberg County  
Wayne W. Belanger, Todd County  
Donnie Holland, Trigg County  
Johnna Howard, Pennyrite Manufacturing  
Sharon Chilton, Pennyrite Manufacturing  
Yumi Matt, Purchase Manufacturing  
Vicki Morgan, Purchase Manufacturing

**Workforce**

Chris Johnson, Labor - Pennyrite  
Brian Courtney, Labor - Purchase  
Derek Sanderson, Labor - Training  
Brett Pritchett, Youth  
Terrence Davis, Youth  
Gavin Gorham, Job Corps  
Leigh Ann Jarvis, J.U. Kevil  
Tim Herring, Veterans Affairs

**Government & Economic Development**

Mark Manning, Econ. Dev, Purchase  
Dan Bozarth, Econ. Dev, Pennyrite  
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, Pennyrite CLEO

**PENNYRILE HOUSING CORPORATION  
BOARD OF DIRECTORS**

June 30, 2025

Officers

Heath Duncan, Chairman

Caldwell County

Gale Cherry, Director  
Dakota Young, Director/Judge Executive

Lyon County

Jaime Smith, Director/Judge Executive  
Gerald Board, Director

Christian County

Shirley Carter, Director  
Gertrude Bullock, Director

Muhlenberg County

Gary Jones, Director

Crittenden County

Todd Perryman, Director  
Darrin Tabor, Director

Todd County

Todd Mansfield, Director/Judge Executive  
Lucy Miller, Director

Hopkins County

Heath Duncan, Director

Trigg County

Stan Humphries, Director/Judge Executive  
Lucy Miller, Director

Livingston County

Michael Williams, Director/Judge Executive  
Barkley Gaines, Director

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

June 30, 2025

Officers

David Shore, Chair  
Rich Liebe, Vice Chair  
Sherman Chaudoin, Secretary / Treasurer

Caldwell County

Sherman Chaudoin

Christian County

Rich Liebe

Muhlenberg County

Gary Jones

Hopkins County

Donnie Carroll

Trigg County

David Shore



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Pennyrile Area Development District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Pennyrile 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 Pennyrile Area Development District, as of June 30, 2025, 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 Pennyrile 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 Pennyrile 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.

To the Board of Directors  
Pennyrile Area Development District  
December 30, 2025  
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### ***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 Pennyrile 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 Pennyrile 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  
December 30, 2025  
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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 December 30, 2025, 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  
December 30, 2025



300 Hammond Drive | Hopkinsville, KY 42240 | 270-886-9484 | [www.peadd.org](http://www.peadd.org)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

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, 2025. 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 assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$3,358,668 at June 30, 2025.
- The District’s total net position increased by \$2,038,264 during the year.
- The Fund Balance, a measure of current financial resources, increased in the governmental funds by \$1,799,871 to a fund balance of \$6,956,896 at June 30, 2025. 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 - \$129,813
  - Economic Development - \$153,146
  - Long Term Services and Support - \$1,344,674

### 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 – 75 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 \$3,358,668 at June 30, 2025. 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:

**Pennyrite Area Development District Net Position**

	<b>Governmental Activities</b>		<b>Component Unit Activities</b>		<b>Total</b>	
	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
<b>Assets</b>						
Current and Other Assets	\$ 8,676,921	\$ 10,915,851	\$ 148,462	\$ 347,576	\$ 8,825,383	\$ 11,263,427
Net OPEB Asset	93,439	116,540	-	-	93,439	116,540
Capital Assets	967,798	956,414	3,186	3,186	970,984	959,600
Total Assets	9,738,158	11,988,805	151,648	350,762	9,889,806	12,339,567
<b>Deferred Outflows of Resources</b>						
Deferred Pension Outflows	906,312	760,301	-	-	906,312	760,301
Deferred OPEB Outflows	351,761	251,175	-	-	351,761	251,175
Total Deferred Outflows of Resources	1,258,073	1,011,476	-	-	1,258,073	1,011,476
<b>Liabilities</b>						
Current and Other Liabilities	1,829,013	2,660,388	163,566	373,353	1,992,579	3,033,741
Net Pension Liabilities	4,342,693	4,025,184	-	-	4,342,693	4,025,184
Net OPEB Liabilities	-	-	-	-	-	-
Long-Term Liabilities	751,882	765,284	22,745	14,514	774,627	779,798
Total Liabilities	6,923,588	7,450,856	186,311	387,867	7,109,899	7,838,723
<b>Deferred Inflows of Resources</b>						
Deferred Revenue	542,919	517,575	6,637	-	549,556	517,575
Deferred Pension Inflows	592,548	469,729	-	-	592,548	469,729
Deferred OPEB Inflows	1,575,472	1,166,348	-	-	1,575,472	1,166,348
Total Deferred Inflows of Resources	2,710,939	2,153,652	6,637	-	2,717,576	2,153,652
<b>Net Position</b>						
Net Investment in Capital Assets	382,027	397,937	3,186	3,186	385,213	401,123
Restricted:						
Revolving Loan Fund	689,940	512,236	-	-	689,940	512,236
Revolving Loan Fund - CARES	706,044	646,071	-	-	706,044	646,071
Intermediary Relending Program	741,463	773,294	-	-	741,463	773,294
Unrestricted	(1,157,770)	1,066,235	(44,486)	(40,291)	(1,202,256)	1,025,944
Total Net Position	\$ 1,361,704	\$ 3,395,773	\$ (41,300)	\$ (37,105)	\$ 1,320,404	\$ 3,358,668

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.

**Pennyriple Area Development District Changes in Net Position**

	<b>Governmental Activities</b>		<b>Component Unit Activities</b>	
	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 289,893	\$ 311,894	\$ 1,250	\$ 2,607
Operating Grants and Contributions	19,228,079	25,472,962	2,896,975	2,704,682
Capital Grants and Contributions	-	-	-	-
General Revenues				
Annual Assessments	96,673	96,591	-	-
Interest Earned	143,810	171,504	551	823
Other Revenues	16,194	5,707	-	-
<b>Total Revenues</b>	<b>19,774,649</b>	<b>26,058,658</b>	<b>2,898,776</b>	<b>2,708,112</b>
<b>Expenses</b>				
General Government	(430,303)	(577,946)	-	-
Community / Economic Development	1,038,338	1,063,721	-	-
Transportation Services	172,903	211,277	-	-
Aging and Independent Living Services	17,733,044	22,986,380	-	-
Revolving Loan Funds	8,154	265,190	-	-
Intermediary Relending Program	74	300	-	-
Pennyriple Development & Gov't Center	36,954	50,220	-	-
Pennyriple Housing Corporation	-	-	2,073	1,741
West Kentucky Workforce Board	-	-	2,896,776	2,701,707
Interest on Long-Term Debt	29,034	25,460	533	470
<b>Total Expenses</b>	<b>18,588,198</b>	<b>24,024,602</b>	<b>2,899,382</b>	<b>2,703,918</b>
Change in Net Position	1,186,451	2,034,056	(606)	4,194
Net Position - Beginning	175,253	1,361,704	(40,694)	(41,300)
Reclassifications / Adjustment	-	13	-	1
<b>Net Position - Beginning, as Restated</b>	<b>175,253</b>	<b>1,361,717</b>	<b>(40,694)</b>	<b>(41,299)</b>
<b>Net Position - Ending</b>	<b>\$ 1,361,704</b>	<b>\$ 3,395,773</b>	<b>\$ (41,300)</b>	<b>\$ (37,105)</b>

Changes in Net Position – Governmental Activities. The District's governmental activities increased net position by \$2,034,056 in the fiscal year 2025. Key elements of the increase are as follows:

Total revenues were \$26,058,658, an increase of 32% over the prior year. Of this, program revenues represent 99% of total revenues. Major sources of program revenues include various community support funding and grants. General revenues represent 1% of total revenues. Major sources of general revenues include annual assessments and interest income.

Total expenditures were \$24,024,602, an increase of 29% from the previous year. Of this, the major functions include aging and independent living services and community and economic development services. Together they comprise over 99% of the total program expenditures.

**Changes in Net Position – Component Units.** The District's two component units, 1) Pennyrile 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 \$10,067, an increase of 459% from the prior year. Of this, program revenues represent 92% of total revenues. Charges for services are the major sources of program revenue.

Expenditures totaled \$5,873, an increase of 144% from the previous year.

2. The WKWB's total revenues were \$2,698,045, a decrease of 7% from the prior year. The WKWB did not have any general revenues during the 2025 or 2024 fiscal years.

Expenditures totaled \$2,701,943, a decrease of 7% from the previous year.

## **CAPITAL ASSETS**

The District's investment in capital assets as of June 30, 2025 is \$959,600 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, leased equipment, and construction in progress.

