

**REPORT OF THE AUDIT OF THE  
PURCHASE AREA  
DEVELOPMENT DISTRICT**

**For The Year Ended  
June 30, 2023**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
BOARD OF DIRECTORS .....	5
STATEMENT OF NET POSITION .....	9
STATEMENT OF ACTIVITIES .....	10
BALANCE SHEET - GOVERNMENTAL FUNDS .....	12
RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION .....	13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS .....	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES .....	15
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS .....	16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS .....	17
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS .....	18
NOTES TO FINANCIAL STATEMENTS .....	21
BUDGETARY COMPARISON SCHEDULES .....	59
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION .....	61
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY .....	65
SCHEDULE OF CONTRIBUTIONS .....	66
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY .....	67
SCHEDULE OF CONTRIBUTIONS .....	68
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN .....	69
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OPEB PLAN .....	71
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	75
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	78
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM .....	81
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	103
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE .....	107
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	113

THIS PAGE LEFT BLANK INTENTIONALLY



**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

Independent Auditor's Report

To the Board of Directors  
Purchase Area Development District  
Mayfield, Kentucky

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

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Purchase Area Development District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Purchase 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 business-type activities, each major fund, and the aggregate remaining fund information of the Purchase Area Development District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 Purchase 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***

Purchase Area Development District's 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 Purchase 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  
Purchase Area Development District  
Mayfield, Kentucky

### ***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, 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 Purchase 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Purchase 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 regarding, 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 Budgetary Comparison Schedules on pages 58 and 59, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 63 and 64 and Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions on pages 65 and 66 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 statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors  
Purchase Area Development District  
Mayfield, Kentucky

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

*Required Supplementary Information (Continued)*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Purchase Area Development District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is 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 1, 2023, on our consideration of the Purchase 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 Purchase 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 the Purchase Area Development District's internal control over financial reporting and compliance.

To the Board of Directors  
Purchase Area Development District  
Mayfield, Kentucky

**Other Reporting Required by *Government Auditing Standards* (Continued)**

Based on the results of our audit, we present the accompanying Schedule of Findings and Questioned Costs included herein, which discusses the following report comments:

- 2023-001 The Purchase Area Development District Has Insufficient Internal Controls Over Federal Awards
- 2023-002 The Purchase Area Development District Failed To Implement Adequate Internal Controls Over The Preparation Of The Budgetary Comparison Schedules
- 2023-003 The Purchase Area Development District Failed To Implement Internal Controls Over Interfund Balances
- 2023-004 The Purchase Area Development District Lacks Adequate Internal Controls Over Economic Adjustment Assistance Reporting

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

December 1, 2023

**PURCHASE AREA DEVELOPMENT DISTRICT  
BOARD OF DIRECTORS**

**For The Year Ended June 30, 2023**

Ballard County

Todd Cooper, Judge Executive  
Cathy Pigg, City of Wickliffe Designee  
Justin Puckett

Calloway County

Kenny Imes, Judge Executive  
Bob Rogers, Mayor of Murray  
Mark Manning  
Sue Outland

Carlisle County

Greg Terry, Judge Executive  
Nancy Henley, City of Bardwell Designee  
Bill Fraser

Fulton County

Jim Martin, Judge Executive  
John Wiley Gannon, City of Hickman Designee  
Mike Gunn, City of Fulton Designee  
Perry Turner  
Greg Curlin

Graves County

Richie Galloway, Graves County Designee  
Kathy O'Nan, Mayor of Mayfield  
Charles Shelby, Mayor of Wingo  
Kenneth "Pete" Galloway  
Monica Jackson  
Tamie Johnson

Hickman County

Kenny Wilson, Judge Executive  
John Kelly, Mayor of Clinton  
Wynita Dillard  
Ethan Cunningham

Marshall County

Kevin Spraggs, Judge Executive  
Rita Dotson, Mayor of Benton  
John Ward, Calvert City Designee  
Andrew Pagel

McCracken County

Craig Clymer, Judge Executive  
Bill Bartleman, County Commissioner  
George Bray, Mayor of Paducah  
Arthur Boykin

Legislators

Senator Danny Carroll  
Senator Jason Howell  
Representative Chris Freeland  
Representative Richard Heath  
Representative Mary Beth Imes  
Representative Steve Rudy  
Representative Randy Bridges

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT  
BASIC FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash	\$ 4,664,341	\$ 1,761,427	\$ 6,425,768
Investments	3,625,000		3,625,000
Interest Receivable	27,761		27,761
Grants Receivable	1,788,299		1,788,299
Accounts Receivable	108,211	3,420	111,631
Loans, Net	4,428,272		4,428,272
Inventory	236,932		236,932
Prepaid Items	8,134	6,895	15,029
Nondepreciable Capital Assets		89,494	89,494
Depreciable Capital Assets	57,148	3,565,976	3,623,124
Less: Accumulated Depreciation	(3,810)	(2,749,060)	(2,752,870)
Total Current Assets	<u>14,940,288</u>	<u>2,678,152</u>	<u>17,618,440</u>
<b>Deferred Outflows of Resources</b>			
OPEB Related	858,412		858,412
Pension Related	1,502,001		1,502,001
Total Deferred Outflows of Resources	<u>2,360,413</u>		<u>2,360,413</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	1,218,817	2,473	1,221,290
Unearned Revenue	391,385		391,385
Long-term Obligations:			
Due Within One Year:			
Notes Payable	109,828		109,828
Compensated Absences	33,868		33,868
Due Beyond One Year:			
Notes Payable	834,154		834,154
Compensated Absences	101,602		101,602
Net OPEB Liability	1,481,615		1,481,615
Net Pension Liability	5,426,098		5,426,098
Total Liabilities	<u>9,597,367</u>	<u>2,473</u>	<u>9,599,840</u>
<b>Deferred Inflows of Resources</b>			
OPEB Related	844,669		844,669
Pension Related	649,966		649,966
Total Deferred Inflows of Resources	<u>1,494,635</u>		<u>1,494,635</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 53,338	\$ 906,410	\$ 959,748
Restricted For:			
Grant Programs	10,487,268		10,487,268
Unrestricted	(4,331,907)	1,769,269	(2,562,638)
Total Net Position	<u>\$ 6,208,699</u>	<u>\$ 2,675,679</u>	<u>\$ 8,884,378</u>

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
STATEMENT OF ACTIVITIES**

**For The Year Ended June 30, 2023**

<b>Functions/Programs Reporting Entity</b>	<b>Program Revenues Received</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Primary Government:</b>			
Governmental Activities:			
General Government	\$ 180,199	\$ 43,313	\$ 145,358
Lending	415,396		1,544,482
Aging and Independent Living	3,879,806		3,836,642
Nutritional Services	4,094,863		4,541,064
Housing	25,909		
Physical Planning	382,627		400,273
Economic Development	437,948		458,425
PDS	6,330,997		6,219,773
Workforce Development	928,887		899,458
Other Community Services	103,062		103,062
Total Governmental Activities	<u>16,779,694</u>	<u>43,313</u>	<u>18,148,537</u>
Business-type Activities:			
Jackson Purchase Local Officials Organization	253,664	187,871	
Total Business-type Activities	<u>253,664</u>	<u>187,871</u>	
Total Primary Government	<u>\$ 17,033,358</u>	<u>\$ 231,184</u>	<u>\$ 18,148,537</u>
<b>General Revenues:</b>			
Investment Income			
Other			
Total General Revenues			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2023  
(Continued)**

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ 8,472	\$	\$ 8,472
1,129,086		1,129,086
(43,164)		(43,164)
446,201		446,201
(25,909)		(25,909)
17,646		17,646
20,477		20,477
(111,224)		(111,224)
(29,429)		(29,429)
<u>1,412,156</u>		<u>1,412,156</u>
	<u>(65,793)</u>	<u>(65,793)</u>
	<u>(65,793)</u>	<u>(65,793)</u>
<u>1,412,156</u>	<u>(65,793)</u>	<u>1,346,363</u>
298,744	74,963	373,707
	43,924	43,924
<u>298,744</u>	<u>118,887</u>	<u>417,631</u>
1,710,900	53,094	1,763,994
<u>4,497,799</u>	<u>2,622,585</u>	<u>7,120,384</u>
<u>\$ 6,208,699</u>	<u>\$ 2,675,679</u>	<u>\$ 8,884,378</u>

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2023**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,040,747	\$ 3,623,594	\$ 4,664,341
Investments	3,250,000	375,000	3,625,000
Due from Other Funds	697,323	3,171,208	3,868,531
Interest Receivable		27,761	27,761
Grants Receivable		1,788,299	1,788,299
Accounts Receivable	108,211		108,211
Loans, net		4,428,272	4,428,272
Inventory		236,932	236,932
Prepaid Expenses	6,759	1,375	8,134
Total Assets	<u>5,103,040</u>	<u>13,652,441</u>	<u>18,755,481</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due To Other Funds	3,171,208	697,323	3,868,531
Accounts Payable and Accrued Liabilities	172,914	1,045,903	1,218,817
Unearned Revenue	49,366	342,019	391,385
Total Liabilities	<u>3,393,488</u>	<u>2,085,245</u>	<u>5,478,733</u>
<b>FUND BALANCES</b>			
Nonspendable	6,759	4,666,579	4,673,338
Restricted		5,767,271	5,767,271
Assigned		1,133,346	1,133,346
Unassigned	1,702,793		1,702,793
Total Fund Balances	<u>\$ 1,709,552</u>	<u>\$ 11,567,196</u>	<u>\$ 13,276,748</u>
Total Liabilities and Fund Balances	<u>\$ 5,103,040</u>	<u>\$ 13,652,441</u>	<u>\$ 18,755,481</u>

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET,  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2023**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:**

Total Fund Balances - Total Governmental Funds	\$	13,276,748
--	----	------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$57,148 and the accumulated depreciation is \$3,810.		53,338
--	--	--------

Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.		852,035
--	--	---------

Deferred outflows and inflows of resources related to OPEB expense are applicable to future periods, therefore, are not reported in the fund statements.		13,743
--	--	--------

Long-term liabilities, including net pension and net OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Long-term liabilities at year-end consist of:

Notes Payable		(943,982)
Compensated Absences		(135,470)
Net OPEB Liability		(1,481,615)
Net Pension Liability		(5,426,098)
		(5,426,098)

Total Net Position - Governmental Activities	\$	6,208,699
--	----	-----------

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

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental Revenue	\$	\$ 14,778,886	\$ 14,778,886
Local Revenue	145,358	2,558,990	2,704,348
Investment Income	3,248	295,496	298,744
Other Income	43,313	665,303	708,616
Total Revenues	<u>191,919</u>	<u>18,298,675</u>	<u>18,490,594</u>
<b>EXPENDITURES</b>			
General Government	220,768		220,768
Lending		522,823	522,823
Aging and Independent Living		3,879,806	3,879,806
Nutritional Services		4,091,053	4,091,053
Housing	17,500	29,514	47,014
Physical Planning		382,627	382,627
Economic Development		437,948	437,948
Participant Directed Services (PDS)		6,330,997	6,330,997
Workforce Development		928,887	928,887
Other Community Services		103,062	103,062
Total Expenditures	<u>238,268</u>	<u>16,706,717</u>	<u>16,944,985</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(46,349)</u>	<u>1,591,958</u>	<u>1,545,609</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In		240,029	240,029
Operating Transfers Out	(240,029)		(240,029)
Total Other Financing Sources (Uses)	<u>(240,029)</u>	<u>240,029</u>	
Net Change in Fund Balances	(286,378)	1,831,987	1,545,609
Fund Balances - Beginning	1,995,930	9,735,209	11,731,139
Fund Balances - Ending	<u>\$ 1,709,552</u>	<u>\$ 11,567,196</u>	<u>\$ 13,276,748</u>

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2023**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances - Total Governmental Funds \$ 1,545,609

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period. (3,810)

Government funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 90,190

Repayments of note principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets. 128,532

Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recognized when they are incurred. (6,387)

Government funds report District OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense. (43,234)

Change in Net Position - Governmental Activities \$ 1,710,900

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2023**

	<b>Business-Type Activities - Proprietary Fund</b> <hr/>
	<b>Jackson Purchase Local Officials Organization</b> <hr/>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,761,427
Accounts Receivable	3,420
Prepaid Expenses	6,895
Total Current Assets	<hr/> 1,771,742 <hr/>
Noncurrent Assets:	
Fixed Assets, Net	906,410
Total Noncurrent Assets	<hr/> 906,410 <hr/>
Total Assets	<hr/> 2,678,152 <hr/>
<b>Liabilities and Net Position</b>	
<b>Current Liabilities</b>	
Accounts Payable	2,473
Total Liabilities	<hr/> 2,473 <hr/>
<b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	906,410
Unrestricted	1,769,269
Total Net Position	<hr/> \$ 2,675,679 <hr/>

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

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2023**

	<b>Business-Type Activities - Proprietary Fund</b>
	<b>Jackson Purchase Local Officials Organization</b>
<b>Operating Revenues</b>	
Rental Income - Real Estate	\$ 119,080
Lease Income - Personal Property	68,791
Other Income	43,924
Total Operating Revenues	<u>231,795</u>
<b>Operating Expenses</b>	
Equipment Maintenance	13,173
Building Maintenance	20,035
Property Maintenance	9,375
Vehicles	16,893
Insurance	41,228
Depreciation	152,042
Other	918
Total Operating Expenses	<u>253,664</u>
Operating Income (Loss)	<u>(21,869)</u>
<b>Nonoperating Revenues</b>	
Interest Revenue	74,963
Total Nonoperating Revenues	<u>74,963</u>
Change In Net Position	53,094
Total Net Position - Beginning	<u>2,622,585</u>
Total Net Position - Ending	<u>\$ 2,675,679</u>

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For The Year Ended June 30, 2023**

	<u>Business-Type Activities - Proprietary Fund</u>
	<u>Jackson Purchase Local Officials Organization</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received From Rental Charges	\$ 231,849
Cash Payments to Other Operating Expenses	<u>(85,538)</u>
Net Cash Provided (Used) By Operating Activities	<u>146,311</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	<u>(199,764)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(199,764)</u>
<b>Cash Flows From Investing Activities</b>	
Investment Income and Other	<u>74,963</u>
Net Cash Provided (Used) By Investing Activities	<u>74,963</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,510
Cash and Cash Equivalents - July 1	<u>1,739,917</u>
Cash and Cash Equivalents - June 30	<u>\$ 1,761,427</u>

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For The Year Ended June 30, 2023**

	<b>Business-Type Activities - Enterprise Fund</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	<b>Jackson Purchase Local Officials Organization</b>
Operating Income (Loss)	\$ (21,869)
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities	
Depreciation Expense	152,042
Changes in Assets and Liabilities:	
Accounts Receivable	54
Accounts Payable	17,879
Accounts Payable	<u>(1,795)</u>
 Net Cash Provided (Used) By Operating Activities	 <u>\$ 146,311</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	NATURE OF OPERATIONS AND REPORTING ENTITY.....	21
NOTE 2.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	21
NOTE 3.	CASH AND INVESTMENTS .....	31
NOTE 4.	DISAGGREGATION OF RECEIVABLES .....	32
NOTE 5.	INTERFUND RECEIVABLES AND PAYABLES .....	32
NOTE 6.	TRANSFERS.....	32
NOTE 7.	LOANS .....	33
NOTE 8.	CAPITAL ASSETS .....	33
NOTE 9.	RELATED PARTY LEASE AGREEMENTS .....	34
NOTE 10.	NOTES PAYABLE AND LONG-TERM OBLIGATIONS .....	35
NOTE 11.	FUND BALANCES .....	37
NOTE 12.	RETIREMENT PLANS .....	37
NOTE 13.	POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB).....	42
NOTE 14.	CONTINGENCIES .....	46
NOTE 15.	RISK MANAGEMENT.....	47
NOTE 16.	COST ALLOCATION PLAN (CAP).....	47
NOTE 17.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES .....	51
NOTE 18.	NOTES RECEIVABLE .....	51

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 1. Nature of Operations and Reporting Entity**

**Reporting Entity**

The Purchase Area Development District (the "District") supports economic development, gives technical assistance and helps in administering services and programs in the designated eight county Jackson Purchase Area of Kentucky. The District was established under the laws of the Commonwealth of Kentucky by KRS 147A.050 (1). 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 has entered into various agreements, memoranda of agreements and contracts, all of which are subject to the financial management policies of the District.

