



Purchase Area Development District

Financial Statements

June 30, 2024



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FINANCIAL STATEMENTS

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REPORT





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Independent Auditor's Report

Board of Directors
Purchase Area Development District
Mayfield, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, 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 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 management's discussion and analysis, budgetary comparison, and select pension/OPEB information on pages 5 through 11 and 58 through 65 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024 on our consideration of 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 the 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 District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.
Bowling Green, Kentucky
December 30, 2024



FINANCIAL STATEMENTS



**Purchase Area Development District
Management's Discussion and Analysis
June 30, 2024**

The Purchase Area Development District (District) offers this Management's Discussion and Analysis to provide an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2024. To fully understand the entire scope of the District's financial activities, this information should be read in conjunction with the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The liabilities and net position of the District were less than its assets by \$9,694,603 at June 30, 2024.
- The District's total net position increased by \$810,225 during the year.
- The Fund Balance, a measure of current financial resources, increased in the governmental funds by \$563,275 to a fund balance of \$13,840,023 at June 30, 2024. As contract amounts vary from year to year, some of the excess revenues over expenditures have been set aside for administration of future projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 12-14 of this report.

Fund Financial Statements

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

**Purchase Area Development District
Management's Discussion and Analysis
June 30, 2024
(Continued)**

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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

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

- General Fund – This fund is used to account for all financial transactions not reported in another fund.
- Special Revenue Fund – This fund includes all grant programs and services operated by the District that are restricted for a specific purpose.
- Business Type Activities-JPLOO Fund – This fund was put into place to account for the building facilities and vehicles rented to the District by the Jackson Purchase Local Officials Organization.

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

The basic governmental fund financial statements can be found on pages 15-18 of this report

Proprietary Fund Statements

The proprietary fund statements provide the financial information for the Jackson Purchase Local Officials Organization (JPLOO) for the year. This organizations net position for the year ending June 30, 2024 was \$2,648,505. Much of this is the net investment in capital assets, which was the warehouse rebuild project that was completed in FY24. Proprietary fund financial statements can be found on pages 19-22 of this report.

Notes to the Financial Statements

These notes provide additional information crucial to understanding data provided in the government-wide and fund financial statements. Notes to the financial statements can be found on pages 23-57 of this report.

Required Supplementary Information

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

Required supplementary information and notes to the required supplementary information can be found on pages 5-11 and 58-65 of this report.

Supplementary Information

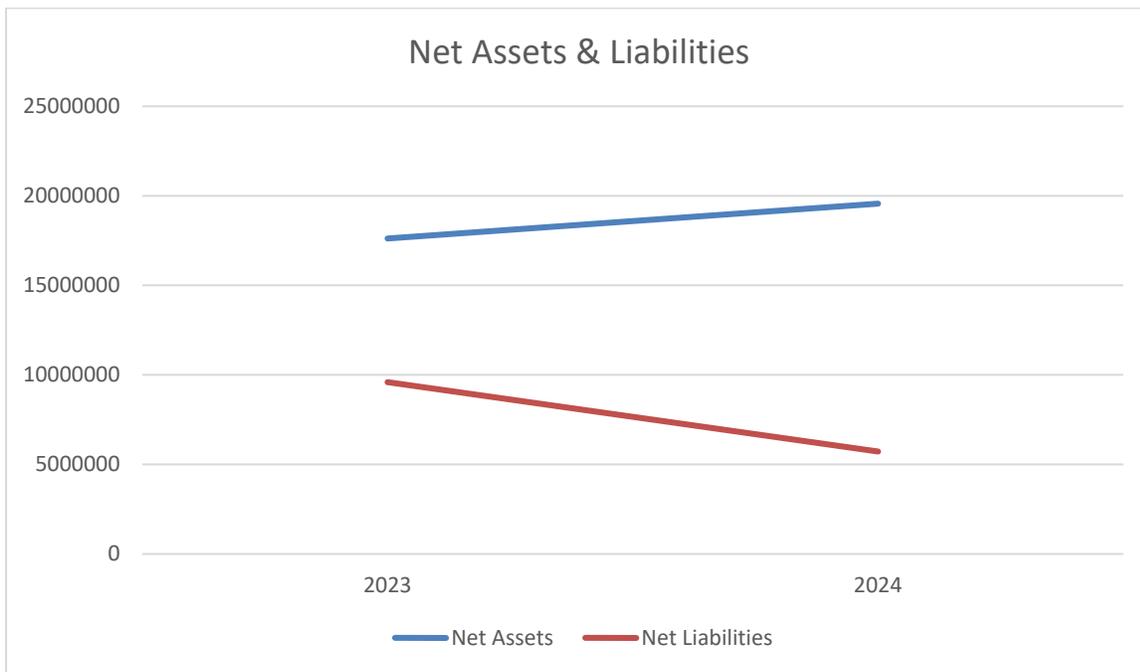
Supplementary information that is not a required part of the basic financial statements can be found on pages 66-83 of this report.