	<b>Governmental Activities</b>		<b>Component Unit Activities</b>		<b>Total</b>	
	<b>June 30, 2024</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>	<b>June 30, 2025</b>
Land	\$ 9,988	\$ 9,988	\$ -	\$ -	\$ 9,988	\$ 9,988
Buildings and Improvements	1,666,380	1,666,380	-	-	1,666,380	1,666,380
Office Furniture and Equipment	296,005	354,872	13,891	13,891	309,896	368,763
Computers and Equipment	161,122	161,122	81,831	81,831	242,953	242,953
Vehicles	115,627	115,627	-	-	115,627	115,627
Leased Equipment	55,704	60,849	-	-	55,704	60,849
Construction in Progress	-	-	3,186	3,186	3,186	3,186
	2,304,826	2,368,838	98,908	98,908	2,403,734	2,467,746
Less Accumulated Depreciation	(1,337,028)	(1,412,424)	(95,722)	(95,722)	(1,432,750)	(1,508,146)
<b>Total Net Capital Assets</b>	<b>\$ 967,798</b>	<b>\$ 956,414</b>	<b>\$ 3,186</b>	<b>\$ 3,186</b>	<b>\$ 970,984</b>	<b>\$ 959,600</b>

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 \$558,477 in outstanding notes, program debt, and lease liabilities, compared to \$585,771 at June 30, 2024. The PHC had \$22,991 in outstanding notes and program debt, compared to \$31,213 as of June 30, 2024.

The Pennyrile Development and Governmental Center had \$540,338 in outstanding notes at June 30, 2025 compared to \$567,838 at June 30, 2024. During the year, \$27,500 was paid to reduce the debt outstanding related to the building addition.

The Pennyrile Housing Corporation's payments to the Kentucky Housing Corporation for the Nonprofit Housing Production loans were \$8,222. 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, 2025.

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

## **ECONOMIC FACTORS**

During the 2025 fiscal year, the District completed its 56<sup>th</sup> 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 Pennyriile communities in Caldwell, Christian, Crittenden, Hopkins, Livingston, Lyon, Muhlenberg, Todd and Trigg counties.

The district continues to achieve notable success in securing federal and state funding to tackle critical issues across the region. This ongoing commitment has allowed us to continue providing the level of service and expertise our communities have come to expect. However, as we look to the future, we recognize the potential challenges posed by shifting fiscal priorities. We anticipate that Congress and the state legislature may focus on curbing discretionary spending to address rising costs in other areas. In response, the district continues to proactively engage with legislative and cabinet-level leaders to stay ahead of potential shortfalls that could impact our vital programs. By fostering these strong relationships, we aim to advocate effectively for the resources needed to sustain and expand our services. Meanwhile, management remains steadfast in its efforts to optimize operational efficiency and effectiveness, ensuring that every dollar is utilized wisely in service to our mission and the communities we proudly serve.

The Pennyriile 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 Pennyriile and Purchase regions (a total of 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 of 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 Pennyriile 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, Pennyriile 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, 2025**

	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Pennyrite Area Development District</b>		<b>Pennyrite Housing Corporation</b>	<b>West Kentucky Workforce Board</b>		
<b>Assets</b>						
Cash and Cash Equivalents	\$ 2,245,997		\$ 21,514		\$ 243,360	
Investments - Money Market Account	1,639,889		-		-	
Program Receivables	6,029,572		-		315,755	
Receivables Due (to) from Component Units	238,759		(43,960)		(198,154)	
Other Current Assets	13,097		-		-	
Non-Current Assets						
Notes Receivable, Due Within One Year	183,258		3,873		-	
Notes Receivable, Due in More Than One Year	565,279		5,188		-	
Net Other Post Employment Benefits Asset	116,540		-		-	
Right to Use Leased Assets, Net of Amortization	18,139		-		-	
Depreciable Capital Assets, Net of Depreciation	928,287		-		-	
Non-Depreciable Capital Assets	9,988		3,186		-	
<b>Total Assets</b>	<b>11,988,805</b>		<b>(10,199)</b>		<b>360,961</b>	
<b>Deferred Outflows of Resources</b>						
Deferred Outflows - Pensions	760,301		-		-	
Deferred Outflows - Other Post Employment Benefits	251,175		-		-	
<b>Total Deferred Outflows of Resources</b>	<b>1,011,476</b>		<b>-</b>		<b>-</b>	
<b>Liabilities</b>						
Accounts Payable	1,481,612		17		361,413	
Grants Payable	46,812		-		-	
Other Current Liabilities	1,095,856		-		3,446	
Non-Current Liabilities						
Accrued Annual Leave	242,915		-		-	
Net Pension Liability	4,025,184		-		-	
Due Within One Year	36,108		8,477		-	
Due in More Than One Year	522,369		14,514		-	
<b>Total Liabilities</b>	<b>7,450,856</b>		<b>23,008</b>		<b>364,859</b>	
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue	512,913		-		-	
Deferred Inflows - Bond Premiums	4,662		-		-	
Deferred Inflows - Pensions	469,729		-		-	
Deferred Inflows - Other Post Employment Benefits	1,166,348		-		-	
<b>Total Deferred Inflows of Resources</b>	<b>2,153,652</b>		<b>-</b>		<b>-</b>	

**Net Position**

Net Investment in Capital Assets	397,937	3,186	-
Restricted:			
Revolving Loan Fund	512,236	-	-
Revolving Loan Fund - CARES	646,071	-	-
Intermediary Relending Program	773,294	-	-
Unrestricted	<u>1,066,235</u>	<u>(36,393)</u>	<u>(3,898)</u>
<b>Total Net Position</b>	<b><u>\$ 3,395,773</u></b>	<b><u>\$ (33,207)</u></b>	<b><u>\$ (3,898)</u></b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<b>Functions / Programs</b>	<b>Direct Expenses</b>	<b>Shared Costs Allocation</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Primary Government</b>		<b>Component Units</b>
					<b>Governmental Activities</b>	<b>Governmental Activities</b>	
<b>Primary Government</b>							
Governmental Activities							
General Government	\$ (578,036)	\$ 90	\$ 900	\$ (62,134)	\$ 516,712	\$ -	-
Community / Economic Development	880,029	183,692	208,730	1,008,251	153,260		-
Transportation Services	173,544	37,733	-	196,097	(15,180)		-
Aging and Independent Living Services	22,417,057	569,323	147	24,330,748	1,344,515		-
Revolving Loan Fund	196,917	146	11,704	-	(185,359)		-
Revolving Loan Fund - CARES	68,127	-	(998)	-	(69,125)		-
Intermediary Relending Program	300	-	16,684	-	16,384		-
Pennyrile Development & Gov't Center	50,220	-	74,727	-	24,507		-
Interest on Long-Term Debt	25,460	-	-	-	(25,460)		-
Total Governmental Activities	<u>23,233,618</u>	<u>790,984</u>	<u>311,894</u>	<u>25,472,962</u>	<u>1,760,254</u>		-
<b>Total Primary Government</b>	<b><u>\$ 23,233,618</u></b>	<b><u>\$ 790,984</u></b>	<b><u>\$ 311,894</u></b>	<b><u>\$ 25,472,962</u></b>	<b><u>1,760,254</u></b>		-
<b>Component Units</b>							
Pennyrile Housing Corporation	\$ 1,741	\$ -	\$ 2,607	\$ 6,637	-	7,503	
West Kentucky Workforce Board	2,440,367	261,340	-	2,698,045	-	(3,662)	
Interest on Long-Term Debt	470	-	-	-	-	(470)	
<b>Total Component Units</b>	<b><u>\$ 2,442,578</u></b>	<b><u>\$ 261,340</u></b>	<b><u>\$ 2,607</u></b>	<b><u>\$ 2,704,682</u></b>	<b><u>-</u></b>		3,371
<b>General Revenues</b>							
Annual Assessments				96,591		-	
Interest Earned				171,504		823	
Other Revenues				5,707		-	
Total General Revenues				<u>273,802</u>		<u>823</u>	
Change in Net Position				2,034,056		4,194	
Net Position - Beginning				1,361,704		(41,300)	
Reclassification / Adjustment				<u>13</u>		<u>1</u>	
<b>Net Position - Ending</b>	<b><u>\$ 3,395,773</u></b>				<b><u>\$ (37,105)</u></b>		

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

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Pennyrite Development &amp; Governmental Center</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 932,687	\$ 1,283,912	\$ 29,398	\$ 2,245,997
Certificates of Deposit	1,639,889	-	-	1,639,889
Program Receivables	249,877	5,774,326	5,369	6,029,572
Due from Component Units	-	1,167,396	-	1,167,396
Other Current Assets	<u>10,874</u>	<u>2,223</u>	<u>-</u>	<u>13,097</u>
<b>Total Assets</b>	<b><u>\$ 2,833,327</u></b>	<b><u>\$ 8,227,857</u></b>	<b><u>\$ 34,767</u></b>	<b><u>\$ 11,095,951</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 189,743	\$ 1,291,544	\$ 325	\$ 1,481,612
Grants Payable	-	46,812	-	46,812
Due to Component Units	874,356	-	127,506	1,001,862
Other Current Liabilities	<u>(1,908)</u>	<u>1,097,764</u>	<u>-</u>	<u>1,095,856</u>
<b>Total Liabilities</b>	<b><u>1,062,191</u></b>	<b><u>2,436,120</u></b>	<b><u>127,831</u></b>	<b><u>3,626,142</u></b>
<b>Deferred Inflows of Resources</b>				
Deferred Revenue	<u>13,990</u>	<u>498,923</u>	<u>-</u>	<u>512,913</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>13,990</u></b>	<b><u>498,923</u></b>	<b><u>-</u></b>	<b><u>512,913</u></b>
<b>Fund Balances</b>				
Nonspendable:				
Long-term Notes Receivable	-	748,537	-	748,537
Restricted:				
Revolving Loan Fund	-	512,236	-	512,236
Revolving Loan Fund - CARES	-	646,071	-	646,071
Intermediary Relending Program	-	773,294	-	773,294
Assigned:				
Accrued Annual Leave	242,915	-	-	242,915
Long-Term Debt	18,139	-	-	18,139
Unassigned	<u>1,496,092</u>	<u>2,612,676</u>	<u>(93,064)</u>	<u>4,015,704</u>
<b>Total Fund Balances</b>	<b><u>1,757,146</u></b>	<b><u>5,292,814</u></b>	<b><u>(93,064)</u></b>	<b><u>6,956,896</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 2,833,327</u></b>	<b><u>\$ 8,227,857</u></b>	<b><u>\$ 34,767</u></b>	<b><u>\$ 11,095,951</u></b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