The District receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since members of the District's Board of Directors are elected officials, or are appointed by elected officials, and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

**Blended Component Unit**

Jackson Purchase Local Officials Organization ("JPLOO")—Although it is legally separated from the District, JPLOO is reported as if it were part of the primary government because the board of governance is substantially the same and the entities share common management. JPLOO is included as an enterprise fund on the District's financial statements.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

**Government-Wide Financial Statements** — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Eliminations have been made to minimize the duplicate recording of internal activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged by the District.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

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

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

**Fund Financial Statements** — Fund financial statements report detailed information about the District's funds. Separate statements for each fund category (governmental and proprietary) are presented. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total fund balances.

Proprietary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**Budgetary Information** — Annual budgets are adopted on a basis consistent with the requirements of the Department of Local Government for special purpose governmental entities.

The District has the following funds:

**Governmental Fund Types**

*General Fund*

The general fund accounts for financial resources in use for general types of operations and all unassigned fund balances are considered as resources available for use. The general fund is a major fund.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Governmental Fund Types (Continued)**

*Special Revenue*

Lending, Aging and Independent Living, Nutritional Services, Housing, Physical Planning, Participant Directed Services (PDS), Workforce Development, and Other Community and Economic Development programs account for the activities of the special revenue fund that are non-spendable, restricted, committed or assigned to expenditures in accordance with restrictions established by the various grantors (primarily the United States Government and the Commonwealth of Kentucky). The separate projects of federally funded grant programs are identified in the accompanying schedule of expenditures of federal awards. The special revenue fund is a major fund.

**Proprietary Fund Type**

*Enterprise Fund*

The Jackson Purchase Local Officials Organization (“JPLOO”) is a blended component unit being reported as an enterprise fund on the District’s financial statements. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of JPLOO is rental and lease revenue from the District. Operating expenses for enterprise funds include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On this basis of accounting, revenues are recognized when they become measurable and available as assets.

Governmental funds are used to account for the government’s general activities. Governmental fund types use the flow of current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid. The administration of all accounts follows an annual cost allocation plan, prepared under guidelines of the Department for Local Government and Federal grant regulations. The purchase of supplies and services complies with the Kentucky procurement laws. In-kind contributions included in the accompanying financial statements consist of donated facilities or services and are valued at fair market value as of the date of the donation.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Investments**

Investments are non-brokered certificates of deposit (CDs) reported at cost. The CDs are nonparticipating interest-earning investment contracts which are not negotiable and have redemption terms that do not consider market rates.

**Inventory**

Supplies and materials are charged to expenditures when purchased (purchases method) with the exception of the proprietary fund, which records inventory at the lower of cost, determined by first-in first-out (FIFO) method, or net realizable value.

The District warehouses food commodities as part of the Emergency Food Assistance Program and the Commodity Supplemental Food Program. Amounts reported at June 30, 2023, represent the dollar values of commodities on hand at year end based upon the U.S. Department of Agriculture (USDA) pricing values per unit.

**Loans**

The District grants commercial loans to eligible borrowers, through the Revolving Loan Fund (RLF) Program, Rural Business Enterprise Grant RLF (RBEG-RLF) program, Intermediary Relending Program (IRP), and SBA Microloan programs. The ability of the District's debtors to honor their contracts is dependent upon the borrowers' cash flows from their operations and general economic conditions in this District's area. The loans are both secured and unsecured.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for loan losses. Interest income is accrued on the unpaid principal balance.

Loans are charged-off at an earlier date if collection of principal or interest is considered doubtful.

**Accounts and Grants Receivable**

Accounts and grants receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts and grants receivable.

**Allowance for Loan Losses**

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Allowance for Loan Losses (Continued)**

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental activities column of the statement of net position, except for the net residual amounts due between governmental and business type activities, which are presented as internal balances.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

**Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets are capitalized at cost. The District does not possess any infrastructure assets.

All reported capital assets are depreciated, except for land. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Computer Equipment	4 - 10 Years
Vehicles	4 Years
Audio-visual Equipment	7 - 15 Years
Furniture and Fixtures	7 - 15 Years
Building and Improvements	7 - 35 Years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Deferred Inflows and Outflows of Resources – Pension Related**

The District's statement of net position reports a separate section for deferred inflows and outflows of resources related to pension which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

**Deferred Inflows and Outflows of Resources – OPEB Related**

The District's statement of net position reports a separate section for deferred inflows and outflows of resources related to OPEB which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

**Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows/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 CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 12 provides further detail on the net pension liability.

**Net Other Post-Employment Benefits (OPEB) Liability**

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value. Note 13 provides further detail on the net OPEB liability.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Post-Employment Health Care Benefits**

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS plan.

**Unearned Revenue**

Monies received from federal, state and local grants that are in excess of allowable expenditures are recorded as unearned revenue and will be returned to the grantor upon their request, unless allowable expenditures are incurred which satisfies the grantor compliance requirements.

**Compensated Absences**

Compensated absences are absences for which employees will be paid for vacation. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the District and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as obligations of the funds. Notes are recognized as a liability in the fund financial statements when due.

**Leases**

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. The District did not have any significant leases for the year ended June 30, 2023.

**Net Position**

The District classifies its net position into the following three categories:

*Net investment in capital assets* - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Net Position (Continued)**

*Restricted* – The restricted component of net positions consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability related to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

*Unrestricted* - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either the restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations that required the use of resources for specific purposes. See Note 11 for further detail on fund balance policies.

**Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

**Revenues — Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year in which the resources are designated for use (or the fiscal year when use is first permitted), matching requirements, in which the District must provide local resources to be used for a specified purpose, performance based, requiring the completion of certain tasks or required outcomes, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

The District is a political subdivision and is exempt from income taxes. The District's component unit qualifies for exemption from federal income taxes under KRS 61.420(5).

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Related Organization**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's board. Based on this criteria, the following is considered a related organization of the Purchase Area Development District:

Purchase Area Housing Corporation

**Subsequent Events**

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through the auditor's report date, which was the date the financial statements were made available. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

**Recent Issued and Implemented Accounting Pronouncements**

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. No SBITAs were reported as a result of the implementation of this standard.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements**

GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

GASB Statement No. 101, Compensated Absences, 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. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, this Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 3. Cash and Investments**

**Deposits**

At June 30, 2023, the carrying amounts of the District's deposits in the governmental funds, which include investments, were \$8,289,341 and the bank balances were \$8,655,027, of which \$8,294,687 was covered by federal depository insurance or by collateral held by the bank's agent in the District's name and \$360,340 was uninsured and uncollateralized.

The District's component unit, JPLOO, is a Kentucky non-profit entity. As such, JPLOO is not subject to the Kentucky Revised Statutes for pledging of collateral from financial institutions holding cash deposits. At June 30, 2023, JPLOO's carrying amounts of deposits was \$1,761,427 and the bank balances were \$1,795,988, which were covered by federal depository insurance or by collateral held by the bank's agent in JPLOO's name.

Deposits had the following balances at June 30, 2023:

<u>June 30,</u>	<u>2023</u>
Governmental Funds	\$ 8,289,341
Proprietary Funds	<u>1,761,427</u>
Total	<u>\$ 10,050,768</u>

The District's investments consist of non-brokered certificates of deposit, which are reported at cost.

**Custodial Credit Risk Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Kentucky; bonds of any city, county, school district or special road district of the State of Kentucky; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Interest Rate Risk**

The District's investment policy does not address any limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 3. Cash and Investments (Continued)**

**Credit Risk**

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District's investment policy includes no other investment requirements that would further limit its investment choices.

**Note 4. Disaggregation of Receivables**

The District has program receivables in the amount of \$1,788,299. The majority of these receivables are related to grant receivables. The breakdown by function/program is as follows:

Nutritional Services	\$	75,269
Community and Economic Development	\$	139,879
Physical Planning	\$	56,763
Aging and Independent Living Services	\$	877,285
Participant Directed Services	\$	379,964
Workforce Development	\$	259,139

**Note 5. Interfund Receivables and Payables**

Interfund balances at June 30, 2023 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Fund	General Fund	\$ 3,171,208
General Fund	Special Revenue Fund	697,323

The interfund activity relates to the temporary cash needs among the funds. Interfund balances are expected to be repaid by fiscal year end June 30, 2024.

**Note 6. Transfers**

The table below shows the interfund operating transfers for fiscal year 2023.

	<u>General</u>	<u>Total</u>
	<u>Fund</u>	<u>Transfers In</u>
Special Revenue Fund	\$ 240,029	\$ 240,029
Total Transfers Out	<u>\$ 240,029</u>	<u>\$ 240,029</u>

Reasons for Transfers:

To move resources to the fund from which they were expended.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 7. Loans**

At June 30, 2023, the District has outstanding loans made to local businesses that are funded through federal, state and local loan programs. Amounts are recorded in the financial statements in the Revolving Loan Fund (RLF) program, Intermediary Relending Program, and SBA Microloans programs. At June 30, 2023, the District had outstanding loans, net of:

<u>June 30,</u>	<u>2023</u>
Revolving Loan Fund (RLF)	\$ 4,064,058
Intermediary Relending Programs (IRP)	590,351
SBA Microloan Programs	<u>142,348</u>
Total	\$ 4,796,757
Allowance for Loan Losses	<u>(368,485)</u>
Loans, Net	<u>\$ 4,428,272</u>

An analysis of allowance for loan losses as of June 30, 2023 follows:

<u>June 30,</u>	<u>2023</u>
Balance - Beginning of Year	\$ 742,437
Provision for Loan Losses	(373,952)
Charge-offs	<u>                    </u>
Total Notes Payable	<u>\$ 368,485</u>

**Note 8. Capital Assets**

Capital asset activity for the year ended June 30, 2023 is as follows:

<u>June 30, 2023</u>	<u>Capital Cost</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements / Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets that are Depreciated				
Office Furniture and Equipment	\$ 57,148	\$	\$	\$ 57,148
Totals Depreciable Historical Cost	57,148			57,148
Less Accumulated Depreciation For:				
Office Furniture and Equipment		3,810		3,810
Total Accumulated Depreciation		3,810		3,810
Governmental Activities Capital Assets, Net	<u>\$ 57,148</u>	<u>\$ (3,810)</u>	<u>\$ 0</u>	<u>\$ 53,338</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 8. Capital Assets (Continued)**

<b>June 30, 2023</b>	<b>Capital Cost</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	
<b>Business-type Activities</b>				
Non-depreciable Capital Assets				
Land	\$ 8,652	\$ 80,842	\$	\$ 89,494
Total Non-depreciable Historical Cost	8,652	80,842		89,494
Capital Assets that are Depreciated				
Office Building	2,241,439	21,290		2,262,729
Office Furniture and Equipment	1,068,850	54,353	(14,345)	1,108,858
Vehicles	151,110	43,279		194,389
Totals Depreciable Historical Cost	3,461,399	118,922	(14,345)	3,565,976
Less Accumulated Depreciation For:				
Office Building	1,578,124	85,715		1,663,839
Office Furniture and Equipment	900,702	53,121	(14,345)	939,478
Vehicles	132,537	13,206		145,743
Total Accumulated Depreciation	2,611,363	152,042	(14,345)	2,749,060
Business-Type Activities Capital Assets, Net	\$ 858,688	\$ 47,722	\$ 0	\$ 906,410

**Note 9. Related Party Lease Agreements**

The District has a rental agreement with its blended component unit- Jackson Purchase Local Officials Organization where the District leases office space. The lease calls for monthly payments calculated upon a square footage basis. The amount of the lease per square foot is determined based upon the prior year depreciation, building and property maintenance, and insurance divided by the square footage under lease.

Additionally, vehicles are leased based upon mileage and various furniture and equipment is leased at a monthly rate with JPLOO.

Related party (JPLOO) lease agreement activity for year ended June 30, 2023 is as follows:

<b>June 30,</b>	<b>2023</b>
Real Property	\$ 119,080
Personal Property	68,791
Total	\$ 187,871

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 10. Notes Payable and Long-term Obligations**

Notes payable at June 30, 2023 consist of the following:

<u>June 30,</u>	<u>2023</u>
Intermediary Relending Program III	\$ 269,561
Intermediary Relending Program V	427,273
SBA Microloan Programs	71,197
KHC Production Loan Program	<u>175,951</u>
Total Notes Payable	<u>\$ 943,982</u>

In 2002, the Intermediary Relending Program III (IRP III) was established which allows the District to borrow up to \$750,000 at a fixed rate of 1.00% per annum. Interest only was paid annually for the first three years. Principal and interest will then be paid in annual installments with the balance due and payable at January 30, 2032. The proceeds received by the District are loaned to qualified borrowers at a rate established by the District.

In 2015, the Intermediary Relending Program V (IRP V) was established which allows the District to borrow up to \$500,000 at a fixed rate of 1.00% per annum. Interest only was paid annually for the first three years. Principal and interest will then be paid in annual installments with the balance due and payable September 23, 2045. The proceeds received by the District are loaned to qualified borrowers at a rate established by the District.

In 2013, the SBA Microloan III program was established which allowed the District to borrow \$500,000 at a rate of 1.375% per annum, depending upon the size of the loans made. Interest will accrue during the first year and current principal and interest will be paid in annual installments with the balance due and payable at September 30, 2023.

In 2022, the SBA Microloan IV program was established which allowed the District to borrow up to \$200,000 at a rate of .75% per annum. No interest is being charged until the payments begin on February 7, 2023. Current principal and interest will be paid in annual installments with the balance due and payable at January 24, 2032.