**Purchase Area Development District
Management’s Discussion and Analysis
June 30, 2024
(Continued)**

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

As noted earlier, net position may serve over time as a useful indicator of the District’s financial position. The District’s liabilities and deferred inflows were less than its assets and deferred outflows by \$7,046,098 at June 30, 2024. The District’s Net Investment in Capital Assets reflects its investment in capital assets less outstanding related debt used to acquire those assets. These assets are not available for future spending. Although the District’s capital investment is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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



**Purchase Area Development District
Management's Discussion and Analysis
June 30, 2024
(Continued)**

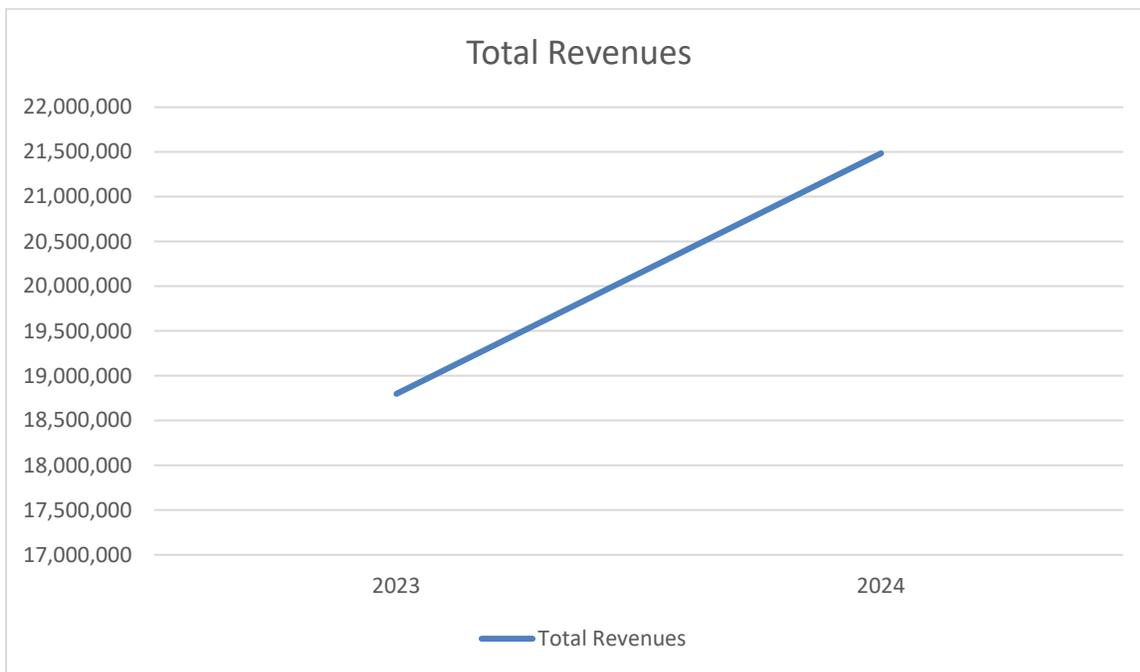
Statement of Net Position

	Governmental Activities	Business Type Activities	Total
Assets			
Cash	\$4,764,571.00	\$468,870.00	\$5,233,441.00
Investments	\$3,625,000.00	-	\$3,625,000.00
Interest Receivable	\$61,606.00		\$61,606.00
Grants Receivable	\$1,512,091.00	-	\$1,512,091.00
Accounts Receivable	\$78,467.00	\$3,420.00	\$81,887.00
Loans,	\$5,645,059.00	-	\$5,645,059.00
Inventory	\$163,957.00	-	\$163,957.00
Prepaid	\$5,970.00	-	\$5,970.00
Nondepreciable Capital Assets	-	\$89,494.00	\$89,494.00
Depreciable Capital Assets	\$172,798.00	\$5,005,277.00	\$5,178,075.00
		-	
Less: Accumulated Depreciation	-\$14,543.00	\$2,918,556.00	-\$2,933,099.00