Total Fund Balances - Total Governmental Funds	\$ 6,956,896
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.	748,537
Some assets, including net other post-employment benefit assets are not receivable in the current period and therefore are not reported as assets in the governmental funds.	
Net Other Post Employment Benefits Asset	116,540
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.	938,275
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.	18,139
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	760,301
Deferred Outflows of Resources Related to Other Post Employment Benefits	251,175
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.	73,225
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	(242,915)
Notes Payable	(558,477)
Net Pension Liability	(4,025,184)
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	(4,662)
Deferred Inflows of Resources Related to Pensions	(469,729)
Deferred Inflows of Resources Related to Other Post Employment Benefits	<u>(1,166,348)</u>
Net Position of Governmental Activities	<u>\$ 3,395,773</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Pennyrite Development &amp; Governmental Center</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Charges for Services	\$ 209,630	\$ 27,537	\$ -	\$ 237,167
Rent	- -	- -	74,727	74,727
Grants	(62,134)	25,535,096	- -	25,472,962
Annual Assessments	96,591	- -	- -	96,591
Interest Income	137,152	32,765	1,587	171,504
Other Revenues	5,657	50	- -	5,707
<b>Total Revenues</b>	<b>386,896</b>	<b>25,595,448</b>	<b>76,314</b>	<b>26,058,658</b>
<b>Expenditures</b>				
Current				
General Government	67,872	- -	8,827	76,699
Community / Economic Development	62,089	994,614	- -	1,056,703
Transportation Services	- -	203,124	- -	203,124
Aging and Independent Living Services	- -	22,937,123	- -	22,937,123
Revolving Loan Fund	- -	265,151	- -	265,151
Intermediary Relending Program	- -	300	- -	300
Debt Service				
Principal	42	3,494	27,500	31,036
Interest and Other Charges	11	942	24,507	25,460
Capital Outlays	64,012	- -	- -	64,012
<b>Total Expenditures</b>	<b>194,026</b>	<b>24,404,748</b>	<b>60,834</b>	<b>24,659,608</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>192,870</b>	<b>1,190,700</b>	<b>15,480</b>	<b>1,399,050</b>
<b>Other Financing Sources (Uses)</b>				
Payments on Notes Receivable	- -	395,676	- -	395,676
Lease Liabilities	5,145	- -	- -	5,145
<b>Total Other Financing Sources (Uses)</b>	<b>5,145</b>	<b>395,676</b>	<b>- -</b>	<b>400,821</b>
Net Change in Fund Balances	198,015	1,586,376	15,480	1,799,871
Fund Balances - Beginning	1,559,131	3,706,438	(108,544)	5,157,025
<b>Fund Balances - Ending</b>	<b>\$ 1,757,146</b>	<b>\$ 5,292,814</b>	<b>\$ (93,064)</b>	<b>\$ 6,956,896</b>

**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, 2025**

Net Change in Fund Balances - Total Governmental Funds	\$1,799,871
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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	<u>(395,676)</u>
	<u><u>\$ (395,676)</u></u>

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

District Pension Contributions	\$ 479,175
Cost of Benefits Earned Net of Employee Contributions	<u>(184,858)</u>
	<u><u>\$ 294,317</u></u>

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	\$ -
Cost of Benefits Earned Net of Employee Contributions	<u>331,639</u>
	<u><u>\$ 331,639</u></u>

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	\$ 64,012
Less: Depreciation and Amortization	<u>(59,700)</u>
To Reconciliation	<u><u>\$ 4,312</u></u>

**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, 2025**

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	\$ (5,145)	
Bond Premium	-	
Retired Debt	<u>27,500</u>	
Net Debt Service	<u><u>\$ 22,355</u></u>	22,355

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.

(22,762)

Change in Net Position of Governmental Activities \$ 2,034,056

**PENNYRILE AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025**

**1. Summary of Significant Accounting Policies**

The financial statements of the Pennyrite 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 Pennyrite 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:

*Pennyrite 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, 2025**

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

**a. The Reporting Entity, Continued**

Blended component unit:

The *Pennyrite 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, 2025**

**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, 2025**

**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, 2025**

**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 receivables 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, 2025**

**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, 2025, there were eleven 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. During the fiscal year ended June 30, 2025, there were four notes receivables that were written off as uncollectible in the amount of \$264,594.

**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 1<sup>st</sup> 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, 2025, these liabilities included \$242,915 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, 2025, the District has \$760,301 that relates to pensions as required by GASB Statement No. 68 and \$251,175 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 \$512,913 in deferred inflows of resources for fiscal year ended June 30, 2025 that relates to funds received that relate to a future time period. The District has \$4,662 in deferred inflows of resources for fiscal year ended June 30, 2025 related to bond premiums received with the new KACO debt. Additionally, as of June 30, 2025, the District also has \$469,729 related to pensions as required by GASB Statement No. 68 and \$1,166,348 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, 2025**

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

**i. 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 \$512,236, \$646,071 and \$773,294, respectively.

**PENNYRILE AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2025**

**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.

**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, 2025, \$748,537 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, 2025, \$512,236 has been grantor restricted for the Revolving Loan Fund, \$646,071 has been grantor restricted for the CARES Revolving Loan Fund, and \$773,294 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, 2025, \$242,915 and \$18,139 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, 2025**

**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, 2025**

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

**w. Concentrations**

The District operates in a heavily regulated environment and approximately 71% 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, 2025, 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	\$ 5,487,701	\$ 500,000	\$ 5,827,233	\$ (839,532)
Blended Component Unit - PDGC	\$ 87,739	\$ 250,000	\$ -	\$ (162,261)
Component Unit - PHC	\$ 12,725	\$ 500,000	\$ 673,561	\$ (1,160,836)
Component Unit - WKWB	\$ 304,108	\$ 250,000	\$ 760,099	\$ (705,991)

**3. Receivables**

The District has program receivables in the amount of \$6,345,327. The majority of these receivables are related to grant receivables. The breakdown by function / program is as follows:

General Government	\$ 32,588
Community / Economic Development	\$ 381,026
Transportation Services	\$ 35,889
Aging and Independent Living Services	\$ 5,574,700
Pennyrite Development and Governmental Center	\$ 5,369
West Kentucky Workforce Board	\$ 315,755

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**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, 2025, consisted of the following:

	Balance	Additions /		Deletions /		Balance
	June 30, 2024	Reclassifications	Reclassifications	Reclassifications	June 30, 2025	
<b>Governmental Activities</b>						
Land	\$ 9,988	\$ -	\$ -	\$ 9,988		
Buildings and Improvements	1,666,380	- -	- -	1,666,380		
Office Furniture and Equipment	296,005	58,867	- -	354,872		
Computers and Equipment	161,122	- -	- -	161,122		
Vehicles	115,627	- -	- -	115,627		
Leased Equipment	<u>55,704</u>	<u>5,145</u>	<u>- -</u>	<u>60,849</u>		
Total	2,304,826	64,012	- -	2,368,838		
Less Accumulated Depreciation	<u>(1,337,028)</u>				<u>(1,412,424)</u>	
<b>Total Governmental Activities</b>	<b><u>\$ 967,798</u></b>				<b><u>\$ 956,414</u></b>	

A summary of the component units fixed asset transactions for the year ended June 30, 2025, follows:

	Balance	Additions /		Deletions /		Balance
	June 30, 2024	Reclassifications	Reclassifications	Reclassifications	June 30, 2025	
<b>Component Unit Activities</b>						
Office Furniture and Equipment	\$ 13,891	\$ -	\$ -	\$ 13,891		
Computers and Equipment	81,831	- -	- -	81,831		
Construction in Progress	<u>3,186</u>	<u>- -</u>	<u>- -</u>	<u>3,186</u>		
Total	98,908	- -	- -	98,908		
Less Accumulated Depreciation	<u>(95,722)</u>				<u>(95,722)</u>	
<b>Total Component Unit Activities</b>	<b><u>\$ 3,186</u></b>				<b><u>\$ 3,186</u></b>	

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

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

For the year ended June 30, 2025, depreciation and amortization on capital assets, including right of use assets associated with leases, was charged to the government functions as follows:

General	\$ 1
Community / Economic Development	4,211
Transportation Services	689
Aging Services	13,402
Revolving Loan Fund	4
Pennyriple Development and Gov't Center	41,393
West Kentucky Workforce Board	<u>6,207</u>
 <b>Total Depreciation Expense</b>	 <u>\$ 65,907</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, 2025, principal balance due was zero. This loan was written off an uncollectible during the current fiscal year.
- 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, 2025, principal balance due was \$103,058.
- 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, 2025, principal balance due was \$11,611.
- 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, 2025, principal balance due was \$148,478.
- 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, 2025, principal balance was zero. The loan was paid off during the current fiscal year.
- f. 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, 2025, principal balance was \$4,976.
- g. 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, 2025, principal balance was zero. This loan was written off as uncollectible during the current fiscal year.
- h. 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, 2025, principal balance was \$6,406.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**5. Notes Receivable, Continued**