Since 1997, the Kentucky Housing Corporation has made funds available from its Housing Production Loan Program to be utilized in the Revolving Rehabilitation Loan Program. Principal is repaid annually over a ten to twenty year period. Interest of 1.00% per annum on the unpaid principal balance is paid quarterly.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 10. Notes Payable and Long-term Obligations (Continued)**

Changes in notes payable and long-term obligations are as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Notes Payable:					
Notes Payable	\$ 1,072,514	\$	\$ 128,532	\$ 943,982	\$ 109,828
Total Notes Payable	1,072,514		128,532	943,982	109,828
Other Liabilities:					
Compensated Absences	129,083	142,161	135,774	135,470	33,868
Total Other Liabilities	129,083	142,161	135,774	135,470	33,868
Total Long-term Liabilities	<u>\$ 1,201,597</u>	<u>\$ 142,161</u>	<u>\$ 264,306</u>	<u>\$ 1,079,452</u>	<u>\$ 143,696</u>

Maturities of notes payable subsequent to June 30, 2023, and aggregate debt schedule are as follows:

<u>Years Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		
	<u>Scheduled</u> <u>Principal</u>	<u>Scheduled</u> <u>Interest</u>	<u>Total</u>
2024	\$ 109,828	\$ 9,559	\$ 119,387
2025	75,364	8,256	83,620
2026	75,860	7,512	83,372
2027	66,852	6,764	73,616
2028	67,359	8,321	75,680
2029-2033	278,679	20,972	299,651
2034-2038	115,577	11,030	126,607
2039-2043	100,368	5,757	106,125
2044-2048	54,095	1,013	55,108
Totals	<u>\$ 943,982</u>	<u>\$ 79,184</u>	<u>\$ 1,023,166</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 11. Fund Balances**

The District follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

*Non-spendable fund balances* are amounts that cannot be spent because they are either not in a spendable form (such as inventory, prepaid amounts and loan amounts) or are legally or contractually required to be maintained intact. At June 30, 2023, the District's general fund had \$6,759 and the special revenue funds had \$1,375 of prepaid amounts, \$236,932 of inventory and net loans of \$4,428,272. Total non-spendable fund balance was \$4,673,338.

*Restricted fund balances* arise when constraints placed on use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. At June 30, 2023, the District's special revenue funds had \$5,767,271 restricted for grant programs.

*Committed fund balances* are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which for the District is the Board of Directors. The Board of Directors must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had no commitments at June 30, 2023.

*Assigned fund balances* are amounts that are constrained by the Districts intent to be used for specific purposes but are neither restricted nor committed. At June 30, 2023, the District's special revenue funds had \$1,038,409 in the PDS fund assigned for future PDS expenditures and Other Community and Economic Development funds had assigned fund balances of \$94,937 for future program expenditures. Total assigned fund balance in the special revenue funds was \$1,133,346 at June 30, 2023.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

It is the District's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds.

**Note 12. Retirement Plans**

The District has a contributory pension plan covering substantially all employees. This plan is a defined contribution 401(k) plan with no requirements for unfunded past or prior service costs. The amount of vested benefits does not exceed the amount of fund assets.

Participating employees are required to pay at least 1.00% of their compensation to the pension plan. With additional incentive contributions, the District contributes up to 5.00% of employees' compensation to the plan. Employees have the opportunity to make additional voluntary contributions.

The District's contributions to the plan for the year ended June 30, 2023 were \$45,109.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 12. Retirement Plans (Continued)**

**General Information About the CERS Pension Plan**

**Plan Description**

The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time and regular part-time salaried members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan. CERS is administered by the Board of Trustees of the Kentucky Retirement System. CERS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Benefits Provided**

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan 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.

*Tier 1* Non-Hazardous Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

*Tier 2* Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation. Further, 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420).

These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

*Tier 3* Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 5% of their monthly creditable compensation which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR 1:420), which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% in the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 12. Retirement Plans (Continued)**

**Contributions**

Employers participating in the CERS were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.454(33), normal contribution and past service contribution rates shall be determined by the KRS Board of Trustees on the basis of an annual valuation last preceding the July 1 of a new biennium. The KRS Board of Trustees may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board of Trustees. For the fiscal year ended June 30, 2023 participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2023 was 23.40%.

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

At June 30, 2023, the District reported a liability of \$5,426,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2022 contributions to the pension plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was .075060%.

For the year ended June 30, 2023, the District recognized pension expense of \$506,340. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 5,801	\$ 48,322
Net difference between projected and actual earnings on plan investments	738,329	599,224
Changes of assumptions		
Changes in proportion and difference between employer contributions and proportionate share of contributions	182,860	2,420
District contributions subsequent to the measurement date	<u>575,011</u>	
<b>Total</b>	<u>\$ 1,502,001</u>	<u>\$ 649,966</u>

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 12. Retirement Plans (Continued)**

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

\$575,011 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pensions liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2023	\$ 128,562
2024	39,917
2025	(45,598)
2026	154,143
2027	0
Thereafter	0

**Actuarial Assumptions**

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2021. The actuarial assumptions are:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

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

**Long-term 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 rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 12. Retirement Plans (Continued)**

**Long-term Expected Rate of Return (Continued)**

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

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates are arithmetic real rates for each major asset class are summarized in the KRS plan's Annual Comprehensive Financial Report (ACFR).

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	<u>1% Decrease (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 6,781,949	\$ 5,426,098	\$ 4,304,696

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 12. Retirement Plans (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

**Note 13. Postemployment Benefits Other Than Pensions (OPEB)**

**General Information About the County Employees Retirement Systems (CERS) OPEB Plan**

**Plan Description**

The District's employees are provided OPEB under the provisions of Kentucky Revised Statutes, the Kentucky Retirement Systems (KRS) board administers the KRS Insurance Fund. The KRS Insurance Fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Benefits Provided**

The Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI and Humana. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The KRS Insurance Fund pays a prescribed contribution for whole or partial payments of required premiums to purchase hospital and medical insurance.

**Contributions**

Employers participating in the KRS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2023, the required contribution was 3.39% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2023, were \$83,650. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

**Implicit Subsidy**

The fully-insured premiums paid 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. GASB No. 74 requires that the liability associated with this implicit subsidy is included in the calculation of the total OPEB liability.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 13. Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

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

At June 30, 2023, the District reported a liability of \$1,481,615 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net OPEB liability was based on the District's share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.075075%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$191,940.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 149,137	\$ 339,769
Net difference between projected and actual investment earnings on OPEB plan investments	275,892	193,085
Changes of assumptions	234,328	215,757
Changes in proportion and difference between employer contributions and proportionate share of contribution	61,987	96,058
District contributions subsequent to the measurement date	<u>137,068</u>	<u>                    </u>
<b>Total</b>	<u>\$ 858,412</u>	<u>\$ 844,669</u>

For the year ended June 30, 2023, \$137,068 was reported as deferred outflows or resources related to OPEB resulting from District contributions subsequent to the measurement focus date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Years Ended June 30,</b>	<b>Amount</b>
2024	\$ (22,141)
2025	(76,174)
2026	10,435
2027	
Thereafter	

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 13. Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**Actuarial Assumptions**

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2021, which were used to determine the total OPEB liability as follows:

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

**Long-Term 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 rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 13. Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**Long-Term Expected Rate of Return (Continued)**

**OPEB**

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

**Discount Rate**

Single discount rates of 5.70% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GP AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of the cash flows as of each fiscal year ending, the plan's fiduciary net positions and future contributions were projected to be 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 retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that a cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in the Insurance Fund contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 13. Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2023, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	<u>1% Decrease (4.70%)</u>	<u>Current Discount Rate (5.70%)</u>	<u>1% Increase (6.70%)</u>
District's Proportionate Share of the Net OPEB Liability	\$ 1,980,683	\$ 1,481,615	\$ 1,069,052

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Collective Net OPEB Liability	\$ 1,101,548	\$ 1,481,615	\$ 1,938,004

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report.

**Note 14. Contingencies**

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if, based on the grantor's review, the funds were not used for their intended purposes, the grantors may request refunds of monies advanced, or refuse to reimburse the District for its expenditures. The amounts of such future refunds and unreimbursed expenditures, if any, are not expected to be significant. Continuation of the District's grant programs is predicated upon the satisfaction of the various grantors that the funds they provide are being spent as intended and upon their intent to continue their programs.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 15. 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 provides, through a commercial insurance provider, a fully-insured health insurance plan for eligible employees. The District pays a percentage of its employees' insurance premiums.

The District continues to carry commercial insurance for general liability, worker's compensation and all other risks of loss, including errors and omissions insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Note 16. Cost Allocation Plan (CAP)**

All costs incurred by the District are chargeable to specific program elements. These disbursements can either be classified as direct or as shared charges.

Direct charges are defined in the Uniform Guidance 2 CFR Part 200 (formerly OMB Circular A-87), issued by the Office of Management and Budget, as those costs that can identified specifically with a particular cost objective.

Shared costs are those costs incurred by the Purchase Area Development District for a common or joint purpose which benefits more than one program element and are not readily assignable to the program elements specifically benefited.

The Purchase Area Development District has consolidated all the grant bank accounts of the Purchase Area Development District and utilized a cost allocation process of accounting. The Purchase Area Development District's accounting process is a very detailed integrated accounting system based on the accrual method of accounting. When the Commonwealth of Kentucky's Area Development Districts joined together and formed the Integrated Grant Program, the processes for the allocation of expenditures to the various grants and work elements were standardized by developing one set of criteria for the accounting process. Under the Joint Funding Administration System, it is inappropriate to identify most specific costs due to the integration of the various funds within the numerous program elements. However, there are some items that should be charged direct.

In analyzing the budgeted work elements of the Purchase Area Development District, it was determined that the categories of costs were as follows:

**Direct Costs Only:** The direct salary costs and related personnel burden and travel expenses of an individual performing work on a specific work element, the cost of a consultant who performs work on a particular work element, or the contractual services received for a particular work element are classified as direct costs.

**Shared Costs Only:** Those costs of an organization which are not specifically identifiable with a particular project, service, program, or activity, but nevertheless are necessary to the general operation of the organization and the conduct of the activities it performs. The administrative activities of shared cost generally include, but are not limited to, agency personnel management, accounting, auditing, and legal services.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 16. Cost Allocation Plan (CAP) (Continued)**

**Mixed Direct and Shared Costs:** This includes the costs of certain salaries and related personnel burden, printing and publications, travel and contractual services, etc. The Purchase Area Development District will charge the salaries and personnel burden of the administrative staff directly to programs when identifiable.

**Local Expenditures Only:** These include costs not allowable under grant terms and conditions.

*Direct Costs:*

We believe that the following costs fall within the District's definition of direct costs:

1. **Salaries and Wages:** All salaries are professional employees, which work specifically on certain work elements, are to be charged as a direct cost to the program element(s) in which their work is attributable.
2. **Employee Personnel Burden:** All employee personnel burden which can be specifically related to an employee whose salary is being charged directly is also to be charged as a direct cost based on the allocation of salary of that particular employee. These items of employee personnel burden that are charged as direct items are as follows:
  - The district's portion of the cost of health insurance per employee.
  - The district's portion of the cost of dental insurance per employee.
  - The district's portion of the retirement contribution per employee.
  - The district's portion of the cost of life/disability insurance per employee.
3. **Leave:** All expenditures and accrual of leave time in the form of vacation leave or sick leave for employees whose salaries are being charged directly to specific work element(s) will also be charged as a direct charge based on the allocation of salary to that particular employee.
4. **Consultant Contracts:** All consultant contracts whose content is directly attributed to specific work element(s) are charged as a direct cost to the program element(s) in which they apply.
5. **Contractual Services:** All contractual services, which can be directly attributed to specific work element(s) are charged as a direct cost to the program element(s) in which they apply.
6. **Printing:** All printing costs, which are directly attributable to documents within a specific work element, are to be charged as direct costs.
7. **Travel:** All travel costs for employees whose time is directly attributable to specific work element(s) are also charged as direct costs based on the same percentage allocation as that of the salary of each employee. This process of charging travel is utilized by the Purchase Area Development District due to the travel complexities of the area. Since the District's travel costs are large due to the location of the District to the rest of the state, the Purchase Area Development District utilizes combined purposes for travel.

*Mixed and Direct Shared Costs:*

The district has projected that the following costs will be allocated as follows between direct and shared costs:

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 16. Cost Allocation Plan (CAP) (Continued)**

*Mixed and Direct Shared Costs: (Continued)*

1. Salaries and Wages: The salaries and wages of the administrative personnel and support staff are to be charged directly to programs when identifiable. When this represents general agency and personnel management, the costs will be charged to the shared cost pool. Actual time charged in either direct or shared administrative activities will be documented on time sheets.
2. Employee Personnel Burden: Employee personnel burden is to be allocated to the programs or to shared costs based on the reporting of time worked in each area. The personnel burden includes the agency's portion of health insurance, dental insurance, retirement contribution, and life and disability insurance. Worker's compensation and unemployment insurance is currently being charged to shared personnel burden.
3. Leave: Leave is allocated to direct or shared costs based on the reporting of time worked in each area. Leave earned by employees reporting time in the shared cost pool is charged to personnel burden.
4. Contractual Services: Services, which are contracted and are not directly attributable to any particular work element, are to be charged as a shared cost.
5. Printing and Publications: All miscellaneous printing costs are to be charged as a shared cost. Publication costs general in nature are to be charged as a shared cost.
6. Travel/Education/Training: Travel costs for the Executive Director will be charged directly when identifiable or will be charged to shared costs when not identifiable. The administrative/support staff's travel will be allocated to the program areas based on time records. The cost of travel reimbursement for board members and committee members will be charged as shared costs except when the travel concerns a particular or identifiable program, and then it will be charged directly.
7. All Other Costs: All other costs are to be charged as shared costs or charged direct when identifiable. These costs include the following items of expenditures:
  - Office space, utilities, and maintenance
  - Telephone and telegraph
  - Consumable supplies
  - Postage
  - Equipment Lease
  - Miscellaneous costs (audit, bonds, organizational dues, liability insurance, legal services, etc.)

In summary, the following is a description of the accounting policies that were followed in adapting the accounting system of the Purchase Area Development District to the requirements of the Uniform Guidance 2 CFR Part 200 (formerly OMB Circular A-87):

1. The allowability or non-allowability of specific costs will be determined by specific contract, sub-recipient agreement, and Uniform Guidance 2 CFR Part 200.
2. Shared costs will be distributed to the work elements in relationship to the direct salaries and personnel burden.

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 16. Cost Allocation Plan (CAP) (Continued)**

3. Costs, which can be identified with a particular work element, will be charged directly to that work element.
4. Travel costs follow the time to of the person doing the traveling or will be charged directly when identifiable.
5. Direct salary and personnel burden costs shall include the actual costs of the employee in that work element.
6. When a work element has direct salaries, it must be charged with its proportionate share of the shared costs.
7. Shared time is not only time that is fragmented, but some functions, such as payroll preparation, general administration, and receptionist duties are shared in their nature. This time will be allocated to the various work elements through the shared cost pool.