Net OPEB Asset	\$112,425.00	-	\$112,425.00
Total Assets	\$16,127,401.00	\$2,648,505.00	\$18,775,906.00
Deferred Outflows of Resources			
OPEB Related	\$652,621.00	-	\$652,621.00
Pension Related	\$1,804,649.00	-	\$1,804,649.00
Total Deferred Outflows of Resources	\$2,457,270.00	-	\$2,457,270.00
Liabilities			
Accounts Payable Accrued liabilities	\$1,651,216.00	-	\$1,651,216.00
Unearned Revenue	\$365,482.00	-	\$365,482.00
Long-term Obligations			
Due within one year			
Notes payable	\$98,241.00	-	\$98,271.00
Compensated	\$70,397.00	-	\$70,397.00
Due beyond one year			
Notes payable	\$899,334.00	-	\$899,334.00
Compensated Absences	\$70,396.00	-	\$70,396.00
Net pension Liability	\$5,225,027.00	-	\$5,225,027.00
Total liabilities	\$8,380,093.00	-	\$8,380,093.00
Deferred Inflows of Resources			
OPEB Related	\$2,029,682.00	-	\$2,029,682.00
Pension Related	\$1,128,798.00	-	\$1,128,798.00
Total Deferred Inflows of resources	\$3,158,480.00	-	\$3,158,480.00
Net Position			
Net Investment in Capital Assets	\$158,255.00	\$2,176,215.00	\$2,334,470.00
Restricted			
Grant Programs	\$11,515,222.00	-	\$11,515,222.00
Unrestricted (deficit)	-\$4,627,379.00	\$472,290.00	-\$4,155,089.00
Total Net Position	\$7,046,098.00	\$2,648,505.00	\$9,694,603.00

**Purchase Area Development District
Management’s Discussion and Analysis
June 30, 2024
(Continued)**

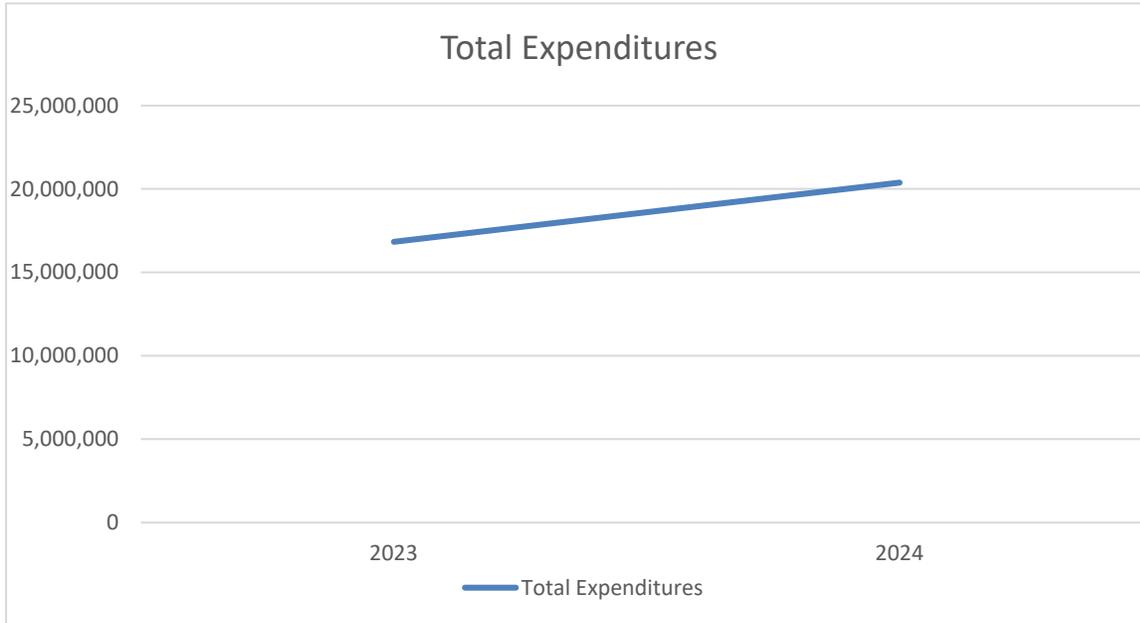
Changes in Net Position – Governmental Activities. The District’s governmental activities increased net position by \$837,399 in the fiscal year 2024.