- i. 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, 2025, principal balance was \$3,643.
- j. 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, 2025, principal balance was \$1,484.
- k. 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, 2025, principal balance was zero. This loan was paid off during the current fiscal year.
- l. 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, 2025, principal balance was zero. This loan was paid off during the current fiscal year.
- m. 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, 2025, principal balance was \$9,832.
- n. 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, 2025, principal balance was zero. This loan was paid off during the current fiscal year.
- o. 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, 2025, principal balance was zero. This loan was written off as uncollectible during the current fiscal year.
- p. 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, 2025, principal balance was zero. This loan was paid off during the current fiscal year.
- q. 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, 2025, principal balance was zero. This loan was paid off during the current fiscal year.
- r. 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, 2025, principal balance was zero. This loan was written off as uncollectible during the current fiscal year.
- s. 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, 2025, principal balance was zero. This loan was paid off during the current fiscal year.
- t. 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, 2025, principal balance was \$17,606.
- u. 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, 2025, principal balance was \$5,981.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**5. Notes Receivable, Continued**

- v. 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, 2025, principal balance was zero. This loan was paid off during the current fiscal year.
- w. 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, 2025, principal balance was \$14,661.
- x. 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, 2025, principal balance was \$2,262.
- y. 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, 2025, principal balance was \$12,547.
- z. 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, 2025, principal balance was \$3,127.
- aa. 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, 2025, principal balance was \$53,057.
- bb. 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, 2025, principal balance was \$145,571.
- cc. The District loaned Stillworks, LLC dba Casey Jones Distillery \$244,001 for the purpose of working capital. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2025, principal balance was \$204,237.

A summary of Pennyriile 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, 2025, principal balance was \$2,708.
- b. 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, 2025, principal balance was \$2,482.
- c. 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, 2025, principal balance was \$3,871.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**6. Accounts Payable**

The District has accounts payable in the amount of \$1,843,042. The majority of these payables are related to operating and program expenses. The breakdown by function / program is as follows:

General Government	\$ 189,743
Community / Economic Development	\$ 1,165
Transportation Services	\$ 5,584
Aging and Independent Living Services	\$ 1,284,795
Pennyrite Development & Gov't Center	\$ 325
Pennyrite Housing Corporation	\$ 17
West Kentucky Workforce Board	\$ 361,413

**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, 2024:

	Balance July 1, 2024	Transfers,		Balance June 30, 2025	Due Within One Year
		Issues, or Additions	Payments, or Expenditures		
<b>Governmental Activities</b>					
Notes from Direct Borrowings	\$ 567,838	\$ -	\$ 27,500	\$ 540,338	\$ 30,000
Lease Liabilities - Equipment	17,933	5,145	4,939	18,139	6,108
Compensated Absences	200,238	194,637	151,960	242,915	-
Net Pension Liability	4,342,693	-	317,509	4,025,184	-
<b>Total Governmental Activities</b>	<b>5,128,702</b>	<b>199,782</b>	<b>501,908</b>	<b>4,826,576</b>	<b>36,108</b>
<b>Component Unit Activities</b>					
Notes from Direct Borrowings	31,213	-	8,222	22,991	8,477
<b>Total Component Unit Activities</b>	<b>31,213</b>	<b>-</b>	<b>8,222</b>	<b>22,991</b>	<b>8,477</b>
<b>Total Non-Current Liabilities</b>	<b>\$ 5,159,915</b>	<b>\$ 199,782</b>	<b>\$ 510,130</b>	<b>\$ 4,849,567</b>	<b>\$ 44,585</b>

*Direct Borrowings*

The District's outstanding note from direct borrowings related to the component unit activities in the amount of \$22,991 is unsecured. The outstanding note from direct borrowings related to the component unit activities in the amount of \$22,991 contains no default provisions.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**7. Non-Current Liabilities, Continued**

The District's outstanding notes from direct borrowings related to the governmental activities in the amount of \$540,338 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.

*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 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.

The second agreement was executed on November 9, 2023, to lease equipment and requires 60 monthly payments of \$320.94. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 8.50%, 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 \$15,643.

The third agreement was executed on December 20, 2024, to lease equipment and requires 36 monthly payments of \$152.62. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.32%, 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 \$5,145.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**7. Non-Current Liabilities, Continued**

Non-current liabilities at June 30, 2025, are comprised of the following:

<b>Governmental Activities</b>			
Notes from Direct Borrowings	Interest Rate	Final Maturity Date	Balance End of Year
<b>Lease Payable</b>			
Kentucky Association of Counties	3.57%	2037	\$ 357,500
Kentucky Association of Counties	4.08%	2042	<u>182,838</u>
Total Governmental Activities			<u><u>540,338</u></u>
<b>Component Units</b>			
Notes from Direct Borrowings	Interest Rate	Final Maturity Date	Balance End of Year
Kentucky Housing Corporation	1.00%	2026	\$ 2,403
Kentucky Housing Corporation	1.00%	2026	2,050
Kentucky Housing Corporation	1.00%	2028	1,128
Kentucky Housing Corporation	1.00%	2029	1,413
Kentucky Housing Corporation	1.00%	2030	4,850
Kentucky Housing Corporation	1.00%	2031	<u>11,147</u>
Total Component Units			<u><u>22,991</u></u>
Total Long-Term Debt			<u><u>\$ 563,329</u></u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**7. Non-Current Liabilities, Continued**

The annual requirements to retire debt are as follows:

<b>Governmental Activities</b> <b>Notes from Direct Borrowings</b>				
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2026	\$ 30,000	\$ 23,007	\$ 53,007	
2027	30,000	21,507	51,507	
2028	30,000	20,298	50,298	
2029	35,834	19,280	55,114	
2030	40,000	17,684	57,684	
2031-2035	217,917	61,242	279,159	
2036-2040	119,583	21,134	140,717	
2041-2045	<u>37,004</u>	<u>3,057</u>	<u>40,061</u>	
Total Notes from Direct Borrowings	<u>\$ 540,338</u>	<u>\$ 187,209</u>	<u>\$ 727,547</u>	

<b>Governmental Activities</b> <b>Lease Liabilities</b>				
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2026	\$ 6,108	\$ 1,082	\$ 7,190	
2027	6,004	684	6,688	
2028	4,456	310	4,766	
2029	1,571	33	1,604	
2030	-	-	-	
Total Lease Liabilities	<u>\$ 18,139</u>	<u>\$ 2,109</u>	<u>\$ 20,248</u>	

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**7. Non-Current Liabilities, Continued**

<b>Component Units</b>				
<b>Notes from Direct Borrowings</b>				
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2026	\$ 8,477	\$ 217	\$ 8,694	
2027	4,055	131	4,186	
2028	3,521	91	3,612	
2029	3,396	84	3,480	
2030	1,950	-	1,950	
2031-2035	<u>1,591</u>	<u>-</u>	<u>1,591</u>	
Total Notes from Direct Borrowings	<u>\$ 22,991</u>	<u>\$ 523</u>	<u>\$ 23,514</u>	
Total Governmental and Component Activities	<u>\$ 581,468</u>	<u>\$ 189,841</u>	<u>\$ 771,309</u>	

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

**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](http://www.kyret.ky.gov).

**Benefits Provided:** CERS provides for retirement, disability, and death benefits to system members through its pension fund. Retirement benefits may be extended to beneficiaries of members under certain circumstances. 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.

**PENNYRILE AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2025**

**8. Pension Plan, Continued**

*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.

**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, 2025, was 19.71% of annual creditable compensation, of which 19.71% and zero percent was contributed to the pension and insurance funds within CERS, respectively. Contributions to the CERS pension fund were \$479,175 for the year ended June 30, 2025.

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

**Pension Liability:** At June 30, 2025, the District reported a liability of \$4,025,184 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, relative to the contributions of all members for the year ended June 30, 2024. At the June 30, 2024, measurement date, District’s proportion was 0.067306%. The District’s proportionate share decreased 0.000374% from the prior year.

For the year ended June 30, 2025, the District recognized a pension expense of \$184,858.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**8. Pension Plan, Continued**

For the year ended June 30, 2025, 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	\$ 194,826	\$ -
Change of assumptions	-	181,859
Net difference between projected and actual earnings on plan investments	-	258,797
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,300	29,073
Employer contributions subsequent to the measurement date	<u>479,175</u>	-
	<u><u>\$ 760,301</u></u>	<u><u>\$ 469,729</u></u>

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 to pensions will be recognized in pension expense as follows:

<u>June 30</u>	<u>Amount</u>
2026	\$ (94,541)
2027	63,097
2028	(99,485)
2029	(57,674)
2030	-
	<u><u>\$ (188,603)</u></u>

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

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**8. Pension Plan, Continued**

***Actuarial Assumptions:*** The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.50%
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	6.50% 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-2020 mortality improvement scale using a base year of 2010. The mortality table for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 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 2.50% per annum.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
<b>Fixed Income</b>		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
<b>Inflation Protected</b>		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>4.69%</b>
<b>Long Term Inflation Assumption</b>		<b>2.50%</b>
 <b>Expected Nominal Return for Portfolio</b>		<b>7.19%</b>

**Discount Rate:** The projection of cash flows used to determine the discount rate of 6.50% 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 27 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 6.50%, 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 (5.50%) or 1-percent-point higher (7.50%) than the current rate for non-hazardous:

<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>(5.50%)</b>	<b>(6.50%)</b>	<b>(7.50%)</b>

<b>Pennyrite Area Development District's net pension liability</b>	<b>\$ 5,189,120</b>
	<b>\$ 4,025,184</b>
	<b>\$ 3,059,424</b>

**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, 2025**

**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](http://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, 2025, the required contribution was zero percent of each employee's covered payroll. Contributions from the District to the Insurance Fund for the year ended June 30, 2025, were zero.