<u>Year Ended June 30, 2023</u>	<u>Shared Costs</u>
Salaries	\$ 357,063
Employee Benefits	185,025
Insurance	21,310
Contractual Services	50,310
Rent	155,302
Utilities	45,822
Computer Software	42,297
Travel	19,026
Janitorial	18,099
Dues and Memberships	17,755
Supplies	13,970
Training and Registration	464
Other	4,563
	<u>\$ 931,006</u>
Direct Salaries and Employee Benefits:	
Salaries	\$ 2,265,329
Employee Benefits	1,440,968
Total	<u>\$ 3,706,297</u>
Total Shared Costs	\$ 931,006
Total Direct Salaries and Employee Benefits	<u>\$ 3,706,297</u>
Fiscal Year Shared Cost Rate	<u>25.12%</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 17. Accounts Payable and Accrued Liabilities**

The District has accounts payable and accrued liabilities in the amount of \$1,221,290. The majority of these payables and liabilities are related to operating and program expenses. The breakdown by function/program is as follows:

General Fund	\$	172,914
Jackson Purchase Local Officials Organization	\$	2,473
Lending	\$	16,734
Aging and Independent Living Services	\$	463,804
Nutritional Services	\$	3,024
Housing	\$	13
Physical Planning	\$	2,844
PDS	\$	493,181
Workforce Development	\$	13,532
Other Community and Economic Development	\$	52,771

**Note 18. Notes Receivable**

A summary of the District's Notes Receivable is as follows:

Economic Development Administration Revolving Loan Fund

- A. The District loaned Midtown Market, LLC, \$200,000 on April 11, 2012, for the purpose of constructing a building and purchasing equipment and fixtures. Terms of the agreement stipulate a 20-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance due was \$112,915.
- B. The District loaned 1<sup>st</sup> KY Realty, LLC, \$125,000 on October 5, 2015, to purchase a commercial building. Terms of the agreement stipulate a 20-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance due was \$91,445.
- C. The District loaned UCS Rentals, LLC, \$200,000 on March 29, 2016, for the purpose of purchasing and renovating a building. Terms of the agreement stipulate a 15- year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance due was \$118,145.
- D. The District loaned the Industrial Authority of Mayfield/Graves County and LSK, Inc, \$125,000 on November 23, 2016, for the purpose of purchasing equipment. Terms of the agreement stipulate a 20-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance due was \$94,698.
- E. The District loaned RN&JH Co., LLC, \$165,000 on June 16, 2018, for the purpose of purchasing a building. Terms of the agreement stipulate a 20- year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$155,870.
- F. The District loaned Wright Steam Cleaning, LLC, \$25,000 on August 23, 2018, for the purpose of purchasing a 2014 Chevy 1500 Express Cargo Van and a Sapphire 370 SS truck mounted steam cleaning machine. Terms of the agreement stipulate a 7-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$4,687.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 18. Notes Receivable (Continued)**

Economic Development Administration Revolving Loan Fund (Continued)

- G. The District loaned Walk the Willow \$33,000 on July 5, 2019, for the purpose of working capital. Terms of the agreement stipulate a 6-year repayment schedule at 7.5 percent interest. As of June 30, 2023, principal balance was \$29,445.
- H. The District loaned Harlan Asset Management, LLC, \$100,000 on January 10, 2020, for the purpose of working capital, expansion to the existing commercial property and warehouse. Terms of the agreement stipulate a 20-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$96,238.
- I. The District loaned Infinity Salon \$6,000 on June 1, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule with 6-month deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$1,304.
- J. The District loaned The Paisley Peacock \$25,000 on June 17, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule with 6 months deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$25,000.
- K. The District loaned Dairyette Plus, Inc, \$100,000 on July 10, 2020, for the purpose of purchasing and renovating real estate, equipment, and FFE. Terms of the agreement stipulate a 10- year repayment schedule at 4.5 percent interest. As of June 30, 2023, principal balance was \$75,313.
- L. The District loaned L&J Cycles , LLC, \$25,000 on September 23, 2020, for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$25,000.
- M. The District loaned BNU Outlets, LLC, \$35,710 on November 30, 2021, for the purpose of purchasing commercial real estate. Terms of the agreement stipulate a 10-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$28,838.
- N. The District loaned West KY Moving \$127,500 on April 11, 2021, for the purpose of purchasing and renovating commercial real estate. Terms of the agreement stipulate a 15-year repayment schedule at 4.5 percent interest. As of June 30, 2023, principal balance was \$121,053.
- O. The District loaned Robertson Nutrition \$85,000 on June 30, 2021, for the purpose of working capital, the purchase of inventory, and FFE. Terms of the agreement stipulate a 7-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$71,856.
- P. The District loaned Joels LLC, dba Fancy Farm Hardware \$100,000 on August 22, 2022, for the purpose of building renovations and the purchase of FFE. Terms of the agreement stipulate a 10-year repayment schedule at 3.5 percent interest. As of June 30, 2023, principal balance was \$94,381.

Economic Development Administration Revolving Loan Fund ReCap

- Q. The District loaned Ace Tire Service, LLC, \$80,000 on September 29, 2021, for the purpose of purchasing real estate and equipment. Terms of the agreement stipulate a 10-year repayment schedule at 4.5 percent interest. As of June 30, 2023, principal balance was \$68,420.

Economic Development Administration CARES Act Revolving Loan Fund

- R. The District loaned JJJJ, LLC, \$171,400 on December 22, 2020, for the purpose purchasing real estate, equipment, FFE and inventory. Terms of the agreement stipulate a 15-year repayment schedule at 5.5 percent interest. As of June 30, 2023, principal balance was \$169,531.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 18. Notes Receivable (Continued)**

Economic Development Administration CARES Act Revolving Loan Fund (Continued)

- S. The District loaned Wren's Pet Lodge, LLC, \$25,000 on December 22, 2020, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule with 6 months deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$18,837.
- T. The District loaned TKAB LLC, dba Chicken Salad Chicks \$25,000 on March 25, 2021, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$15,566.
- U. The District loaned Hush Art, LLC, \$21,000 on March 22, 2021, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule with 6 months deferred interest at 2.4 percent interest. As of June 30, 2023, principal balance was \$19,878.
- V. The District loaned Ace Tire Service, LLC, \$60,000 on March 30, 2021, for the purpose of purchasing equipment. Terms of the agreement stipulate a 96-month repayment schedule with 6 months of payments deferred at 3.5 percent interest. As of June 30, 2023, principal balance was \$50,164.
- W. The District loaned Hannah Quimby DBA New creations Salon \$25,000 on March 31, 2021, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$23,758.
- X. The District loaned Experience Soul Shine, LLC, \$25,000 on June 9, 2021, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$22,800.
- Y. The District loaned Salt of the Earth, LLC, \$50,000 on June 10, 2021, for the purpose of working capital. Terms of the agreement stipulate a 7-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$40,240.
- Z. The District loaned L & J Development, LLC, \$25,000 on June 19, 2020, for the purpose of working capital. Terms of the agreement stipulate a 6-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$16,966.
- AA. The District loaned Bella's Boutique \$28,000 on June 16, 2021, for the purpose of purchasing a commercial building. Terms of the agreement stipulate a 5-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$3,007.
- BB. The District loaned Creative Beginnings, LLC, \$300,000 on June 25, 2021, for the purpose of working capital and the purchase of equipment and FFE. Terms of the agreement stipulate a 7-year repayment schedule with 6 months of deferred payments at 3.5 percent interest. As of June 30, 2023, principal balance was \$266,545.
- CC. The District loaned Fibonacci, LLC, DBA Hempwood \$186,000 on July 6, 2021, for the purpose of purchasing and installing manufacturing equipment. Terms of the agreement stipulate a 10-year repayment schedule at 3.5 percent interest. As of June 30, 2023, principal balance was \$153,213.
- DD. The District loaned Maple St. Counseling, LLC, \$25,000 on July 12, 2021, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$18,158.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 18. Notes Receivable (Continued)**

Economic Development Administration CARES Act Revolving Loan Fund (Continued)

- EE. The District loaned Newton Roll-Off Dumpsters, LLC, \$50,000 on July 12, 2021, for the purpose of purchasing a new dump truck. Terms of the agreement stipulate a 5-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$44,090.
- FF. The District loaned Therapy Specialists of Murray, LLC, \$100,000 on July 8, 2021, for the purpose of purchasing equipment and FFE. Terms of the agreement stipulate a 10-year repayment schedule with 6 months of deferred payments at 3.5 percent interest. As of June 30, 2023, principal balance was \$86,928.
- GG. The District loaned Tyler Peach Fitness \$25,000 on June July 12, 2021, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule with 6 months of deferred payments at 2.4 percent interest. As of June 30, 2023, principal balance was \$19,001.
- HH. The District loaned Byassee Paving, LLC, \$300,000 on July 12, 2021, for the purpose of purchasing commercial real estate and equipment. Terms of the agreement stipulate a 10-year repayment schedule at 3.5 percent interest. As of June 30, 2023, principal balance was \$278,808.
- II. The District loaned Harlan Automotive, LLC, \$423,000 on September 27, 2021, for the purpose of purchasing real estate, equipment and FFE. Terms of the agreement stipulate a 20-year repayment schedule at 3.5 percent interest. As of June 30, 2023, principal balance was \$417,975.
- JJ. The District loaned Granola Girls \$92,750 on October 26, 2021, for the purpose of purchasing equipment and FFE. Terms of the agreement stipulate a 7-year repayment schedule with 6 months of deferred payments at 3.5 percent interest. As of June 30, 2023, principal balance was \$84,704.
- KK. The District loaned Fancy Farm Hardware \$450,000 on December 10, 2021, for the purpose of purchasing commercial real estate, equipment and FFE. Terms of the agreement stipulate a 15-year repayment schedule with 6 months of deferred payments at 3.5 percent interest. As of June 30, 2023, principal balance was \$425,385.

Economic Development Administration ARPA Revolving Loan Fund

- LL. The District loaned Newton's Supermarket, LLC, \$375,000 on January 25, 2023, for the purpose of purchasing commercial real estate, equipment and FFE. Terms of the agreement stipulate a 10-year repayment schedule at 7 percent interest. As of June 30, 2023, principal balance was \$365,053.
- MM. The District loaned Shupe Nurseries & Landscaping, LLC, \$100,000 on April 25, 2023, for the purpose of purchasing commercial real estate, equipment and FFE. Terms of the agreement stipulate a 7-year repayment schedule at 6.5 percent interest. As of June 30, 2023, principal balance was \$99,495.
- NN. The District loaned I-Recycling, LLC, \$60,000 on May 1, 2023 for the purpose of purchasing commercial real estate, equipment and FFE. Terms of the agreement stipulate an 83-month repayment schedule at 7 percent interest. As of June 30, 2023, principal balance was \$58,869.

United State Department of Agriculture Intermediary Relending Program (IRP)

- OO. The District loaned West Kentucky Moving Co., LLC, \$50,000 on July 31, 2020, for the purpose of making renovations to existing commercial property. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance was \$36,287.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 18. Notes Receivable (Continued)**

United State Department of Agriculture Intermediary Relending Program (IRP) (Continued)

- PP. The District loaned Ace Tire Service., LLC, \$80,000 on September 21, 2021, for the purpose of purchasing commercial real estate and equipment. Terms of the agreement stipulate a 10-year repayment schedule at 4.5 percent interest. As of June 30, 2023, principal balance was \$68,379.

United State Department of Agriculture Intermediary Relending Program Recap (IRP Recap)

- QQ. The District loaned the Industrial Authority of Mayfield/Graves County and LSK, Inc, \$100,000 on November 25, 2016, for the purpose of purchasing commercial real estate and equipment. Terms of the agreement stipulate a 10-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance was \$40,487.

United State Department of Agriculture Intermediary Relending Program #3 (IRP 3)

- RR. The District loaned Kings Publishing, LLC, \$150,000 on September 5, 2018, for the purpose of working capital. Terms of the agreement stipulate a 7-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$105,299.

United State Department of Agriculture Intermediary Relending Program #5 (IRP 5)

- SS. The District loaned UCS Rentals, LLC, \$97,000 on March 29, 2016, for the purpose of purchasing commercial real estate. Terms of the agreement stipulate a 15-year repayment schedule at 4 percent interest. As of June 30, 2023, principal balance was \$57,300.
- TT. The District loaned Superior Graphics, \$30,000 on July 24, 2018, for the purpose of working capital. Terms of the agreement stipulate a 20-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$15,783.
- UU. The District loaned Harlan Asset Management, LLC, \$100,000 on January 10, 2020, for the purpose of working capital, expansion to the existing commercial property and warehouse. Terms of the agreement stipulate a 20-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$96,238.
- VV. The District loaned Compass Hospitality, LLC, \$125,000 on September 21, 2021, for the purpose of purchasing commercial real estate and FFE. Terms of the agreement stipulate a 20-year repayment schedule at 3 percent interest. As of June 30, 2023, principal balance was \$116,888.
- WW. The District loaned Moosie's Grub Shack, LLC, \$58,000 on June 16, 2022, for the purpose of working capital. Terms of the agreement stipulate a 7-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$53,163.

United States Department of Agriculture Rural Business Enterprise Grant Revolving Loan Fund

- XX. The District loaned Midtown Market \$78,700 on April 11, 2012, for purpose of constructing a building and purchasing equipment and fixtures. Terms of the agreement stipulate a 20-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$44,431.
- YY. The District loaned 1st KY Realty, LLC, \$62,500 on October 5, 2015, for the purpose of purchasing commercial real estate. Terms of the agreement stipulate a 20-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$45,722.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2023  
(Continued)**

**Note 18. Notes Receivable (Continued)**

United States Department of Agriculture Rural Business Enterprise Grant Revolving Loan Fund (Continued)

- ZZ. The District loaned Superior Graphics, \$30,000 on September 15, 2017, for the purpose of working capital. Terms of the agreement stipulate a 20-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$25,648.
- AAA. The District loaned Got Your Back Entertainment, LLC, \$30,000 on October 28, 2021, for the purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$22,966.

United States Department of Agriculture Rural Business Enterprise Grant Revolving Loan Fund #2

- BBB. The District loaned Midtown Market \$21,300 on April 11, 2012, for purpose of constructing a building and purchasing equipment and fixtures. Terms of the agreement stipulate a 20-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$12,026.

United States Small Business Administration Microloan Program #3

- CCC. The District loaned Wild Mountain Bakery \$22,000 on April 25, 2014, for purpose of working capital. Terms of the agreement stipulate a 6-year repayment schedule at 7 percent interest. As of June 30, 2023, principal balance was \$4,298.
- DDD. The District loaned Roberston Nutrition, LLC, DBA Marshall Nutrition \$22,200 on November 1, 2021, for purpose of working capital. Terms of the agreement stipulate a 5-year repayment schedule at 4.5 percent interest. As of June 30, 2023, principal balance was \$8,281.
- EEE. The District loaned Harlan Asset Management, LLC, \$41,000 on January 10, 2020, for the purpose of working capital, expansion to the existing commercial property and warehouse. Terms of the agreement stipulate a 5-year repayment schedule at 6 percent interest. As of June 30, 2023, principal balance was \$27,251.
- FFF. The District loaned Kidstruction Zone \$30,000 on January 31, 2020, for purpose of working capital. Terms of the agreement stipulate a 6-year repayment schedule at 7.5 percent interest. As of June 30, 2023, principal balance was \$21,545.
- GGG. The District loaned TKAB LLC, dba Chicken Salad Chicks \$50,000 on March 25, 2021, for the purpose of working capital. Terms of the agreement stipulate a 6-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$34,977.
- HHH. The District loaned L & J Development, LLC, \$25,000 on June 19, 2020, for the purpose of working capital. Terms of the agreement stipulate a 6-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$17,153.