Total revenues were \$21,484,910 an increase from the prior year. Of this, program revenues represent 98% of total revenues. Major sources of program revenues include various community support funding and grants. General revenues represent \$515,917 which is 2% of total revenues. Major sources of general revenues include annual dues and interest income.



**Purchase Area Development District
Management’s Discussion and Analysis
June 30, 2024
(Continued)**

Total expenditures were \$20,377,279, an increase from the previous year. Of this, the major functions include aging services and community and economic development services program expenditures.



**Purchase Area Development District
Management's Discussion and Analysis
June 30, 2024
(Continued)**

ECONOMIC FACTORS

During the 2024 fiscal year, the District completed its 54th year of providing leadership on regional issues. The District is actively involved and partnering with other agencies to provide regional planning, review and technical services in areas of public administration, social services, economic and workforce development and transportation to the local Purchase communities in Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Marshall, McCracken counties.

The District continues receive increased federal and state funding to address issues stemming from issues and problems highlighted by the COVID-19 pandemic. Additionally, the District has received and implemented funding/programs to assist with recovery efforts as a result of natural disasters including insurance settlements from our agency suffering loss from the tornado. We are concerned that Congress and the State Legislature could be forced to look for areas to reduce future discretionary spending to pay for increased spending. In addition, specifically at the state level, future budgets will have to absorb substantial liabilities in the area of pension, healthcare, and continued investment in much needed infrastructure. The District is engaged with Legislative and cabinet level leaders in order to monitor potential shortfalls impacting programs operated by the District. Management continues to make every effort to maximize our operational efficiency and effectiveness.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Purchase Area Development District for all those with an interest in the finances. Questions or requests for additional information may be addressed to Jeremy Buchanan, Executive Director, Purchase Area Development District P.O. Box 588, Mayfield, Kentucky, 42066.

Respectfully Submitted,

Jeremy Buchanan, Executive Director

Purchase Area Development District
Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 4,764,571	\$ 468,870	\$ 5,233,441
Investments	3,625,000	-	3,625,000
Interest receivable	61,606	-	61,606
Grants receivable	1,512,091	-	1,512,091
Accounts receivable	78,467	3,420	81,887
Loans, net	5,645,059	-	5,645,059
Inventory	163,957	-	163,957
Prepaid items	5,970	-	5,970
Nondepreciable capital assets	-	89,494	89,494
Depreciable capital assets	172,798	5,005,277	5,178,075
Less: accumulated depreciation	(14,543)	(2,918,556)	(2,933,099)
Net OPEB asset	112,425	-	112,425
Total assets	16,127,401	2,648,505	18,775,906
Deferred Outflows of Resources			
OPEB related	652,621	-	652,621
Pension related	1,804,649	-	1,804,649
Total deferred outflows of resources	2,457,270	-	2,457,270
Liabilities			
Accounts payable and accrued liabilities	1,651,216	-	1,651,216
Unearned revenue	365,482	-	365,482
Long-term obligations:			
Due within one year:			
Notes payable	98,241	-	98,241
Compensated absences	70,397	-	70,397
Due beyond one year:			
Notes payable	899,334	-	899,334
Compensated absences	70,396	-	70,396
Net pension liability	5,225,027	-	5,225,027
Total liabilities	8,380,093	-	8,380,093
Deferred Inflows of Resources			
OPEB related	2,029,682	-	2,029,682
Pension related	1,128,798	-	1,128,798
Total deferred inflows of resources	3,158,480	-	3,158,480
Net Position			
Net investment in capital assets	158,255	2,176,215	2,334,470
Restricted			
Grant programs	11,515,222	-	11,515,222
Unrestricted (deficit)	(4,627,379)	472,290	(4,155,089)
Total net position	\$ 7,046,098	\$ 2,648,505	\$ 9,694,603