**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, 2024, the District reported an asset of \$116,540 for its proportionate share of net asset associated with the other post-employment benefits. The net other post-employment benefits asset was measured as of June 30, 2024, 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, 2024, relative to the contributions of all members for the year ended June 30, 2024. At the June 30, 2024, measurement date, the District's proportion was 0.067372%. The District's proportionate share decreased 0.000305% from the prior year.

For the year ended June 30, 2025, the District recognized other post-employment benefits revenue of \$331,639.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

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

For the year ended June 30, 2025, 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	\$ 64,655	\$ 916,942
Change of assumptions	105,599	82,231
Net difference between projected and actual earnings on plan investments	-	106,350
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,330	60,825
Employer contributions subsequent to the measurement date	<u>31,591</u>	<u>-</u>
	<u><u>\$ 251,175</u></u>	<u><u>\$ 1,166,348</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:

<u>June 30</u>	<u>Amount</u>
2026	\$ (393,668)
2027	(297,254)
2028	(243,913)
2029	(11,929)
2030	<u>-</u>
	<u><u>\$ (946,764)</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, 2025**

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

***Actuarial Assumptions:*** The total other post-employment benefits liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.50%
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	6.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Post-65	Initial trend starting at 8.00% in 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous System projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Post-retirement (disabled)	PUB-2010 Disable Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 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 2.50% per annum.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2025**

**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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
<b>Fixed Income</b>		
Core Bonds	10.00%	2.85%
Specialty Credit / High Yield	10.00%	3.82%
Cash	0.00%	1.70%
<b>Inflation Protected</b>		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>4.69%</b>
<b>Long Term Inflation Assumption</b>		<b>2.50%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>7.19%</b>

**Discount Rate:** The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99%. The discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. 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, 2025**

**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 5.99%, 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 (4.99%) or 1-percent-point higher (6.99%) than the current rate for non-hazardous:

	1% Decrease (4.99%)	Discount Rate (5.99%)	1% Increase (6.99%)
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Pennyriile Area Development District's net other post-employment benefits asset	\$ 157,575	\$ (116,540)	\$ (347,017)
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***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:

	Current Healthcare Cost Trend		
	1% Decrease	Rate	1% Increase

Pennyriile Area Development District's net other post-employment benefits liability	\$ (280,382)	\$ (116,540)	\$ 74,323
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***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, 2025**

## **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 Pennyrite 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, 2025**

**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. Auditible 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. Pennyriile 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, 2025**

**12. Cost Allocation Plan, Continued**

**C. Travel**

Travel costs are charged either as direct or indirect depending upon the predominant purpose of the trip. Audit 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 Pennyriile 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, 2025**

**12. Cost Allocation Plan, Continued**

For fiscal year ended June 30, 2025, the shared cost categories that were allocated to all of the programs are as follows:

Salaries	\$ 322,615
Employee Benefits	178,078
Annual Leave	49,590
Travel	82,614
Duplicating	1,838
Postage	2,472
Depreciation	24,590
Other Indirect Costs	<u>393,961</u>
 Total Shared Cost	 <u>\$1,055,758</u>

**13. New GASB Standards**

During fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. After assessing the various provisions of the Statement, the District determined that there is no financial impact to the financial statements as the compensated absences policy currently used by the District already meets the requirements of the Statement.

**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, 2025**

	<b>Budget</b>		<b>Actual Amounts - Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Federal and State Grants	\$ 21,653,028	\$ 27,516,775	\$ 25,220,524	\$ (2,296,251)
Annual Assessments	65,085	61,472	96,591	35,119
Interest Income	120,000	120,000	169,917	49,917
Other Revenues	<u>399,150</u>	<u>402,763</u>	<u>242,874</u>	<u>(159,889)</u>
<b>Total Revenues</b>	<b><u>22,237,263</u></b>	<b><u>28,101,010</u></b>	<b><u>25,729,906</u></b>	<b><u>(2,371,104)</u></b>
<b>Expenditures</b>				
Direct Expenditures				
Salaries	2,062,142	2,028,112	1,827,658	200,454
Employee Benefits	1,293,120	1,265,644	1,168,852	96,792
Travel	193,900	193,050	151,707	41,343
Contracted Services	17,611,781	22,680,170	20,228,386	2,451,784
Duplicating	20,375	20,500	14,110	6,390
Postage	13,375	13,500	15,155	(1,655)
Depreciation	32,000	32,000	24,590	7,410
Other Direct Costs	759,818	854,318	1,157,709	(303,391)
Shared Costs Applied	<u>(318,177)</u>	<u>(312,333)</u>	<u>(264,774)</u>	<u>(47,559)</u>
<b>Total Expenditures</b>	<b><u>21,668,334</u></b>	<b><u>26,774,961</u></b>	<b><u>24,323,393</u></b>	<b><u>2,451,568</u></b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b><u>568,929</u></b>	<b><u>1,326,049</u></b>	<b><u>1,406,513</u></b>	<b><u>80,464</u></b>
<b>Net Change in Fund Balance</b>	<b><u>\$ 568,929</u></b>	<b><u>\$ 1,326,049</u></b>	<b><u>\$ 1,406,513</u></b>	<b><u>\$ 80,464</u></b>

**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, 2025**

**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	\$ 25,729,906
--	---------------

**Differences - Budget to GAAP**

The in-kind revenue impacts revenue but not budgetary inflows.	252,438
Payments on notes receivables received impacts revenue but not budgetary inflows.	395,676
Proceeds from debt related to lease liabilities impacts revenue but not budgetary inflows.	<u>5,145</u>

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

\$ 26,383,165

**Uses / Outflows of Resources**

Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 24,323,393
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**Differences - Budget to GAAP**

The in-kind expenditures impact the expenditures but not budgetary outflows.	252,438
Capital outlays are expenditures but not budgetary outflows.	64,012
(Increase)/decrease in accrued annual leave are budgetary outflows but not expenditures.	(22,762)
Shared depreciation is included in budgetary outflows but not expenditures.	<u>(18,307)</u>

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

\$ 24,598,774

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

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total Net Pension Liability (Asset) for County Employee Retirement System	\$5,980,423,768	\$6,416,508,407	\$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
Pennyrite Area Development District's Proportion of the Net Pension Liability (Asset)	0.067306%	0.067680%	0.063429%	0.069217%	0.069114%	0.067170%	0.074377%	0.075167%	0.074476%	0.078550%
Pennyrite Area Development District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,025,184	\$ 4,342,693	\$ 4,585,291	\$ 4,413,127	\$ 5,300,987	\$ 4,724,096	\$ 4,529,786	\$ 4,399,756	\$ 3,666,933	\$ 3,377,279
Pennyrite Area Development District's Covered Payroll	\$ 2,431,126	\$ 2,113,021	\$ 1,964,585	\$ 1,753,963	\$ 1,767,990	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305	\$ 1,809,114
Pennyrite Area Development District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	165.57%	205.52%	233.40%	251.61%	299.83%	266.85%	267.35%	238.89%	198.50%	186.68%
Plan Fiduciary Net Position as a Percentage of the Total Net Position	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%

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

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

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Pension Contribution	\$ 479,175	\$ 493,179	\$ 459,713	\$ 371,314	\$ 341,222	\$ 341,676	\$ 274,816	\$ 266,689	\$ 257,699	\$ 224,692
Contribution in Relation to the Contractually Required Pension Contribution	<u>(479,175)</u>	<u>(493,179)</u>	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Pennyrite Area Development District's Covered Payroll	\$ 2,431,126	\$ 2,113,021	\$ 1,964,585	\$ 1,753,963	\$ 1,767,990	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305	\$ 1,809,114
Pension Contributions as a Percentage of Pennyrite Area Development District's Covered Payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

**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**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total Net Other Post-Employment Benefits Liability (Asset) for County Employee Retirement System	\$(172,980,142)	\$(138,066,692)	\$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)	0.067372%	0.067677%	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)	\$ (116,540)	\$ (93,439)	\$ 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	\$ 2,431,126	\$ 2,113,021	\$ 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	-4.79%	-4.42%	63.71%	75.53%	94.37%	63.80%	77.94%	82.05%
Plan Fiduciary Net Position as a Percentage of the Total Net Position	104.89%	104.23%	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**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
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	_____ -	_____ -	(66,599)	(101,379)	(84,156)	(84,268)	(89,121)	(86,564)	(87,378)
Contribution Deficiency (Excess)	<b>\$ -</b>								
Pennyrite Area Development District's Covered Payroll	\$ 2,431,126	\$ 2,113,021	\$ 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 Pennyrite Area Development District's Covered Payroll	0.00%	0.00%	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, 2025**

**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 changes that would materially impact the total pension liability or total OPEB asset since June 30, 2023.