United State Small Business Administration Microloan #4

- III. The District loaned Moosie's Grub Shack, LLC, \$22,000 on June 16, 2022, for the purpose of working capital. Terms of the agreement stipulate a 7-year repayment schedule at 5 percent interest. As of June 30, 2023, principal balance was \$19,944.
- JJJ. The District loaned Dallas J. Productions, LLC, \$10,000 on February 3, 2023 for the purpose of working capital. Terms of the agreement stipulate a 3-year repayment schedule at 7.5 percent interest. As of June 30, 2023, principal balance was \$8,986.

**PURCHASE AREA DEVELOPMENT DISTRICT  
BUDGETARY COMPARISON SCHEDULES  
Required Supplementary Information - Budgetary Basis  
For The Year Ended June 30, 2023**

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT  
BUDGETARY COMPARISON SCHEDULES  
Required Supplementary Information - Budgetary Basis**

**For The Year Ended June 30, 2023**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Income	\$		\$ 145,358	\$ 145,358
Investment Income		60,000	171,814	3,248
Other Income		30,000	43,313	(168,566)
Total Revenues		<u>90,000</u>	<u>171,814</u>	<u>43,313</u>
			<u>191,919</u>	<u>20,105</u>
<b>EXPENDITURES</b>				
Salaries		373,241	373,241	35,105
Employee Benefits		225,000	225,000	338,136
Travel		25,000	25,000	124,543
Other		70,000	70,000	7,052
Total Expenditures		<u>693,241</u>	<u>693,241</u>	<u>17,568</u>
			<u>238,268</u>	<u>454,973</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)		<u>(603,241)</u>	<u>(521,427)</u>	<u>(46,349)</u>
				<u>475,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds			<u>(240,029)</u>	<u>(240,029)</u>
Total Other Financing Sources (Uses)			<u>(240,029)</u>	<u>(240,029)</u>
Net Changes in Fund Balance		(603,241)	(521,427)	(286,378)
Fund Balance - Beginning			<u>1,995,930</u>	<u>1,995,930</u>
Fund Balance - Ending	\$	<u>(603,241)</u>	\$ <u>(521,427)</u>	\$ <u>1,709,552</u>
				<u>\$ 2,230,979</u>

**PURCHASE AREA DEVELOPMENT DISTRICT  
BUDGETARY COMPARISON SCHEDULES  
Required Supplementary Information - Budgetary Basis  
For The Year Ended June 30, 2023  
(Continued)**

	<b>SPECIAL REVENUE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 12,959,067	\$ 13,028,108	\$ 14,778,886	\$ 1,750,778
Local Revenue			2,558,990	2,558,990
Investment Income			295,496	295,496
Other Income			665,303	665,303
Total Revenues	<u>12,959,067</u>	<u>13,028,108</u>	<u>18,298,675</u>	<u>5,270,567</u>
<b>EXPENDITURES</b>				
Salaries	2,100,000	2,100,000	1,873,161	226,839
Employee Benefits	977,384	1,226,714	1,131,400	95,314
Travel	68,000	69,863	70,262	(399)
Contractual Services	2,721,930	2,721,930	2,888,998	(167,068)
Other	5,751,928	6,186,023	10,742,896	(4,556,873)
Total Expenditures	<u>11,619,242</u>	<u>12,304,530</u>	<u>16,706,717</u>	<u>(4,402,187)</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,339,825</u>	<u>723,578</u>	<u>1,591,958</u>	<u>868,380</u>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfer In			240,029	240,029
Total Other Financing Sources (Uses)			<u>240,029</u>	<u>240,029</u>
Net Changes in Fund Balance	1,339,825	723,578	1,831,987	1,108,409
Fund Balance - Beginning			9,735,209	9,735,209
Fund Balance - Ending	<u>\$ 1,339,825</u>	<u>\$ 723,578</u>	<u>\$ 11,567,196</u>	<u>\$ 10,843,618</u>

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2023**

**Note 1. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. The accompanying Budgetary Comparison Schedule - General Fund and Special Revenue Fund presents both the original and the final adopted budgets, as well as actual data on a GAAP basis.

**Note 2. Excess of Disbursements Over Appropriations**

The general fund, other line-item, exceeded budgeted appropriations by \$1,568.

The special revenue fund, travel line-item, exceeded budgeted appropriations by \$399.

The special revenue fund, contractual services line-item, exceeded budgeted appropriations by \$167,068.

The special revenue fund, other line-item, exceeded budgeted appropriations by \$4,556,873.

The special revenue fund, total expenditures exceeded budgeted appropriations by \$4,402,187.

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT  
PENSION AND OPEB SCHEDULES  
Required Supplementary Information**

**June 30, 2023**

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Required Supplementary Information**  
**June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of Net Pension Liability	0.075060%	0.073794%	0.069399%	0.070472%	0.078880%	0.087505%	0.090504%	0.090573%	0.093500%
District's Proportionate Share of the Net Pension Liability	\$ 5,426,098	\$ 4,704,946	\$ 5,322,846	\$ 4,956,327	\$ 4,804,032	\$ 5,121,837	\$ 4,457,736	\$ 3,890,950	\$ 3,032,000
District's Covered Payroll	\$ 2,131,767	\$ 1,922,256	\$ 1,814,918	\$ 1,822,889	\$ 1,986,043	\$ 2,163,454	\$ 2,183,741	\$ 2,141,327	\$ 2,154,363
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	254.54%	244.76%	293.28%	271.89%	241.89%	236.74%	204.13%	181.71%	140.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

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

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

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
Required Supplementary Information**

**June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Pension Contributions	\$ 575,011	\$ 451,295	\$ 370,995	\$ 350,279	\$ 295,673	\$ 287,579	\$ 301,802	\$ 271,221	\$ 273,019
Contributions in Relation to the Contractually Required Pension Contribution	<u>(575,011)</u>	<u>(451,295)</u>	<u>(370,995)</u>	<u>(350,279)</u>	<u>(295,673)</u>	<u>(287,579)</u>	<u>(301,802)</u>	<u>(271,221)</u>	<u>(273,019)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>								
Purchase Area Development District's Covered Payroll	\$ 2,457,312	\$ 2,131,767	\$ 1,922,256	\$ 1,814,918	\$ 1,822,889	\$ 1,986,043	\$ 2,163,454	\$ 2,183,741	\$ 2,141,327
Pension Contributions as a Percentage of Purchase Area Development District's Covered Payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

*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.*

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**Required Supplementary Information**  
**June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's Proportion of Net OPEB Liability	0.075075%	0.737770%	0.693790%	0.704530%	0.788770%	0.875050%
District's Proportionate Share of the Net OPEB Liability	\$ 1,481,615	\$ 1,412,424	\$ 1,675,292	\$ 1,184,987	\$ 1,400,447	\$ 1,759,151
District's Covered Payroll	\$ 2,131,767	\$ 1,922,256	\$ 1,814,918	\$ 1,822,889	\$ 1,986,043	\$ 2,163,454
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	69.50%	73.48%	92.31%	65.01%	70.51%	81.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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.*

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
Required Supplementary Information  
June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required OPEB Contributions	\$ 137,068	\$ 122,872	\$ 91,499	\$ 86,390	\$ 95,884	\$ 93,344
Contributions in Relation to the Contractually Required OPEB Contribution	<u>(137,068)</u>	<u>(122,872)</u>	<u>(91,499)</u>	<u>(86,390)</u>	<u>(95,884)</u>	<u>(93,344)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Purchase Area Development District's Covered Payroll	\$ 2,457,312	\$ 2,131,767	\$ 1,922,256	\$ 1,814,918	\$ 1,822,889	\$ 1,986,043
Pension Contributions as a Percentage of Purchase Area Development District's Covered Payroll	5.58%	5.76%	4.76%	4.76%	5.26%	4.70%

*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.*

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN**

**June 30, 2023**

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

**Changes of Benefit Terms**

2022: No changes in benefit terms.

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

2015: No changes in benefit terms.

**Changes of Assumptions**

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2022: No changes in assumptions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021, is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN  
June 30, 2023  
(Continued)**

**Changes of Assumptions (Continued)**

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OPEB PLAN**

**June 30, 2023**

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

**Changes of Benefit Terms**

No changes in benefit terms.

**Changes of Assumptions**

2022: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 11 of the financial statements. During the 2022 legislative session, Senate Bill 209 was enacted which increased the insurance dollar contribution for members hired on or after July 1, 2023 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022 is determined using these updated benefit provisions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which update the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Fiscal Year Ended June 30, 2023**

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Fiscal Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Passed Through to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Health and Human Services</u></b>				
Passed-Through Kentucky Cabinet for Health and Family Services				
Aging Cluster				
Special Programs For The Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	PON 3 725 2200000036	\$ 251,611	\$ 335,919
Special Programs For The Aging, Title III, Part C, Nutrition Services	93.045	PON 3 725 2200000036	723,607	775,230
Nutrition Services Incentive Program	93.053	PON 3 725 2200000038	145,099	145,099
Total Aging Cluster			<u>1,120,317</u>	<u>\$ 1,256,248</u>
Medicaid Cluster				
Medical Assistance Program	93.778	PON 3 725 2200000065		<u>55,069</u>
Special Programs For the Aging ,Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	PON 3 725 2200000019		3,885
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	PON 3 725 2200000019		11,408
Special Programs for the Aging Title III, Part D, Disease Preventions and Health Promotion Services	93.043	PON 3 725 2200000036		12,902
Special Programs for the Aging, Title IV, Title II, Discretionary Projects	93.048	PON 3 725 2200000065		8,744
National Family Caregiver Support, Title III, Part E	93.052	PON 3 725 2200000036		199,561
Medicare Enrollment Assistance Program	93.071	PON 3 725 2200000040		18,739
Medicare Enrollment Assistance Program	93.071	PON 3 725 2200000037		18,406
Total Medicare Enrollment Assistance Program				<u>37,145</u>
State Health Insurance Assistance Program	93.324	PON 3 725 2200000040		<u>15,681</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,120,317</u>	<u>1,600,643</u>
<b><u>U. S. Department of Agriculture</u></b>				
Passed-Through Kentucky Department of Agriculture				
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565	PON 2 035 2200002692		138,544
Emergency Food Assistance Program (Administrative Costs)	10.568	PON 2 035 20022002677		135,496
Emergency Food Assistance Program (Administrative Costs)	10.568	PON 2 035 2300000651		4,685
Emergency Food Assistance Program (Administrative Costs)	10.568	PON 2 035 2300002882		6,592
Emergency Food Assistance Program (Administrative Costs)	10.568	PON 2 035 2200001555		24,583
Emergency Food Assistance Program (Administrative Costs)	10.568			4,000
Total Emergency Food Assistance Program (Administrative Costs)				<u>175,356</u>
Emergency Food Assistance Program (Food Commodities)	10.569	PON 2 035 200 22002677		<u>1,910,925</u>
Total Food Distribution Cluster				<u>2,224,825</u>
<b>Total U.S. Department of Agriculture</b>				<u>2,224,825</u>

The accompanying notes are an integral part of this schedule.

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Passed Through to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Commerce</u></b>				
Economic Development Cluster				
Direct Program				
COVID-19 Economic Adjustment Assistance <sup>1</sup>	11.307		\$	\$ 2,737,677
COVID-19 Economic Adjustment Assistance <sup>2</sup>	11.307			851,725
Passed-Through Department for Local Government				
Economic Adjustment Assistance	11.307	PON 2 112 2100000405		16,980
Total Economic Development Cluster				<u>3,606,382</u>
Passed-Through Department for Local Government				
Economic Development Support for Planning Organizations	11.302	PON 2 112 2200004729		66,667
<b>Total U.S. Department of Commerce</b>				<u>3,673,049</u>
<b><u>Delta Regional Authority</u></b>				
Direct Program				
Delta Regional Authority-Delta Local Development District Assistance	90.202			16,332
<b>Total Delta Regional Authority</b>				<u>16,332</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed-Through Department for Local Government				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	PON 2 112 2200004729		20,167
<b>Total U.S. Department of Housing and Urban Development</b>				<u>20,167</u>
<b><u>U.S. Department of Labor</u></b>				
Passed-Through Kentucky Cabinet for Health and Family Services				
Senior Community Service Employment Program	17.235	PON 3 725 2200000035	125,817	137,117
<b><u>WIOA Cluster</u></b>				
WIOA Adult Program	17.258	A2300010001		278,642
WIOA Youth Activities	17.259	A2300010001		51,567
WIOA Dislocated Worker Formula Grants	17.278	A2300010001		513,974
Total WIOA Cluster				<u>844,183</u>
Trade Adjustment Assistance	17.245	A2300010001		55,275
<b>Total U.S. Department of Labor</b>			<u>125,817</u>	<u>1,036,575</u>
<b><u>U.S. Department of Transportation</u></b>				
Passed-Through Kentucky Transportation Cabinet				
Metropolitan Transportation Planning and State Non-Metropolitan Planning and Research	20.505	P040120442		64,855
<b>Total U.S. Department of Transportation</b>				<u>64,855</u>
<b><u>U.S. Department of the Treasury</u></b>				
Passed-Through Kentucky Department of Aging and Independent Living				
Coronavirus State and Local Recovery Funds-Title III ESMP	21.027	PON 3 725 2200000036	924,314	953,477
<b>Total U.S. Department of Treasury</b>			<u>924,314</u>	<u>953,477</u>

The accompanying notes are an integral part of this schedule.

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Passed Through to Subrecipient	Total Federal Expenditures
<b><u>U.S. Department Veteran Affairs</u></b>				
Passed-Through Pennyrite Area Development District VHA Home Care	64.044	VA 2016-02(P)	\$ _____	\$ 22,643
<b>Total U.S. Department of Veteran Affairs</b>			_____	22,643
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,170,448</b>	<b>\$ 9,612,566</b>

<sup>1</sup> Schedule of Expenditures of Federal Awards Calculation for Economic Adjustment Assistance Fund (RLF CARES) Grant

Balance of RLF CARES loans outstanding as of June 30, 2023	\$ 2,175,554
Cash and Investments balance in RLF CARES at June 30, 2023	500,610
Administrative expenses paid out of RLF CARES in year ended June 30, 2023	61,513
	<u>2,737,677</u>
Federal Share of RLF	<u>100%</u>
COVID-19 Economic Adjustment Assistance - RLF CARES	<u>\$ 2,737,677</u>

<sup>2</sup> Schedule of Expenditures of Federal Awards Calculation for Economic Adjustment Assistance Fund (RLF ARPA) Grant

Balance of RLF ARPA loans outstanding as of June 30, 2023	\$ 523,152
Cash and Investments balance in RLF ARPA at June 30, 2023	540,936
Administrative expenses paid out of RLF ARPA in year ended June 30, 2023	568
	<u>1,064,656</u>
Federal Share of RLF	<u>80%</u>
COVID-19 Economic Adjustment Assistance - RLF ARPA	<u>\$ 851,725</u>

The accompanying notes are an integral part of this schedule.