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

Purchase Area Development District
Statement of Activities

	Year Ended June 30, 2024			Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental activities								
General Government	\$ 49,395	\$ 41,459	\$ 177,346	\$ -	\$ 169,410	\$ -	\$ 169,410	
Lending	221,798	-	1,036,730	-	814,932	-	814,932	
Aging and Independent Living	5,559,839	-	5,293,776	-	(266,063)	-	(266,063)	
Nutritional Services	3,780,607	-	3,704,409	-	(76,198)	-	(76,198)	
Housing	19,259	-	-	-	(19,259)	-	(19,259)	
Physical Planning	443,341	-	497,787	-	54,446	-	54,446	
Economic Development	450,013	-	248,985	-	(201,028)	-	(201,028)	
PDS	8,480,957	-	8,430,269	-	(50,688)	-	(50,688)	
Workforce Development	835,823	-	813,141	-	(22,682)	-	(22,682)	
Other Community Services	536,247	-	536,247	-	-	-	-	
Total governmental activities	20,377,279	41,459	20,738,690	-	402,870	-	402,870	

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

Purchase Area Development District
Statement of Activities

<i>Year Ended June 30, 2024</i>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-type activities							
JPLOO	297,406	188,844	-	-	-	(108,562)	(108,562)
Total business-type activities	297,406	188,844	-	-	-	(108,562)	(108,562)
Total government	\$ 20,674,685	\$ 230,303	\$ 20,738,690	\$	-	\$ 402,870	\$ (108,562) \$ 294,308
General Revenues							
Investment income					434,529	70,205	504,734
Other					-	11,183	11,183
Total general revenues					434,529	81,388	515,917
Change in net position					837,399	(27,174)	810,225
Net position - beginning of year					6,208,699	2,675,679	8,884,378
Net position - end of year					\$ 7,046,098	\$ 2,648,505	\$ 9,694,603

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

Purchase Area Development District
Balance Sheet
Governmental Funds

<i>June 30, 2024</i>	General Fund	Special Revenue Funds	Total Governmental Funds
Assets			
Cash	\$ 1,211,543	\$ 3,553,028	\$ 4,764,571
Investments	3,250,000	375,000	3,625,000
Due from other funds	328,685	3,378,018	3,706,703
Interest receivable	-	61,606	61,606
Grants receivable	-	1,512,091	1,512,091
Accounts receivable	78,467	-	78,467
Loans, net	-	5,645,059	5,645,059
Inventory	-	163,957	163,957
Prepaid expenses	5,970	-	5,970
Total assets	\$ 4,874,665	\$ 14,688,759	\$ 19,563,424
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 3,378,018	\$ 328,685	\$ 3,706,703
Accounts payable and accrued liabilities	163,112	1,488,104	1,651,216
Unearned revenue	49,365	316,117	365,482
Total liabilities	3,590,495	2,132,906	5,723,401
Fund Balances			
Non-spendable	5,970	5,809,016	5,814,986
Restricted	-	5,706,206	5,706,206
Assigned	-	1,040,631	1,040,631
Unassigned	1,278,200	-	1,278,200
Total fund balances	1,284,170	12,555,853	13,840,023
Total liabilities and fund balances	\$ 4,874,665	\$ 14,688,759	\$ 19,563,424

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

Purchase Area Development District
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position

<i>June 30,</i>	2024
Total fund balances - governmental funds	\$ 13,840,023
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$172,798 and the accumulated depreciation is \$14,543.	158,255
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements.	675,851
Deferred outflows and inflows of resources related to OPEB expense are applicable to future periods, therefore, are not reported in the fund statements.	(1,377,061)
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 governmental funds. Long-term liabilities at year-end consist of:	
Notes payable	(997,575)
Compensated absences	(140,793)
Net OPEB asset	112,425
Net pension liability	(5,225,027)
Total net position - governmental activities	\$ 7,046,098