**3. Pension and OPEB – Changes of Assumptions**

There have been no changes that would materially impact the total pension liability or total OPEB asset since June 30, 2023.

**SUPPLEMENTARY INFORMATION**

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<b>Grantor / Program Title</b>	<b>Federal ALN Number</b>	<b>Pass-Through Grantor Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>U. S. Department of Commerce</b>				
Passed-Through Department for Local Government				
Joint Funding Administration	11.302	PON2 112 2400004768	\$ -	\$ 114,091
Passed-Through Economic Development Administration				
Economic Adjustment Program (RLF CARES) (Note 5)	11.307	04-79-07509	-	714,298
Disaster Resiliency Capacity Building Project	11.307	ED24ATL0G0130	-	223,608
<b>Total U.S. Department of Commerce</b>			-	<b>1,051,997</b>
<b>U.S. Environmental Protection Agency</b>				
Passed-Through University of Kentucky Research Foundation				
State Indoor Radon Grants	93.113	3200003101-20-299	-	24,117
<b>Total U.S. Environmental Protection Agency</b>			-	<b>24,117</b>
<b>U. S. Department of Health and Human Services</b>				
Passed-Through Kentucky Cabinet for Health and Family Services				
Aging Cluster				
Title III Part B - Supportive Services	93.044	PON3 725 2400000102	306,182	469,936
COVID-19 (ARPA) - Title III Part B - Supportive Services	93.044	PON3 725 2400000102	20,187	21,117
Total Title III Part B - Support Services			326,369	491,053
Title III Part C - Nutrition Services	93.045	PON3 725 2400000102	782,399	838,995
COVID-19 (ARPA) - Title III Part C - Nutrition Services	93.045	PON3 725 2400000102	-	13,159
Total Title III Part C - Nutrition Services			782,399	852,154
Nutrition Services Incentive	93.053	PON3 725 2400000082	88,560	88,560
Total Aging Cluster			1,197,328	1,431,767
Title III Part D - Disease Prevention	93.043	PON3 725 2400000102	19,435	19,435
COVID-19 (ARPA) - Title III Part D - Disease Prevention	93.043	PON3 725 2400000102	13,856	13,856
Total Title III Part D - Disease Prevention			33,291	33,291
Title III Part E - Caregiver Support	93.052	PON3 725 2400000102	-	160,569
COVID-19 (ARPA) - Title III Part E - Caregiver Support	93.052	PON3 725 2400000102	-	4,650
Total Title III Part E - Caregiver Support			-	165,219
Centers for Medicare and Medicaid Service - Research, Demonstrations, and Evaluations	93.324	PON3 725 2400000094	28,167	29,717
Medical Assistance Program	93.778	PON3 725 2400000066	-	38,750
Title VII - Ombudsman	93.042	PON3 725 2400000100	-	5,786
COVID-19 (ARPA) - Title VII - Ombudsman	93.042	PON3 725 2400000100	-	9,951
Total Title VII - Ombudsman			-	15,737
Title VII - Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	PON3 725 2400000100	-	3,101
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	PON2 729 2400001651	-	124,634
Special Projects for the Aging, Title IV, and Title III Discretionary Projects	93.048	PON3 725 2400000103	-	4,657
Medicare Enrollment Assistance Program	93.071	PON3 725 2400000081	15,314	29,249
Passed-Through Kentucky Administrative Office of the Courts				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	PON2 2100000274	-	23,400
<b>Total U.S. Department of Health and Human Services</b>			<b>1,274,100</b>	<b>1,899,522</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<u>Grantor / Program Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<b><u>U.S. Department of Labor</u></b>				
Passed-Through Kentucky Cabinet for Health and Family Services Senior Community Service Employment Title V Aging	17.235	PON3 725 2400000101	133,250	141,520
Passed-Through Commonwealth of Kentucky, Education and Labor Cabinet, Career Development Office				
Trade Adjustment Assistance	17.245	20522	4,729	22,622
Trade Adjustment Assistance	17.245	20523	15,838	23,262
Passed-Through Commonwealth of Kentucky, Education and Labor Cabinet, Department of Workforce Development				
WIOA NDWG / WIA NEG	17.277	258KT22	-	3,076
WIOA NDWG / WIA NEG	17.277	258KT24	37,464	198,421
WIOA NDWG / WIA NEG	17.277	258QT23	-	6,477
Workforce Innovation and Opportunity Act Cluster				
WIOA Adult Program	17.258	27324	85,313	239,281
WIOA Adult Program	17.258	27025	37,940	142,186
WIOA Adult Program	17.258	27325	137,969	339,763
WIOA Youth Activities	17.259	27424	15,705	124,169
WIOA Youth Activities	17.259	27425	49,361	559,483
WIOA Dislocated Worker Formula Grant	17.278	27124	75,192	284,190
WIOA Dislocated Worker Formula Grant	17.278	27225	67,820	166,594
WIOA Dislocated Worker Formula Grant	17.278	27125	122,927	296,441
Total WIOA Cluster			592,227	2,152,107
<b>Total U.S. Department of Labor</b>			<b>783,508</b>	<b>2,547,485</b>
<b><u>U.S. Department of the Treasury</u></b>				
Passed-Through Kentucky Cabinet for Health and Family Services Coronavirus State and Local Fiscal Recovery Funds - Disaster Preparedness	21.027	PON3 725 2400000102	3,375	4,368
Coronavirus State and Local Fiscal Recovery Funds - Bridge the Gap	21.027	PON3 725 2400000102	-	165,600
<b>Total U.S. Department of the Treasury</b>			<b>3,375</b>	<b>169,968</b>
<b><u>Delta Regional Authority</u></b>				
Passed-Through Department for Local Government Delta Regional Authority Act - Technical Assistance	90.200	SF424	-	80,532
<b>Total Delta Regional Authority</b>			<b>-</b>	<b>80,532</b>
<b><u>U.S. Department of Transportation</u></b>				
Safe Streets and Roads for All	20.939	693JJ32340509	-	65,141
<b>Total U.S. Department of Transportation</b>			<b>-</b>	<b>65,141</b>
<b>Total Federal Award Expenditures</b>			<b>\$ 2,060,983</b>	<b>\$ 5,838,762</b>

\* Memorandum of Agreement (MOA)

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2025**

**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, 2025 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	\$ 5,124,464
RLF CARES Project Funds	714,298
Total Federal Expenditures	<u><u>\$ 5,838,762</u></u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**JUNE 30, 2025**

**5. Revolving Loan Federal Expenditures Calculation**

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

<b>RLF CARES</b>		
Loan Receivable at 6/30/2025	\$ 82,525	
Cash in Bank	563,646	
Loans Written off as Uncollectible	<u>68,127</u>	
Total	714,298	
Federal Share	<u>100%</u>	
	<u><u>\$ 714,298</u></u>	

**6. WKWB Reconciliation**

Kentucky Education and Labor Cabinet	\$ 2,405,965
Increases (Decreases)	
Funding from Kentucky Administrative Office of the	
Courts Substance Abuse and Mental Health Services	
Projects of Regional and National Significance	<u>23,400</u>
Workforce Board Expenditures	<u><u>\$ 2,429,365</u></u>

**7. Subrecipients**

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

Subrecipient - Kentucky Legal Aid  
 Unique Entity Identifier - VYLYUK9AJLX7

<u>Program Title</u>	<u>Federal ALN</u>	<u>Subrecipient Number</u>	<u>Subrecipient Expenditures</u>
Title III Part B - Support Services	Contract Number M-05154452 (3)	93.044	\$ 22,500
Subrecipient Total			<u><u>\$ 22,500</u></u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**JUNE 30, 2025**

**7. Subrecipients, Continued**

Subrecipient - Pennyrite Allied Community Services, Inc.

Unique Entity Identifier - ZNXABNMJ89L3

<u>Program Title</u>	<u>Contract Number</u>	<u>Federal ALN</u>	<u>Subrecipient Number</u>	<u>Expenditures</u>
Title III Part B - Support Services	M-05154452 (1D)	93.044		283,682
ARPA Title III Part B - Support Services	M-05154452 (1D)	93.044		20,187
Title III Part C - Nutrition Services	M-05154452 (1D)	93.045		782,399
Nutrition Services Incentive	M-05154452 (1E)	93.053		88,560
Title III Part D - Disease Prevention	M-05154452 (1D)	93.043		19,435
ARPA Title III Part D - Disease Prevention	M-05154452 (1D)	93.043		13,856
Centers for Medicare and Medicaid Service - Research, Demonstrations, and Evaluations	M-05154452 (1A)	93.324		28,167
Medicare Enrollment Assistance Program	M-05154452 (1F)	93.071		15,314
Senior Community Service Employment				
Title V Aging	M-05154452 (1B)	17.235		133,250
Coronavirus State and Local Fiscal Recovery Funds - Disaster Preparedness	MOU	21.027		<u>3,375</u>
			Subrecipient Total	<u>\$ 1,388,225</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**JUNE 30, 2025**

**7. Subrecipients, Continued**

Subrecipient - Purchase Area Development District

Unique Entity Identifier - DES9WE9LLRM7

<u>Program Title</u>	<u>Contract Number</u>	<u>Federal ALN Number</u>	<u>Subrecipient Expenditures</u>
Trade Adjustment Assistance	A25000100001	17.245	20,567
Workforce Innovation and Opportunity			
National Dislocated Worker Grants /			
Workforce Investment Act National			
Emergency Grants	A25000900009	17.277	37,464
Workforce Innovation and Opportunity			
Act Adult Program	A25000100001	17.258	253,861
Workforce Innovation and Opportunity			
Act Adult Program	A25000300003	17.258	7,361
Workforce Innovation and Opportunity			
Act Youth Activities	A25000100001	17.259	63,430
Workforce Innovation and Opportunity			
Act Youth Activities	A25000300003	17.259	1,636
Workforce Innovation and Opportunity			