**PURCHASE AREA DEVELOPMENT DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2023**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Purchase Area Development District (the “District”) under programs of the federal government for the year ended June 30, 2023. 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 present the financial position, changes in net position or cash flows of the District.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of the 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Nonmonetary assistance is reported in the schedule at fair value of goods received.

**Note 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.

**Note 4. Loan Balances**

The balance of loans outstanding at June 30, 2023 was \$2,175,554, Federal Assistance Listing No. 11.307, Revolving loan fund (RLF CARES).

The balance of loans outstanding at June 30, 2023 was \$523,152, Federal Assistance Listing No. 11.307, Revolving loan fund (RLF ARPA).

The balance of loans outstanding at June 30, 2023 was \$589,824, Federal Assistance Listing No. 10.767, Intermediary Relending Program.

**Note 5. Contingencies**

Grant monies received and disbursed by the District are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

**Note 6. Subrecipients**

The District did provide federal funds to subrecipients for the fiscal year June 30, 2023 as noted in the accompanying Schedule of Expenditures of Federal Awards.

**PURCHASE AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**

**SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2023**

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**

**Supplementary Information  
For The Year Ended June 30, 2023**

	<b>Local 10000</b>	<b>JFA Community and Economic Development 12000</b>	<b>JFA C.D.B.G. 12500</b>	<b>JFA DRA 13500</b>	<b>JFA Management Assistance 14000</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$ 47,289	\$ 13,318	\$	\$
Received (Payable)		19,378	6,849		
Advanced or Unexpended					
State:					
Received		9,262	13,318	30,676	115,045
Received (Payable)		4,845	6,354	51,161	25,586
Advanced or Unexpended					
Local:					
Received	152,361				
Received (Payable)	10,000				
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>162,361</u>	<u>80,774</u>	<u>39,839</u>	<u>81,837</u>	<u>140,631</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	380,320	38,407	18,224	41,180	65,786
Benefits	302,105	32,694	10,071	21,464	35,358
Travel	26,067	2,374	677	522	4,722
Advances to Sub-Grantees					
Other Expenditures	430,115	1,312	1,960		1,806
Total Direct Expenditures	1,138,607	74,787	30,932	63,166	107,672
Indirect Expenditures					
Indirect Expenditures Applied	(931,006)	18,698	8,907	18,671	32,959
Total Expenditures	<u>207,601</u>	<u>93,485</u>	<u>39,839</u>	<u>81,837</u>	<u>140,631</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ (45,240)</u>	<u>\$ (12,711)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>JFA Program Admin. 15000</b>	<b>JFA/DLG EDA CARES 16000</b>	<b>911 Accounting Contract 17001</b>	<b>Delta Reg. Auth. FY 21-22 19001</b>	<b>DRG - Project Admin. 19004</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$ 16,980	\$	\$ 8,194	\$ 8,138
Received (Payable)					
Advanced or Unexpended					
State:					
Received	44,345				
Received (Payable)	15,600				
Advanced or Unexpended					
Local:					
Received			12,500		
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>59,945</u>	<u>16,980</u>	<u>12,500</u>	<u>8,194</u>	<u>8,138</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	28,090	10,485	4,831	5,403	2,178
Benefits	14,588	4,959	3,257	5,143	1,445
Travel	3,091	1,103		377	
Advances to Sub-Grantees					
Other Expenditures	<u>567</u>		<u>2,577</u>		
Total Direct Expenditures	46,336	16,547	10,665	10,923	3,623
Indirect Expenditures					
Indirect Expenditures Applied	<u>13,609</u>	<u>5,664</u>	<u>2,501</u>	<u>2,834</u>	<u>572</u>
Total Expenditures	<u>59,945</u>	<u>22,211</u>	<u>13,166</u>	<u>13,757</u>	<u>4,195</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 0</u>	<u>\$ (5,231)</u>	<u>\$ (666)</u>	<u>\$ (5,563)</u>	<u>\$ 3,943</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>CDBG LaCenter Water Project 19006</b>	<b>CDBG Hickman County Housing 19007</b>	<b>FHLB TVA Home Uplift 19008</b>	<b>Building Inspection 19009</b>	<b>CDBG Hickman Mission House 19010</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$	\$	\$	\$
Received (Payable)					
Advanced or Unexpended					
State:					
Received					
Received (Payable)					
Advanced or Unexpended					
Local:					
Received	21,500	5,000	81,098		
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>21,500</u>	<u>5,000</u>	<u>81,098</u>		
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	1,186	1,538	5,581	13,080	480
Benefits	703	663	2,239	7,650	311
Travel		862	167		
Advances to Sub-Grantees			19,247		
Other Expenditures		2	14,587	328	
Total Direct Expenditures	<u>1,889</u>	<u>3,065</u>	<u>41,821</u>	<u>21,058</u>	<u>791</u>
Indirect Expenditures					
Indirect Expenditures Applied	<u>637</u>	<u>724</u>	<u>2,499</u>	<u>6,505</u>	<u>231</u>
Total Expenditures	<u>2,526</u>	<u>3,789</u>	<u>44,320</u>	<u>27,563</u>	<u>1,022</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 18,974</u>	<u>\$ 1,211</u>	<u>\$ 36,778</u>	<u>\$ (27,563)</u>	<u>\$ (1,022)</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>BRIC - Energy Grant 19011</b>	<b>GC American Red Cross Makers Space 19012</b>	<b>CDBG CV Utility Assistance Project 19013</b>	<b>Revolving Loan Fund 20101</b>	<b>RLF Recap 20201</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$	\$	\$	\$
Received (Payable)					
Advanced or Unexpended					
State:					
Received	227				
Received (Payable)	387				
Advanced or Unexpended					
Local:					
Received		15,000	1,937		
Received (Payable)					
Advanced or Unexpended					
Other Revenue				295,668	120,493
Total Revenues	<u>614</u>	<u>15,000</u>	<u>1,937</u>	<u>295,668</u>	<u>120,493</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	340	2,512		6,528	278
Benefits	133	1,457		3,753	172
Travel	54			5	
Advances to Sub-Grantees					
Other Expenditures				11,240	165
Total Direct Expenditures	<u>527</u>	<u>3,969</u>		<u>21,526</u>	<u>615</u>
Indirect Expenditures					
Indirect Expenditures Applied	<u>140</u>	<u>1,254</u>		<u>3,200</u>	<u>143</u>
Total Expenditures	<u>667</u>	<u>5,223</u>		<u>24,726</u>	<u>758</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ (53)</u>	<u>\$ 9,777</u>	<u>\$ 1,937</u>	<u>\$ 270,942</u>	<u>\$ 119,735</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>RLF EDA</b>				
	<b>CARES</b>	<b>RLF</b>	<b>RBEG</b>	<b>RBEG</b>	<b>RBEG</b>
	<b>Admin</b>	<b>APRA</b>	<b>RLF</b>	<b>RLF 2</b>	<b>RLF 3</b>
	<b>20301</b>	<b>20401</b>	<b>21101</b>	<b>21201</b>	<b>21301</b>
<b>Revenues</b>					
Federal:					
Received	\$ 63,537	\$ 842,400	\$	\$	\$
Received (Payable)					
Advanced or Unexpended					
State:					
Received					
Received (Payable)					
Advanced or Unexpended					
Local:					
Received					
Received (Payable)					
Advanced or Unexpended					
Other Revenue	85,245	11,895	18,420	43,346	1,082
Total Revenues	<u>148,782</u>	<u>854,295</u>	<u>18,420</u>	<u>43,346</u>	<u>1,082</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	24,734		3,279	2,768	63
Benefits	14,985		2,840	2,421	28
Travel	475				
Advances to Sub-Grantees					
Other Expenditures	181,874	568	46	197	
Total Direct Expenditures	222,068	568	6,165	5,386	91
Indirect Expenditures					
Indirect Expenditures Applied	12,808		1,939	1,651	28
Total Expenditures	<u>234,876</u>	<u>568</u>	<u>8,104</u>	<u>7,037</u>	<u>119</u>
<b>Excess of Revenues Over</b>					
<b>(Under)Expenditures</b>	<u>\$ (86,094)</u>	<u>\$ 853,727</u>	<u>\$ 10,316</u>	<u>\$ 36,309</u>	<u>\$ 963</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>IRP 22101</b>	<b>IRP Recap 22201</b>	<b>IRP 3 22301</b>	<b>IRP V 22501</b>	<b>SBA Micro Loan II 23101</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$	\$	\$	\$
Received (Payable)					
Advanced or Unexpended					
State:					
Received					
Received (Payable)					
Advanced or Unexpended					
Local:					
Received					
Received (Payable)					
Advanced or Unexpended					
Other Revenue	11,195	69,781	103,780	57,361	299
Total Revenues	<u>11,195</u>	<u>69,781</u>	<u>103,780</u>	<u>57,361</u>	<u>299</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	447	3,351	3,139	2,528	
Benefits	314	2,790	2,616	2,061	
Travel				30	
Advances to Sub-Grantees					
Other Expenditures	40	274	32,257	21,229	
Total Direct Expenditures	801	6,415	38,012	25,848	
Indirect Expenditures					
Indirect Expenditures Applied	215	1,923	1,808	1,478	(16)
Total Expenditures	<u>1,016</u>	<u>8,338</u>	<u>39,820</u>	<u>27,326</u>	<u>(16)</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 10,179</u>	<u>\$ 61,443</u>	<u>\$ 63,960</u>	<u>\$ 30,035</u>	<u>\$ 315</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>SBA Micro Loan III 23201</b>	<b>SBA 23301</b>	<b>SBA 23401</b>	<b>SBA Microloan IV</b>	<b>CDO Support BRK All Waivers 30001</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$	\$	\$	\$
Received (Payable)					
Advanced or Unexpended					
State:					
Received					986,426
Received (Payable)					5,101
Advanced or Unexpended					
Local:					
Received		64,260	809	1,083	70
Received (Payable)			3,691		
Advanced or Unexpended					
Other Revenue	37,992			1,196	
Total Revenues	<u>37,992</u>	<u>64,260</u>	<u>4,500</u>	<u>2,279</u>	<u>991,597</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	328	36,778	2,454		499,033
Benefits	204	21,742	1,508		310,344
Travel		2,258	152		9,686
Advances to Sub-Grantees					
Other Expenditures	64,079	19,586		1,759	44,462
Total Direct Expenditures	64,611	80,364	4,114	1,759	863,525
Indirect Expenditures					
Indirect Expenditures Applied	74	18,001	1,229		247,582
Total Expenditures	<u>64,685</u>	<u>98,365</u>	<u>5,343</u>	<u>1,759</u>	<u>1,111,107</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ (26,693)</u>	<u>\$ (34,105)</u>	<u>\$ (843)</u>	<u>\$ 520</u>	<u>\$ (119,510)</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>CDO / All Waivers Client 30002</b>	<b>Veterans Directed Care 31001</b>	<b>Commodity Supply Food Program 41001</b>	<b>TEFAP 41002</b>	<b>CARES Act Build Back Better Program 22 Food Bank 41006</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$ 14,632	\$ 858,683	\$ 955,526	\$ 160,643
Received (Payable)		8,011	11,074	14,298	
Advanced or Unexpended					
State:					
Received	4,950,334				
Received (Payable)	255,199				
Advanced or Unexpended					
Local:					
Received				5,310	
Received (Payable)					
Advanced or Unexpended					
Other Revenue				20,810	
Total Revenues	<u>5,205,533</u>	<u>22,643</u>	<u>869,757</u>	<u>995,944</u>	<u>160,643</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries		2,383	61,213	33,903	
Benefits		1,511	42,062	20,598	
Travel		592	3,054	1,540	
Advances to Sub-Grantees					
Other Expenditures	5,214,202	41	624,455	844,240	136,060
Total Direct Expenditures	5,214,202	4,527	730,784	900,281	136,060
Indirect Expenditures					
Indirect Expenditures Applied		1,161	30,919	17,558	
Total Expenditures	<u>5,214,202</u>	<u>5,688</u>	<u>761,703</u>	<u>917,839</u>	<u>136,060</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ (8,669)</u>	<u>\$ 16,955</u>	<u>\$ 108,054</u>	<u>\$ 78,105</u>	<u>\$ 24,583</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>TFAP Reach &amp; Resiliency 41007</b>	<b>TFAP Administration Storage &amp; Distribute 41008</b>	<b>Food Bank 42001</b>	<b>Legal Food Frenzy 42003</b>	<b>Tornado Relief Food Bank 42011</b>
<b>Revenues</b>					
Federal:					
Received	\$ 4,685	\$ 215,916	\$	\$	\$
Received (Payable)					
Advanced or Unexpended					
State:					
Received					
Received (Payable)					
Advanced or Unexpended					
Local:					
Received			181,425	1,923	419,561
Received (Payable)			4,953		14,792
Advanced or Unexpended					
Other Revenue			78,545		1,576,852
Total Revenues	<u>4,685</u>	<u>215,916</u>	<u>264,923</u>	<u>1,923</u>	<u>2,011,205</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries			16,269		
Benefits			10,973		
Travel			2,845		
Advances to Sub-Grantees					1,571,529
Other Expenditures	4,631	209,324	160,323		279,015
Total Direct Expenditures	4,631	209,324	190,410		1,850,544
Indirect Expenditures					
Indirect Expenditures Applied			8,106		
Total Expenditures	<u>4,631</u>	<u>209,324</u>	<u>198,516</u>		<u>1,850,544</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 54</u>	<u>\$ 6,592</u>	<u>\$ 66,407</u>	<u>\$ 1,923</u>	<u>\$ 160,661</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>Dollar General Food Bank 42012</b>	<b>June 2023 Freezer/Cooler Agreement 42013</b>	<b>Title III B Aging Admin 51001</b>	<b>Title III B Internal Services 51002</b>	<b>Title III B Subcontractor Services 51003</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$	\$ 23,281	\$ 29,093	\$ 186,564
Received (Payable)		4,000	6,521	25,957	64,503
Advanced or Unexpended					
State:					
Received			8,311	3,100	41,165
Received (Payable)					8,146
Advanced or Unexpended					
Local:					
Received	12,068				
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
<b>Total Revenues</b>	<b>12,068</b>	<b>4,000</b>	<b>38,113</b>	<b>58,150</b>	<b>300,378</b>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	6,377		17,256	22,348	
Benefits	2,980		20,054	13,803	
Travel			211	922	
Advances to Sub-Grantees					263,695
Other Expenditures			4,763	10,451	36,272
<b>Total Direct Expenditures</b>	<b>9,357</b>		<b>42,284</b>	<b>47,524</b>	<b>299,967</b>
Indirect Expenditures					
Indirect Expenditures Applied	3,079		9,215	11,032	
<b>Total Expenditures</b>	<b>12,436</b>		<b>51,499</b>	<b>58,556</b>	<b>299,967</b>
<b>Excess of Revenues Over (Under)Expenditures</b>	<b>\$ (368)</b>	<b>\$ 4,000</b>	<b>\$ (13,386)</b>	<b>\$ (406)</b>	<b>\$ 411</b>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	Title III C1 Cong Meals Admin 51004	Title III C1 Internal Services 51005	Title III C1 Subcontractor Services 51006	Title III C2 HDM Admin 51007	Title III C2 Internal Services 51008