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

Purchase Area Development District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

<i>Year Ended June 30, 2024</i>	General Fund	Special Revenue Funds	Total Governmental Funds
Revenues			
Intergovernmental revenue	\$ -	\$ 19,526,135	\$ 19,526,135
Local revenue	177,346	862,147	1,039,493
Investment income	6,776	427,753	434,529
Other income	41,459	11,062	52,521
Total revenues	225,581	20,827,097	21,052,678
Expenditures			
General government	225,845	-	225,845
Lending	-	312,306	312,306
Aging and independent living	-	5,559,839	5,559,839
Nutritional services	-	3,769,874	3,769,874
Housing	13,804	23,354	37,158
Physical planning	-	443,341	443,341
Economic development	-	450,013	450,013
Participant directed services (PDS)	-	8,480,957	8,480,957
Workforce development	-	835,823	835,823
Other community services	-	536,247	536,247
Total expenditures	239,649	20,411,754	20,651,403
Excess of revenues over expenditures	(14,068)	415,343	401,275
Other Financing Sources (Uses)			
Note payable proceeds	-	162,000	162,000
Operating transfers in	-	411,314	411,314
Operating transfers out	(411,314)	-	(411,314)
Total other financing sources (uses)	(411,314)	573,314	162,000
Net change in fund balance	(425,382)	988,657	563,275
Fund balances - beginning of year	1,709,552	11,567,196	13,276,748
Fund balances - end of year	\$ 1,284,170	\$ 12,555,853	\$ 13,840,023

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

Purchase Area Development District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities

<i>Year Ended June 30,</i>	2024
Total net change in fund balances - governmental funds	\$ 563,275
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 capital outlays \$115,650 exceeds depreciation expense \$10,733 in the period.	104,917
The receipt of note payable proceeds are shown as an other financing source in the governmental funds, but the note payable proceeds, increase long-term liabilities in the statement of net position.	(162,000)
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	24,887
Repayments of note principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.	108,407
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.	(5,323)
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	203,236
Change in net position - governmental activities	\$ 837,399

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

Purchase Area Development District
Statement of Net Position
Proprietary Fund

<i>June 30, 2024</i>	Jackson Purchase Local Officials Organization	
Assets		
Current assets		
Cash	\$	468,870
Accounts receivable		3,420
Total current assets		472,290
Noncurrent assets		
Fixed assets - net		2,176,215
Total noncurrent assets		2,176,215
Total assets		2,648,505
Liabilities and Net Position		
Net Position		
Net investment in capital assets		2,176,215
Unrestricted		472,290
Total net position		\$ 2,648,505

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

Purchase Area Development District
Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Fund

<i>Year Ended June 30, 2024</i>	Jackson Purchase Local Officials Organization
Operating Revenues	
Rental income - real estate	\$ 120,108
Lease income - personal property	71,226
Other income	11,183
<hr/>	
Total operating revenues	202,517
<hr/>	
Operating Expenses	
Equipment maintenance	37,632
Building maintenance	17,628
Property maintenance	3,478
Utilities	3,362
Vehicles	15,940
Insurance	19,050
Depreciation	191,909
Other	8,407
<hr/>	
Total operating expenses	297,406
<hr/>	
Operating loss	(94,889)
<hr/>	
Non-Operating Revenues (Expense)	
Interest revenue	70,205
Loss on disposal of fixed assets	(2,490)
<hr/>	
Total non-operating revenues	67,715
<hr/>	
Change in net position	(27,174)
<hr/>	
Net position - beginning of year	2,675,679
<hr/>	
Net position - end of year	\$ 2,648,505
<hr/>	

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

Purchase Area Development District
Statement of Cash Flows
Proprietary Fund

<i>Year Ended June 30, 2024</i>	Jackson Purchase Local Officials Organization
Operating Activities	
Cash received from rental charges	\$ 202,517
Cash payments for other operating expenses	(101,075)
Net cash provided by operating activities	101,442
Capital and Related Financing Activities	
Acquisition of capital assets	(1,464,204)
Net cash used in capital and related financing activities	(1,464,204)
Cash Flows from Investing Activities	
Investment income and other	70,205
Net cash provided by investing activities	70,205
Net decrease in cash	(1,292,557)
Cash - beginning of year	1,761,427
Cash - end of year	\$ 468,870