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Unrestricted Local Operations</b>	<b>Joint Funding Administration</b>	<b>Local Economic Development</b>	<b>Delta Regional Authority</b>	<b>Delta Regional Authority Pilot Program</b>	<b>Disaster Resiliency Project</b>	<b>Pennyrite Westpark RDAAP</b>
<b>Revenues</b>							
Federal	\$ -	\$ 114,091	\$ -	\$ 10,123	\$ 70,409	\$ 223,608	\$ -
Federal - ARPA	-	-	-	-	-	-	-
State	-	342,265	-	-	-	-	16,643
Local							
Annual Assessments	96,591	-	-	-	-	-	-
Interest Income	137,152	-	-	-	-	-	-
Local Match	(29,022)	-	9,293	-	-	55,902	-
Local Applied to Grants	(33,112)	5,096	-	-	-	-	-
Other Revenues	5,657	-	208,730	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>177,266</b>	<b>461,452</b>	<b>218,023</b>	<b>10,123</b>	<b>70,409</b>	<b>279,510</b>	<b>16,643</b>
<b>Expenditures</b>							
Direct Expenditures							
Salaries	-	214,321	31,888	4,953	33,417	26,814	-
Employee Benefits	-	100,318	11,687	2,296	14,437	6,881	-
Annual Leave	-	12,132	2,301	378	3,052	1,424	-
Travel	5,101	14,736	1,856	-	3,214	2,216	-
Contracted Services	-	-	-	-	-	-	-
Duplicating	-	1,562	-	-	-	-	-
Postage	-	72	2	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other Direct Costs	42,352	12,065	2,429	-	768	232,694	16,643
In-Kind Expenditures	-	-	-	-	-	-	-
<b>Total Direct Expenditures</b>	<b>47,453</b>	<b>355,206</b>	<b>50,163</b>	<b>7,627</b>	<b>54,888</b>	<b>270,029</b>	<b>16,643</b>
Shared Costs Applied	-	106,246	14,714	2,496	15,521	9,481	-
<b>Total Expenditures</b>	<b>47,453</b>	<b>461,452</b>	<b>64,877</b>	<b>10,123</b>	<b>70,409</b>	<b>279,510</b>	<b>16,643</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 129,813</b>	<b>\$ -</b>	<b>\$ 153,146</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>University of KY Radon Project</b>	<b>Intermediary Relending Program</b>	<b>Revolving Loan Fund</b>	<b>Revolving Loan Fund CARES</b>	<b>Water Management/ Resources</b>	<b>Regional Transportation</b>	<b>Local Road Updates</b>
<b>Revenues</b>							
Federal	\$ 24,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal - ARPA	-	-	-	-	-	-	-
State	-	-	-	-	128,520	83,454	20,000
Local							
Annual Assessments	-	-	-	-	-	-	-
Interest Income	-	32,132	19,359	8,153	-	-	-
Local Match	1,348	-	-	-	-	-	-
Local Applied to Grants	-	-	-	-	805	11,217	-
Other Revenues	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>25,465</b>	<b>32,132</b>	<b>19,359</b>	<b>8,153</b>	<b>129,325</b>	<b>94,671</b>	<b>20,000</b>
<b>Expenditures</b>							
Direct Expenditures							
Salaries	7,702	-	273	-	58,299	44,169	15,238
Employee Benefits	3,058	-	149	-	29,278	19,720	10,518
Annual Leave	732	-	28	-	2,853	4,126	632
Travel	-	-	-	-	4,493	3,405	172
Contracted Services	6,429	-	-	-	-	-	-
Duplicating	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other Direct Costs	4,004	300	196,467	68,127	4,255	1,399	-
In-Kind Expenditures	-	-	-	-	-	-	-
<b>Total Direct Expenditures</b>	<b>21,925</b>	<b>300</b>	<b>196,917</b>	<b>68,127</b>	<b>99,178</b>	<b>72,819</b>	<b>26,560</b>
Shared Costs Applied	3,540	-	146	-	30,147	21,852	8,620
<b>Total Expenditures</b>	<b>25,465</b>	<b>300</b>	<b>197,063</b>	<b>68,127</b>	<b>129,325</b>	<b>94,671</b>	<b>35,180</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 31,832</b>	<b>\$ (177,704)</b>	<b>\$ (59,974)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (15,180)</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Aging</u>					
	<u>BRIC</u>					
	<u>SS4A</u>	<u>Community Resilience Project</u>	<u>Title III B Administration</u>	<u>Title III C1 Administration</u>	<u>Title III C2 Administration</u>	<u>Title III E Administration</u>
<b>Revenues</b>						
Federal	\$ 65,141	\$ -	\$ 24,934	\$ 34,475	\$ 22,120	\$ 12,208
Federal - ARPA	-	-	-	3,326	9,833	4,650
State	16,285	4,562	8,311	11,743	8,000	3,025
Local						
Annual Assessments	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Local Match	-	-	712	857	2,651	2,228
Local Applied to Grants	-	1,469	-	-	-	-
Other Revenues	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-
<b>Total Revenues</b>	<b>81,426</b>	<b>6,031</b>	<b>33,957</b>	<b>50,401</b>	<b>42,604</b>	<b>22,111</b>
<b>Expenditures</b>						
Direct Expenditures						
Salaries	15,382	2,836	10,194	19,218	15,406	8,839
Employee Benefits	6,462	1,360	7,411	12,804	10,003	5,603
Annual Leave	1,376	288	973	1,862	1,507	829
Travel	-	-	2,110	693	483	214
Contracted Services	45,723	-	-	-	-	-
Duplicating	-	-	942	372	372	372
Postage	-	-	494	494	494	494
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Direct Costs	5,222	-	5,845	4,100	5,943	680
In-Kind Expenditures	-	-	-	-	-	-
<b>Total Direct Expenditures</b>	<b>74,165</b>	<b>4,484</b>	<b>27,969</b>	<b>39,543</b>	<b>34,208</b>	<b>17,031</b>
Shared Costs Applied	7,261	1,547	5,988	10,858	8,396	5,080
<b>Total Expenditures</b>	<b>81,426</b>	<b>6,031</b>	<b>33,957</b>	<b>50,401</b>	<b>42,604</b>	<b>22,111</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Aging</b>						
	<b>Title III Supportive Services</b>	<b>Title III Congregate Meals</b>	<b>Title III Home Delivered Meals</b>	<b>Title III Disease Prevention</b>	<b>NSIP</b>	<b>Title V Senior Employment</b>	
<b>Revenues</b>							
Federal	\$ 428,202	\$ 221,601	\$ 560,799	\$ 19,435	\$ 88,560	\$ 141,520	
Federal - ARPA	21,117	-	-	13,856	-	-	
State	142,720	114,226	1,360,627	-	-	-	
Local							
Annual Assessments	-	-	-	-	-	-	
Interest Income	-	-	-	-	-	-	
Local Match	-	-	-	-	-	78	
Local Applied to Grants	-	-	-	-	-	-	
Other Revenues	-	-	-	-	-	-	
In-Kind Revenue	2,200	88,404	84,381	528	-	17,119	
<b>Total Revenues</b>	<b>594,239</b>	<b>424,231</b>	<b>2,005,807</b>	<b>33,819</b>	<b>88,560</b>	<b>158,717</b>	
<b>Expenditures</b>							
Direct Expenditures							
Salaries	41,227	-	-	-	-	3,509	
Employee Benefits	30,788	-	-	-	-	2,208	
Annual Leave	2,876	-	-	-	-	322	
Travel	1,096	-	-	-	-	19	
Contracted Services	487,888	335,827	1,921,426	33,291	88,560	133,251	
Duplicating	21	-	-	-	-	-	
Postage	39	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	
Other Direct Costs	3,918	-	-	-	-	347	
In-Kind Expenditures	2,200	88,404	84,381	528	-	17,119	
<b>Total Direct Expenditures</b>	<b>570,053</b>	<b>424,231</b>	<b>2,005,807</b>	<b>33,819</b>	<b>88,560</b>	<b>156,775</b>	
Shared Costs Applied	24,186	-	-	-	-	1,942	
<b>Total Expenditures</b>	<b>594,239</b>	<b>424,231</b>	<b>2,005,807</b>	<b>33,819</b>	<b>88,560</b>	<b>158,717</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Aging</b>					
	<b>Federal Caregiver Services</b>	<b>Disability Resource Center</b>	<b>MIPPA ADRC</b>	<b>MIPPA AAA</b>	<b>MIPPA SHIP</b>	<b>Long Term Services and Support</b>
<b>Revenues</b>						
Federal	\$ 148,361	\$ 38,750	\$ 5,795	\$ 8,140	\$ 15,314	\$ -
Federal - ARPA	-	-	-	-	-	-
State	58,069	38,750	-	-	-	10,687,380
Local						
Annual Assessments	-	-	-	-	-	-
Interest Income	-	-	-	-	-	511
Local Match	4	4	69	786	-	-
Local Applied to Grants	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	7,579,273
In-Kind Revenue	-	-	-	-	503	-
<b>Total Revenues</b>	<b>206,434</b>	<b>77,504</b>	<b>5,864</b>	<b>8,926</b>	<b>15,817</b>	<b>18,267,164</b>
<b>Expenditures</b>						
Direct Expenditures						
Salaries	25,049	28,198	2,228	3,234	-	589,887
Employee Benefits	13,976	25,529	2,023	2,800	-	336,229
Annual Leave	1,565	1,872	174	253	-	37,165
Travel	1,251	(111)	12	24	-	11,967
Contracted Services	140,221	-	-	-	15,314	15,533,596
Duplicating	1,154	88	20	19	-	3,083
Postage	1,117	165	-	156	-	6,538
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Direct Costs	8,922	3,649	-	419	-	92,080
In-Kind Expenditures	-	-	-	-	503	-
<b>Total Direct Expenditures</b>	<b>193,255</b>	<b>59,390</b>	<b>4,457</b>	<b>6,905</b>	<b>15,817</b>	<b>16,610,545</b>
Shared Costs Applied	13,179	18,114	1,407	2,021	-	311,945
<b>Total Expenditures</b>	<b>206,434</b>	<b>77,504</b>	<b>5,864</b>	<b>8,926</b>	<b>15,817</b>	<b>16,922,490</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,344,674</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Aging</b>					
	<b>Expanded Meals Program</b>	<b>Title III B Ombudsman</b>	<b>Elder Abuse</b>	<b>SHIP</b>	<b>Title VII Ombudsman</b>	<b>Bridge the Gap</b>
<b>Revenues</b>						
Federal	\$ -	\$ 16,800	\$ 3,101	\$ 29,717	\$ 5,786	\$ 165,600
Federal - ARPA	-	-	-	-	9,951	-
State	1,051,965	2,965	-	-	-	-
Local						
Annual Assessments	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Local Match	1,717	-	547	81	1,021	978
Local Applied to Grants	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-
In-Kind Revenue	2,194	-	-	4,490	-	-
<b>Total Revenues</b>	<b>1,055,876</b>	<b>19,765</b>	<b>3,648</b>	<b>34,288</b>	<b>16,758</b>	<b>166,578</b>
<b>Expenditures</b>						
Direct Expenditures:						
Salaries	83,811	8,860	1,436	567	5,166	20,217
Employee Benefits	58,121	3,497	820	351	2,926	10,390
Annual Leave	4,627	457	107	56	380	1,224
Travel	5,286	444	67	-	337	152
Contracted Services	845,001	-	-	28,167	-	121,598
Duplicating	12	417	71	-	194	-
Postage	22	79	19	-	51	60
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Direct Costs	8,804	1,841	372	337	4,983	2,788
In-Kind Expenditures	2,194	-	-	4,490	-	-
<b>Total Direct Expenditures</b>	<b>1,007,878</b>	<b>15,595</b>	<b>2,892</b>	<b>33,968</b>	<b>14,037</b>	<b>156,429</b>
Shared Costs Applied	47,998	4,170	756	320	2,721	10,149
<b>Total Expenditures</b>	<b>1,055,876</b>	<b>19,765</b>	<b>3,648</b>	<b>34,288</b>	<b>16,758</b>	<b>166,578</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Aging</u>					
	Homecare Services	Disaster Assistance	State Long-Term Care Ombudsman	Kentucky Family Caregiver	DAIL Suicide Grant	National Suicide Grant
<b>Revenues</b>						
Federal	\$ -	\$ 4,368	\$ -	\$ -	\$ 4,657	\$ 124,634
Federal - ARPA	-	-	-	-	-	-
State	573,813	-	91,761	116,069	-	-
Local						
Annual Assessments	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Local Match	12,027	-	-	1,972	1,942	-
Local Applied to Grants	-	-	-	-	-	14,526
Other Revenues	-	-	-	-	-	-
In-Kind Revenue	<u>52,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<b><u>638,459</u></b>	<b><u>4,368</u></b>	<b><u>91,761</u></b>	<b><u>118,041</u></b>	<b><u>6,599</u></b>	<b><u>139,160</u></b>
<b>Expenditures</b>						
Direct Expenditures:						
Salaries	71,258	522	36,059	26,471	2,306	45,956
Employee Benefits	51,449	235	21,711	13,038	1,364	23,567
Annual Leave	5,560	34	2,897	1,333	175	2,508
Travel	3,517	-	1,891	1,813	1,506	1,129
Contracted Services	401,501	3,375	-	51,915	-	35,303
Duplicating	1,394	-	1,522	107	-	550
Postage	1,357	-	481	316	-	232
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Direct Costs	8,334	383	7,627	9,006	-	6,400
In-Kind Expenditures	<u>52,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Direct Expenditures</b>	<b><u>596,989</u></b>	<b><u>4,549</u></b>	<b><u>72,188</u></b>	<b><u>103,999</u></b>	<b><u>5,351</u></b>	<b><u>115,645</u></b>
Shared Costs Applied	<u>41,470</u>	<u>308</u>	<u>19,510</u>	<u>14,042</u>	<u>1,248</u>	<u>23,515</u>
<b>Total Expenditures</b>	<b><u>638,459</u></b>	<b><u>4,857</u></b>	<b><u>91,698</u></b>	<b><u>118,041</u></b>	<b><u>6,599</u></b>	<b><u>139,160</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ -</u></b>	<b><u>\$ (489)</u></b>	<b><u>\$ 63</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Pennyriile Housing Corporation</b>	<b>Pennyriile Dev. &amp; Gov't Center</b>	<b>Computer Services</b>	<b>West Kentucky Workforce Board</b>	<b>Shared Cost Allocation</b>	<b>Total</b>
<b>Revenues</b>						
Federal	\$ -	\$ -	\$ -	\$ 2,429,365	\$ -	\$ 5,061,731
Federal - ARPA	-	-	-	-	-	62,733
State	6,637	-	-	268,680	-	15,156,470
Local						
Annual Assessments	-	-	-	-	-	96,591
Interest Income	3,430	1,587	-	-	-	202,324
Local Match	-	-	-	-	-	65,195
Local Applied to Grants	-	-	-	-	-	1
Other Revenues	-	74,727	900	-	-	7,869,287
In-Kind Revenue	-	-	-	-	-	252,438
<b>Total Revenues</b>	<b>10,067</b>	<b>76,314</b>	<b>900</b>	<b>2,698,045</b>	<b>-</b>	<b>28,766,770</b>
<b>Expenditures</b>						
Direct Expenditures						
Salaries	-	-	133	580,346	322,615	2,408,004
Employee Benefits	-	-	88	217,557	178,078	1,238,730
Annual Leave	-	-	11	46,358	49,590	194,037
Travel	-	-	-	23,354	82,614	175,061
Contracted Services	-	-	-	1,488,542	-	21,716,928
Duplicating	-	-	-	3,252	1,838	17,362
Postage	-	-	1	372	2,472	15,527
Depreciation	-	41,393	-	-	24,590	65,983
Interest	234	24,507	-	-	-	24,741
Other Direct Costs	1,741	8,827	245	80,822	393,961	1,249,099
In-Kind Expenditures	-	-	-	-	-	252,438
<b>Total Direct Expenditures</b>	<b>1,975</b>	<b>74,727</b>	<b>478</b>	<b>2,440,603</b>	<b>1,055,758</b>	<b>27,357,910</b>
Shared Costs Applied	-	-	90	261,340	(1,055,758)	(3,434)
<b>Total Expenditures</b>	<b>1,975</b>	<b>74,727</b>	<b>568</b>	<b>2,701,943</b>	<b>-</b>	<b>27,354,476</b>
<b>Excess of Revenues Over (Under) Expenditures</b>						
	<b>\$ 8,092</b>	<b>\$ 1,587</b>	<b>\$ 332</b>	<b>\$ (3,898)</b>	<b>\$ -</b>	<b>\$ 1,412,294</b>