<b>Revenues</b>					
Federal:					
Received	\$ 9,156	\$	\$ 319,885	\$ 25,083	\$ 2,712
Received (Payable)	11,364		6,130	281	
Advanced or Unexpended					
State:					
Received	10,951	3,500	104,415	6,142	
Received (Payable)			48,000		
Advanced or Unexpended					
Local:					
Received					
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>31,471</u>	<u>3,500</u>	<u>478,430</u>	<u>31,506</u>	<u>2,712</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	14,585			14,135	
Benefits	9,063			9,084	
Travel	587			329	
Advances to Sub-Grantees			483,518		
Other Expenditures	79	3,500	22,342	167	2,712
Total Direct Expenditures	<u>24,314</u>	<u>3,500</u>	<u>505,860</u>	<u>23,715</u>	<u>2,712</u>
Indirect Expenditures					
Indirect Expenditures Applied	<u>7,157</u>			<u>7,791</u>	
Total Expenditures	<u>31,471</u>	<u>3,500</u>	<u>505,860</u>	<u>31,506</u>	<u>2,712</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (27,430)</u>	<u>\$ 0</u>	<u>\$ 0</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>Title III C2 Subcontractor Services 51009</b>	<b>Title III D Internal Services 51010</b>	<b>Title III D Subcontractor Services 51011</b>	<b>Title III Caregiver Admin 51012</b>	<b>Title III E Internal Services 51013</b>
<b>Revenues</b>					
Federal:					
Received	\$ 346,712	\$	\$ 7,863	\$ 18,237	\$ 95,695
Received (Payable)	53,908	3,337	1,702	10,721	74,907
Advanced or Unexpended					
State:					
Received	16,853		200	6,069	58,037
Received (Payable)	331,284				18,583
Advanced or Unexpended					
Local:					
Received					
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>748,757</u>	<u>3,337</u>	<u>9,765</u>	<u>35,027</u>	<u>247,222</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries				16,906	54,106
Benefits				10,182	31,687
Travel				1,021	3,184
Advances to Sub-Grantees	748,757		9,765		
Other Expenditures		3,337		187	131,286
Total Direct Expenditures	<u>748,757</u>	<u>3,337</u>	<u>9,765</u>	<u>28,296</u>	<u>220,263</u>
Indirect Expenditures					
Indirect Expenditures Applied				8,330	26,959
Total Expenditures	<u>748,757</u>	<u>3,337</u>	<u>9,765</u>	<u>36,626</u>	<u>247,222</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,599)</u>	<u>\$ 0</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>Homecare Admin 52001</b>	<b>Homecare Internal Services 52002</b>	<b>Homecare Subcontractor Services 52003</b>	<b>ESMP Admin 52004</b>	<b>ESMP Subcontractor Services 52005</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$	\$	\$ 24,583	\$ 907,769
Received (Payable)				4,580	16,545
Advanced or Unexpended					
State:					
Received	77,878	103,128	140,466		
Received (Payable)	8,849	43,242	39,804		
Advanced or Unexpended					
Local:					
Received					
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>86,727</u>	<u>146,370</u>	<u>180,270</u>	<u>29,163</u>	<u>924,314</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	41,239	62,867		13,340	
Benefits	31,572	32,714		8,654	
Travel	947	4,079			
Advances to Sub-Grantees		3,958	164,829		924,314
Other Expenditures	539	18,953	10,315		
Total Direct Expenditures	<u>74,297</u>	<u>122,571</u>	<u>175,144</u>	<u>21,994</u>	<u>924,314</u>
Indirect Expenditures					
Indirect Expenditures Applied	<u>21,585</u>	<u>29,527</u>		<u>7,169</u>	
Total Expenditures	<u>95,882</u>	<u>152,098</u>	<u>175,144</u>	<u>29,163</u>	<u>924,314</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ (9,155)</u>	<u>\$ (5,728)</u>	<u>\$ 5,126</u>	<u>\$ 0</u>	<u>\$ 0</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	MIPPA AAA 9/30 - 8/31/21 53001	MIPPA ADRC 9/30 - 8/31/21 53002	MIPPA SHIP 9/30 - 8/31/21 53003	MIPPA AAA 53004	MIPPA ADRC 53005	MIPPA SHIP 53006
<b>Revenues</b>						
Federal:						
Received	\$ 1,404	\$	\$	\$ 17,335	\$ 4,000	\$ 14,406
Received (Payable)						
Advanced or Unexpended						
State:						
Received						
Received (Payable)						
Advanced or Unexpended						
Local:						
Received						
Received (Payable)						
Advanced or Unexpended						
Other Revenue						
Total Revenues	1,404			17,335	4,000	14,406
<b>Expenditures:</b>						
Direct Expenditures						
Salaries	639	773	588	9,280	2,023	7,333
Benefits	4,487	495	395	6,186	1,262	4,632
Travel				43		
Advances to Sub-Grantees						
Other Expenditures			1,023			
Total Direct Expenditures	5,126	1,268	2,006	15,509	3,285	11,965
Indirect Expenditures						
Indirect Expenditures Applied	363	280	301	5,371	1,332	3,944
Total Expenditures	5,489	1,548	2,307	20,880	4,617	15,909
<b>Excess of Revenues Over (Under)Expenditures</b>	<b>\$ (4,085)</b>	<b>\$ (1,548)</b>	<b>\$ (2,307)</b>	<b>\$ (3,545)</b>	<b>\$ (617)</b>	<b>\$ (1,503)</b>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<u>NSIP 53010</u>	<u>Title V Admin 53011</u>	<u>Title V WKAD 53012</u>	<u>Title VII Elder Abuse 53013</u>	<u>Title VII Ombudsman 53014</u>
<b>Revenues</b>					
Federal:					
Received	\$ 121,099	\$ 9,565	\$ 97,498	\$ 3,885	\$ 10,874
Received (Payable)	24,000	1,735	28,319		534
Advanced or Unexpended					
State:					
Received				3,424	5,482
Received (Payable)				434	
Advanced or Unexpended					
Local:					
Received					
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>145,099</u>	<u>11,300</u>	<u>125,817</u>	<u>7,743</u>	<u>16,890</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries		5,910		3,234	7,397
Benefits		3,508		2,113	4,387
Travel		75		72	815
Advances to Sub-Grantees	145,099		125,817		
Other Expenditures		4		543	344
Total Direct Expenditures	<u>145,099</u>	<u>9,497</u>	<u>125,817</u>	<u>5,962</u>	<u>12,943</u>
Indirect Expenditures					
Indirect Expenditures Applied		<u>3,060</u>		<u>1,804</u>	<u>3,947</u>
Total Expenditures	<u>145,099</u>	<u>12,557</u>	<u>125,817</u>	<u>7,766</u>	<u>16,890</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 0</u>	<u>\$ (1,257)</u>	<u>\$ 0</u>	<u>\$ (23)</u>	<u>\$ 0</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	State LTC Ombudsman 53015	SHIP Services 53017	SHIP Admin 53018	Medicaid ADRC 53019	Medicaid ADRC No Wrong Door Funds 53020
<b>Revenues</b>					
Federal:					
Received	\$	\$ 14,400	\$ 743	\$ 12,250	\$ 8,744
Received (Payable)		378	160	3,325	
Advanced or Unexpended					
State:					
Received	34,812			12,250	
Received (Payable)	7,314			3,325	
Advanced or Unexpended					
Local:					
Received	241				
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>42,367</u>	<u>14,778</u>	<u>903</u>	<u>31,150</u>	<u>8,744</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	18,459	5,839	236	3,133	117
Benefits	10,716	3,909	144	2,024	84
Travel	2,318	572	294		
Advances to Sub-Grantees					
Other Expenditures	1,312	1,321	108	362	8,472
Total Direct Expenditures	32,805	11,641	782	5,519	8,673
Indirect Expenditures					
Indirect Expenditures Applied	9,440	3,137	121	1,865	71
Total Expenditures	<u>42,245</u>	<u>14,778</u>	<u>903</u>	<u>7,384</u>	<u>8,744</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 122</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,766</u>	<u>\$ 0</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>Medicaid ADRC CDC Funds 53021</b>	<b>KHC Prod LN Maintenance 61001</b>	<b>PAHC 62001</b>	<b>Regional Transportation 71001</b>	<b>Local Roads 71002</b>
<b>Revenues</b>					
Federal:					
Received	\$ 39,494	\$	\$	\$	\$
Received (Payable)					
Advanced or Unexpended					
State:					
Received				83,454	6,661
Received (Payable)					9,939
Advanced or Unexpended					
Local:					
Received			15,352	9,273	
Received (Payable)			1,705		
Advanced or Unexpended					
Other Revenue		6,446			
Total Revenues	<u>39,494</u>	<u>6,446</u>	<u>17,057</u>	<u>92,727</u>	<u>16,600</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries		1,386	7,017	36,687	8,916
Benefits		597	4,206	20,952	4,150
Travel			11	2,651	164
Advances to Sub-Grantees					
Other Expenditures	39,494	26,733	2,673	2,707	
Total Direct Expenditures	<u>39,494</u>	<u>28,716</u>	<u>13,907</u>	<u>62,997</u>	<u>13,230</u>
Indirect Expenditures					
Indirect Expenditures Applied		798	3,593	16,996	4,339
Total Expenditures	<u>39,494</u>	<u>29,514</u>	<u>17,500</u>	<u>79,993</u>	<u>17,569</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 0</u>	<u>\$ (23,068)</u>	<u>\$ (443)</u>	<u>\$ 12,734</u>	<u>\$ (969)</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>Section 5304 Transportation 71003</b>	<b>Great River Road 71004</b>	<b>GRR Project 71005</b>	<b>KIA Planning 72001</b>	<b>Regional E911 72002</b>
<b>Revenues</b>					
Federal:					
Received	\$ 47,809	\$	\$	\$	\$
Received (Payable)	17,046				
Advanced or Unexpended					
State:					
Received		18,201	6,500	66,000	
Received (Payable)					
Advanced or Unexpended					
Local:					
Received	16,226				47,250
Received (Payable)					
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>81,081</u>	<u>18,201</u>	<u>6,500</u>	<u>66,000</u>	<u>47,250</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	39,636	2,812		30,753	13,678
Benefits	20,124	1,073		21,518	7,420
Travel	1,278	2,772		2,394	318
Advances to Sub-Grantees					
Other Expenditures	820	11,000	6,500	2,415	1,381
Total Direct Expenditures	<u>61,858</u>	<u>17,657</u>	<u>6,500</u>	<u>57,080</u>	<u>22,797</u>
Indirect Expenditures					
Indirect Expenditures Applied	<u>19,214</u>	<u>1,145</u>		<u>14,883</u>	<u>7,070</u>
Total Expenditures	<u>81,072</u>	<u>18,802</u>	<u>6,500</u>	<u>71,963</u>	<u>29,867</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ 9</u>	<u>\$ (601)</u>	<u>\$ 0</u>	<u>\$ (5,963)</u>	<u>\$ 17,383</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>Hazard Mitigation 72003</b>	<b>Local Mapping 72004</b>	<b>WIOA One Stop Operator 80001</b>	<b>WIOA Dislocated Worker Program 80002</b>	<b>WIOA Adult Program Services 80003</b>
<b>Revenues</b>					
Federal:					
Received	\$	\$	\$ 14,768	\$ 207,201	\$ 193,337
Received (Payable)			8,594	96,112	85,304
Advanced or Unexpended					
State:					
Received					
Received (Payable)					
Advanced or Unexpended					
Local:					
Received	45,844	260			
Received (Payable)	11,360	14,450			
Advanced or Unexpended					
Other Revenue					
Total Revenues	<u>57,204</u>	<u>14,710</u>	<u>23,362</u>	<u>303,313</u>	<u>278,641</u>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	36,073	4,829	9,652	147,810	135,800
Benefits	14,362	2,181	33,348	75,995	69,174
Travel	639	345	2,107	3,219	3,055
Advances to Sub-Grantees					
Other Expenditures	690		625	4,070	4,252
Total Direct Expenditures	<u>51,764</u>	<u>7,355</u>	<u>45,732</u>	<u>231,094</u>	<u>212,281</u>
Indirect Expenditures					
Indirect Expenditures Applied	<u>15,966</u>	<u>1,776</u>	<u>5,069</u>	<u>72,219</u>	<u>66,360</u>
Total Expenditures	<u>67,730</u>	<u>9,131</u>	<u>50,801</u>	<u>303,313</u>	<u>278,641</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>\$ (10,526)</u>	<u>\$ 5,579</u>	<u>\$ (27,439)</u>	<u>\$ 0</u>	<u>\$ 0</u>

**PURCHASE AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>WIOA Trade 80004</b>	<b>WIOA Youth Program Services 80005</b>	<b>WIOA Rapid Response 80006</b>	<b>WIOA Tornado 2021 NDWG 80009</b>	<b>Total</b>
<b>Revenues</b>					
Federal:					
Received	\$ 46,727	\$ 37,999	\$ 1,953	\$ 138,334	\$ 6,250,399
Received (Payable)	8,548	13,567	1,054	45,960	678,702
Advanced or Unexpended					
State:					
Received					6,966,632
Received (Payable)					883,153
Advanced or Unexpended					
Local:					
Received					1,110,351
Received (Payable)					60,951
Advanced or Unexpended					
Other Revenue					2,540,406
<b>Total Revenues</b>	<b>55,275</b>	<b>51,566</b>	<b>3,007</b>	<b>184,294</b>	<b>18,490,594</b>
<b>Expenditures:</b>					
Direct Expenditures					
Salaries	27,902	24,743	1,455	88,963	2,265,329
Benefits	13,276	13,324	774	39,197	1,440,968
Travel	222	331	71	502	96,201
Advances to Sub-Grantees					4,460,528
Other Expenditures	619	713		15,554	8,681,959
<b>Total Direct Expenditures</b>	<b>42,019</b>	<b>39,111</b>	<b>2,300</b>	<b>144,216</b>	<b>16,944,985</b>
Indirect Expenditures					
Indirect Expenditures Applied	13,256	12,455	707	42,068	
<b>Total Expenditures</b>	<b>55,275</b>	<b>51,566</b>	<b>3,007</b>	<b>186,284</b>	<b>16,944,985</b>
<b>Excess of Revenues Over (Under)Expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (1,990)</b>	<b>\$ 1,545,609</b>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

THIS PAGE LEFT BLANK INTENTIONALLY



**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors  
Purchase Area Development District  
Mayfield, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Purchase Area Development District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Purchase Area Development District's financial statements, and have issued our report thereon dated December 1, 2023.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, and 2023-003 to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

***Report on Compliance And Other Matters***

As part of obtaining reasonable assurance about whether the Purchase Area Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

**Purchase Area Development District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Purchase Area Development District's response to the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

**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.

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

December 1, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

THIS PAGE LEFT BLANK INTENTIONALLY



**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With The Uniform Guidance

Independent Auditor's Report

To the Board of Directors  
Purchase Area Development District  
Mayfield, Kentucky

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

***Qualified and Unmodified Opinions***

We have audited the Purchase Area Development District's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Purchase Area Development District's major federal programs for the year ended June 30, 2023. The Purchase 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.