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

Purchase Area Development District
Statement of Cash Flows
Proprietary Fund

<i>Year Ended June 30, 2024</i>	Jackson Purchase Local Officials Organization	
Reconciliation of Operating Loss to Net Cash (Used in) Provided by Operating Activities:		
Operating loss	\$	(94,889)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation		191,909
Changes in assets and liabilities:		
Prepaid expenses		6,895
Accounts payable		(2,473)
Net cash provided by operating activities	\$	101,442

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

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 is 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 has 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 record 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, 2024 represent the dollar values of commodities on hand at year end based upon the U.S. Department of Agriculture (USDA) pricing values per unit.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 borrower's 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 credit 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 receivables.

Allowance for Credit Losses

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

The allowance for credit losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Description	Estimated Lives
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.

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. 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability (Continued)

Pension investments are reported at fair value. Note 10 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, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less. Note 11 provides further detail on the net OPEB liability.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024.

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.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates 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 restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 9 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.

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).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for credit losses, pension liability and OPEB liability.

Subsequent Events

The District has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Recent Issued and Implemented 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 implementation of this standard was not significant to the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

GASB Statement No. 101, Compensated Absences, the objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. 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.

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2024, the carrying amounts of the District’s deposits in the governmental funds, which include investments, were \$8,389,571 and the bank balances were \$8,937,870, of which \$8,574,535 was covered by federal depository insurance or by collateral held by the bank’s agent in the District’s name and \$363,335 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, 2024, JPLOO’s carrying amounts of deposits was \$468,870 and the bank balances were \$472,025, 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, 2024:

<i>June 30,</i>	2024
Governmental funds	\$ 8,389,571
Proprietary fund	468,870
Total	\$ 8,858,441

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.

Purchase Area Development District
Notes to Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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, 2024, the District's deposits was exposed to \$363,335 of custodial credit risk.

▶ *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.

▶ *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: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consist of the following:

Receivable Fund	Payable Fund		Amount
Special Revenue Fund	General Fund	\$	3,378,018
General Fund	Special Revenue Fund		328,685

The interfund activity relates to the temporary cash needs among the funds.

Purchase Area Development District
Notes to Financial Statements

NOTE 5: LOANS

At June 30, 2024, 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, 2024, the District had outstanding loans, net of:

<i>June 30,</i>	2024
Revolving Loan Fund (RLF)	\$ 5,349,740
Intermediary Relending Programs (IRP)	532,290
SBA Microloan Programs	194,199
Total	6,076,229
Allowance for credit losses	(431,170)
Loans, net	\$ 5,645,059

An analysis of allowance for credit losses as of June 30, 2024 follows:

<i>June 30,</i>	2024
Balance - beginning of year	\$ 368,485
Provision for credit losses	62,685
Charge offs	-
Balance - end of year	\$ 431,170

Purchase Area Development District
Notes to Financial Statements

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 is as follows:

<i>June 30, 2024</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities				
Capital assets that are depreciated:				
Office furniture and equipment	\$ 57,148	\$ 50,621	\$ -	\$ 107,769
Vehicles	-	65,029	-	65,029
Total depreciable historical cost	57,148	115,650	-	172,798
Less accumulated depreciation for:				
Office furniture and equipment	3,810	7,075	-	10,885
Vehicles	-	3,658	-	3,658
Total accumulated depreciation	3,810	10,733	-	14,543
Governmental activities, capital assets, net	\$ 53,338	\$ 104,917	\$ -	\$ 158,255
Business-Type Activities				
Non-depreciable capital assets:				
Land	\$ 89,494	\$ -	\$ -	\$ 89,494
Total nondepreciable historical cost	89,494	-	-	89,494
Capital assets that are depreciated:				
Office building	2,262,729	4,762	-	2,267,491
Office furniture and equipment	1,108,858	21,580	-	1,130,438
Warehouse	-	1,390,902	-	1,390,902
Vehicles	194,389	46,960	(24,903)	216,446
Total depreciable historical cost	3,565,976	1,464,204	(24,903)	5,005,277
Less accumulated depreciation for:				
Office building	1,663,839	84,542	-	1,748,381
Office furniture and equipment	939,478	58,026	-	997,504
Warehouse	-	35,205	-	35,205
Vehicles	145,743	14,136	(22,413)	137,466
Total accumulated depreciation	2,749,060	191,909	(22,413)	2,918,556
Business-type activities, capital assets, net	\$ 906,410	\$ 1,272,295	\$ (2,490)	\$ 2,176,215