**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  
Pennyrile 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 Pennyrile Area Development District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Pennyrile Area Development District's basic financial statements and have issued our report thereon dated December 30, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Pennyrile 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 Pennyrile Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pennyrile 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 Pennyrile 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  
December 30, 2025  
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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  
December 30, 2025



**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  
Pennyrile Area Development District  
Hopkinsville, Kentucky

**Report on Compliance for Each Major Federal Program**

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

We have audited Pennyrile 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 Pennyrile Area Development District's major federal programs for the year ended June 30, 2025. Pennyrile 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, Pennyrile 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, 2025.

***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 Pennyrile 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 Pennyrile 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 Pennyrile Area Development District's federal programs.

To the Board of Directors  
Pennyrile Area Development District  
December 30, 2025  
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### ***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 Pennyrile 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 Pennyrile 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 Pennyrile 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 Pennyrile 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 Pennyrile 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  
December 30, 2025  
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not 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, 2025, 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 December 30, 2025, 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.

*Calkoun & Company*

Hopkinsville, Kentucky  
December 30, 2025

**PENNYRILE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**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:

Aging Cluster

- Associated Listing #93.044 – Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
- Associated Listing #93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services
- Associated Listing #93.053 – Nutrition Services Incentive Program

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
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Auditee Qualified as Low-Risk Auditee?	Yes
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**Section II – Financial Statement Findings**

No Matters Were Reported.

**Section III – Federal Award Findings and Questioned Costs**

No Matters Were Reported.