***Qualified Opinion on Economic Adjustment Assistance Program***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Purchase Area Development District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Economic Adjustment Assistance program for the year ended June 30, 2023.

***Unmodified Opinion the Other Major Federal Program***

In our opinion, Purchase Area Development District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

***Basis for Qualified and Unmodified Opinions***

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.



Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance  
(Continued)

***Basis for Qualified and Unmodified Opinions (Continued)***

We are required to be independent of Purchase 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 Purchase Area Development District's compliance with the compliance requirements referred to above.

*Matter Giving Rise to Qualified Opinion on Economic Adjustment Assistance Program*

As described in the accompanying schedule of findings and questioned costs, the Purchase Area Development District did not comply with requirements regarding Assistance Listing Number 11.307 Economic Adjustment Assistance as described in finding number 2023-004 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Purchase Area Development District to comply with the requirements applicable to those programs.

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Purchase 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 Purchase 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 Purchase 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 Purchase 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 Purchase Area Development District's internal control over compliance. Accordingly, no such opinion is expressed.

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance  
(Continued)

***Auditor's Responsibilities for the Audit of Compliance (Continued)***

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.

***Other Matters***

The results of our auditing procedures disclosed another instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-004.

*Government Auditing Standards* requires the auditor to perform limited procedures on Purchase Area Development District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Purchase Area Development District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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 a 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. We consider the deficiency in internal controls over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-004 to be a material weakness.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Purchase Area Development District's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Purchase Area Development District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance  
(Continued)

**Report on Internal Control Over Compliance (Continued)**

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

December 1, 2023

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2023**

THIS PAGE LEFT BLANK INTENTIONALLY

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2023**

**Section I: Summary of Auditor’s Results**

***Financial Statement***

Type of report auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  
Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor’s report issued on compliance for major federal programs: Unmodified for ALN 21.027 Qualified for ALN 11.307		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
11.307	Economic Adjustment Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023  
(Continued)**

**Section II: Financial Statement Findings**

***Internal Control - Material Weaknesses***

2023-001 The Purchase Area Development District Has Insufficient Internal Controls Over Federal Awards

The Purchase Area Development District (PADD) internal controls failed to recognize contradictions in federal award agreements as well as material errors in the Schedule of Expenditures Of Federal Awards (SEFA). A delivery order modification for various Title III programs provided a Federal Assistance Listing Number (ALN) as National Family Caregiver Support, Title III Part E Grant (ALN 93.052). However, the description was for Title III Expanded Senior Meals Program (ESMP). In actuality, the funds were part of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) (ALN 21.027) that passed through from the state to be used for the ESMP. Additionally, SLFRF Funds were incorrectly labeled as part of the National Family Caregiver Support, Title III Part E Grant on the Purchase Area Development District's SEFA.

The Purchase Area Development District relied on conflicting information provided by the Kentucky Department of Aging and Independent Living (DAIL), the pass through agency. There was no internal review of the delivery order modification nor was there verification of Federal Assistance Listing Numbers on the PADD's SEFA.

Noncompliances in the federal programs could have occurred by following the incorrect program requirements of the federal funds provided to PADD. As a result of the errors above, two programs contained on PADD's SEFA were materially misstated. Coronavirus State and Local Fiscal Recovery Funds were understated by \$953,477 and National Family Caregiver Support, Title III Part E funds were overstated by the same amount. Additionally, inaccurate reporting of federal awards expended could affect future federal awards.

Strong internal controls over federal awards are vital in ensuring that the federal awards are expended, accounted for, and reported correctly in accordance with federal program requirements. Strong internal controls are also important in safeguarding the area development district's assets and those given the responsibility of accounting for them.

2 CFR 200.303 states "The non-Federal entity must (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." Additionally, 2 CFR 200.510(b) states "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended."

We recommend the Purchase Area Development District implement adequate internal controls over federal awards to ensure that the correct federal program requirements are being met successfully and that federal programs are reported on the SEFA correctly.

Views of Responsible Official and Planned Corrective Action:

*Executive Director's Response: The Purchase ADD has a long-standing relationship with several of our state partners. In this instance, the ADD used delivery orders and documentation provided by a state agency that was believed to be accurate, however was incorrect. The error was uncovered by the team from the state auditor completing the Purchase ADD's audit. Fortunately, all funding was accounted for and used for its intended purpose. To avoid this type of occurrence in the future, the ADD will verify the CFDA# and descriptions through sams.gov.*

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control - Material Weaknesses (Continued)***

2023-002 The Purchase Area Development District Failed To Implement Adequate Internal Controls Over The Preparation Of The Budgetary Comparison Schedules

---

The Purchase Area Development District (PADD) failed to implement adequate internal controls over the preparation of the budgetary comparison schedules, which resulted in material misstatements. The following misstatements were noted on these schedules:

- The original and final budget amounts for the beginning fund balance of the general fund were overstated by \$1,995,930. This was due to the actual fund carryover being used as original and final budget amounts.
- The original budget amount for intergovernmental revenues of the special revenue fund was overstated by \$69,041. This was due to the final budget amount being used as the original budget amount.
- The original budget amount for employee benefits of the special revenue fund was overstated by \$242,900.
- The original budget amount for other expenditures of the special revenue fund was overstated by \$104,500.
- The original and final budget amounts for the beginning fund balance of the special revenue fund were overstated by \$9,735,209. This was due to the actual fund carryover being used as original and final budget amounts.

PADD's system of internal controls failed to identify and correct material misstatements. This is largely due to the PADD's reliance on a third-party accounting firm for the preparation of the financial statements. Providing incorrect financial information to stakeholders such as grantors and other users could cause them to make incorrect financial evaluations of the financial position of PADD.

Good internal controls require an adequate review of financial statements and schedules in order to detect and correct any misstatements or errors.

We recommend the PADD establish sufficient controls to properly monitor the preparation of all financial statements and schedules. These controls should include a thorough review of all statements and schedules prepared by outside firms or entities.

**Views of Responsible Official and Planned Corrective Action:**

*Executive Director's Response: The Purchase ADD has been going through a transition period between personnel, accounting software and audit firms for the last three years. As a result, this transition has caused the ADD to continually adapt policies & procedures for correctness. In the future the budgetary comparison schedules will be checked more closely by the finance director after being prepared by the CPA firm. Fortunately, all funding was accounted for and used for its intended purpose.*

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control - Material Weaknesses (Continued)***

2023-003 The Purchase Area Development District Failed To Implement Internal Controls Over Interfund Balances

---

This is a repeat finding and was included in the prior year audit report as finding 2022-006. As of June 30, 2023, the general fund of the Purchase Area Development District (PADD) owed the special revenue fund \$3,171,208, while the special revenue fund owed the general fund \$697,323 for a net amount of \$2,473,885 due to the special revenue fund.

Due to and due from accounts are created when PADD uses one source of money to pay bills and salaries that cross fund and program types. The special revenue fund due from (the general fund) is primarily owed to the following state and federal programs and activity categories:

- Lending (Grant funds): \$775,572
- Nutritional Services (Grant Funds): \$778,522
- Housing (Grant Funds): \$377,379
- Physical Planning (Mostly Grant Funds): \$269,764
- Participant Directed Services (Grant Funds): \$962,142
- Other Community and Economic Development (Grant Funds): \$7,829

Additionally, the interest that could be earned in the special revenue fund is reduced by holding the money owed to the special revenue fund in the general fund accounts.

As of June 30, 2023, the general fund did not have enough readily available funds to repay the special revenue fund the monies owed without liquidating general fund investments.

GASB 54 paragraph 30 provides the following definition and guidance, “Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.”

GASB 54 paragraph 31 provides additional guidance, “The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.” The various grant agreements for which the special revenue fund accounts for, also restrict the use of the funds.

In addition, good internal controls require policies and procedures be established and approved by the board of directors and management that detail the handling of the due to and due from accounts that are created by paying bills and salaries that cross fund types.

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control - Material Weaknesses (Continued)***

2023-003 The Purchase Area Development District Failed To Implement Internal Controls Over Interfund Balances (Continued)

---

Because the PADD does not have detailed internal control policies and procedures directed at eliminating interfund balances, it failed to clear out interfund balances by the end of the fiscal year to the respective accounts of the special revenue fund. We recommend the PADD establish and implement internal control policies and procedures over interfund loans and balances. These policies and procedures should include steps that ensure restricted funds are paid back to the proper account by the end of each fiscal year in order to be used for their intended purpose.

We recommend the PADD establish and implement internal control policies and procedures over due to and due from accounts created by paying bills and salaries owed by the different funds from one source of money. These policies and procedures should include steps that ensure restricted funds are paid back to the proper accounts in a timely manner, in order to be used for their intended purpose.

Views of Responsible Official and Planned Corrective Action:

*Executive Director's Response: The ADD has been going through a transition period between personnel, accounting software and audit firms the last three years. As a result, this transition has caused the ADD to continually adapt policies & procedures for correctness. We are in the process of enacting a new policy that will prevent the ADD from having Due to Due From issues in the future.*

**Section III: Federal Award Findings And Questioned Costs**

2023-004 The Purchase Area Development District Lacks Adequate Internal Controls Over Economic Adjustment Assistance Reporting

---

*Federal Program: ALN 11.307 Economic Adjustment Assistance  
Award Number and Year: ALN 11.307 Economic Adjustment Assistance 2021  
Name of Federal Agency: U.S. Department of Commerce  
Compliance Requirements: Reporting  
Type of Finding: Material Weakness and Material Noncompliance  
Amount of Questioned Costs: None  
Opinion Modification: Qualified Opinion  
COVID Related: Yes*

The Purchase Area Development District (PADD) lacks adequate controls over federal Economic Assistance grant reporting. The following deficiencies were noted for the 2023 fiscal year:

- PADD reported the incorrect amount of principal outstanding on loans on the EDA 209 Report submitted for the American Rescue Plan Act Revolving Loan Fund (RLF). The amount reported as principal outstanding was \$963,797. This amount represents the total amount of principal outstanding as of July 14, 2023. The amount outstanding as of June 30, 2023 was \$523,151. This resulted in the report being materially overstated by \$440,646. The report included three RLF loans that were issued in July of 2023 for a total of \$439,250. There were also minor differences on two other RLF loans where payments made at the end of the year totaling \$1,396 were not accounted for in the principal balance. The report was also not submitted by July 31, 2023 as required.

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023  
(Continued)**

**Section III: Federal Award Findings And Questioned Costs (Continued)**

2023-004 The Purchase Area Development District Lacks Adequate Internal Controls Over Economic Adjustment Assistance Reporting (Continued)

---

- PADD overstated their notes to the SEFA by \$107,010. The balance for the Intermediary Relending Program was listed as \$696,834 which was the amount of the loan from IRP not the amount expended/granted to local business. The total outstanding as of June 30, 2023 was \$589,824.

The inaccurate EDA 209 report was primarily due to an oversight by the preparer, but it also appeared that the report was not reviewed by another employee prior to being submitted. The overstated SEFA notes were due to the PADD's reliance on an external party to prepare the financial statements and notes to the financial statements. A lack of a review from the PADD of the external party's work resulted in a misstatement.

Due to the lack of controls over the reporting process for federal awards, the PADD has an increased risk of misappropriation of funds, and noncompliance with grant requirements. This could result in potential questioned costs and being denied grants in the future.

13 CFR 307.14(b) provides the requirements for the EDA RLF reports and states: "RLF Recipients must certify as part of the RLF report to EDA that the RLF is operating in accordance with the applicable RLF Plan, and that the information provided is complete and accurate."

Additionally, strong internal controls over federal grant reporting are vital in ensuring that federal awards are accounted for properly. Strong internal controls are also important in safeguarding the area development district's assets and those given the responsibility of accounting for them, as well as helping make certain PADD complied with all requirements.

We recommend PADD follow the guidance contained within 13 CFR Part 307 for completing the Form ED-209 RLF Report. We also recommend PADD strengthen controls over federal awards by implementing review processes to ensure grant details and amounts reported on financial reports agree to amounts reported on financial statements. Furthermore, we recommend controls be put in place to ensure deadlines are met for all reporting requirements.

Views of Responsible Official and Planned Corrective Action:

*Executive Director's Response: The Purchase ADD has been going through a transition period between personnel, accounting software and audit firms the last three years. As a result, this transition has caused the ADD to continually adapt policies & procedures for correctness. The report to EDA by the loan staff included loans that had been approved in FY 2023 but not yet closed. In the future, loan staff and finance staff need to coordinate more closely what is being reported to avoid discrepancies. Fortunately, all funding was accounted for and used for its intended purpose.*

**PURCHASE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023  
(Continued)**

**Section IV: Summary Schedule of Prior Audit Findings**

Fiscal Year	Finding Number	Prior Year Finding Title	Assistance Listing Number (if applicable)	Questioned Costs (if applicable)	Fiscal Year Finding Initially Occurred	Status (Resolved, Partially Resolved, Unresolved)	Agency Response and Comment
2022	2022-001	General Ledger Maintenance over Financial Reporting - Material Weakness	N/A	N/A	2022	Resolved	This was resolved after the FY 22 CAP.
2022	2022-002	Deficiency in Internal Controls Over Preparation of Schedule of Expenditures of Federal Awards (SEFA) – Material Weakness	N/A	N/A	2022	Partially Resolved	The cause of the prior year audit finding has been resolved, but an issue arose during the 2023 that is requiring additional controls be put in place.
2022	2022-003	Custodial Credit Risk over Deposits – Material Weakness	N/A	N/A	2022	Partially Resolved	The bank was looking at the wrong numbers when it came to how much was actually pledged.
2022	2022-004	Cash Disbursements Procedures and Internal Controls – Material Weakness	N/A	N/A	2022	Resolved	This was resolved after the FY 22 CAP.
2022	2022-005	Financial Reporting for Loan Programs – Significant Deficiency	N/A	N/A	2022	Resolved	This was resolved after the FY 22 CAP.
2022	2022-006	Interfund Balances and Reporting – Significant Deficiency	N/A	N/A	2022	In Process of being Resolved	We are working on a policy and a schedule of repayments as CDs mature.