Purchase Area Development District
Notes to Financial Statements

NOTE 7: RELATED PARTY LEASE AGREEMENTS

The District has a rental agreement with JPLOO, 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 monthly rate with JPLOO.

Related party (JPLOO) lease agreement activity for year ended June 30, 2024 is as follows:

<u>June 30,</u>	<u>2024</u>
Real property	\$ 120,108
Personal property	71,226
Total	\$ 191,334

NOTE 8: NOTES PAYABLE AND LONG-TERM OBLIGATIONS

Notes payable at June 30, 2024 consist of the following:

<u>June 30,</u>	<u>2024</u>
Intermediary Relending Program III	\$ 240,419
Intermediary Relending Program V	410,321
SBA Microloan Programs	188,783
KHC Production Loan Program	158,052
Total notes payable	\$ 997,575

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 at September 23, 2045. The proceeds received by the District are loaned to qualified borrowers at a rate established by the District.

Purchase Area Development District
Notes to Financial Statements

NOTE 8: NOTES PAYABLE AND LONG-TERM OBLIGATIONS (CONTINUED)

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 January 10, 2024.

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.

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

<i>June 30, 2024</i>	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Amounts Due Within One Year
Governmental Activities:					
Notes payable:					
Notes payable	\$ 943,982	\$ 162,000	\$ 108,407	\$ 997,575	\$ 98,241
Total notes payable	943,982	162,000	108,407	997,575	98,241
Other liabilities:					
Compensated absences	135,470	140,793	135,470	140,793	70,397
Total other liabilities	135,470	140,793	135,470	140,793	70,397
Total long-term liabilities	\$ 1,079,452	\$ 302,793	\$ 243,877	\$ 1,138,368	\$ 168,638

Purchase Area Development District
Notes to Financial Statements

NOTE 8: NOTES PAYABLE AND LONG-TERM OBLIGATIONS (CONTINUED)

Maturities of notes payable subsequent to June 30, 2024, are as follows:

Year	Principal	Interest	Total
2025	\$ 98,241	\$ 8,296	\$ 106,537
2026	97,223	7,552	104,775
2027	88,215	6,836	95,051
2028	88,722	6,146	94,868
2029	89,233	5,483	94,716
2030-2034	288,251	18,123	306,374
2035-2039	112,907	9,874	122,781
2040-2044	101,372	4,753	106,125
2045-2049	33,411	468	33,879
	\$ 997,575	\$ 67,531	\$ 1,065,106

NOTE 9: FUND BALANCES

The Board 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, 2024, the District's general fund had \$5,970 of prepaid amounts and the special revenue funds had \$163,957 of inventory and net loans of \$5,645,059. Total non-spendable fund balance was \$5,814,986.

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, 2024, the District's special revenue funds had \$5,706,206 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, 2024.

NOTE 9: FUND BALANCES (CONTINUED)

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. At June 30, 2024, the District's special revenue funds had \$987,721 in the PDS fund assigned for future PDS expenditures and the Other Community and Economic Development funds had assigned fund balances of \$52,910 for future program expenditures. Total assigned fund balance in the special revenue funds was \$1,040,631 at June 30, 2024.

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 Board'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 10: 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, 2024 were \$50,837.

General Information About the CERS Pension Plan

Plan Description

CERS was established by KRS 78.520. The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. CERS was established to provide retirement, disability, and death benefits to system members.

The responsibility of the general administration and operation of the CERS plan is vested in the CERS board of trustees. The CERS board of trustees consists of nine members. Six trustees are appointed by the governor and three are elected by CERS members (active, inactive, and/or retired). CERS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

NOTE 10: RETIREMENT PLANS (CONTINUED)

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 to retirees 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 1.50%. In 2013, the General Assembly created a new law to govern how COLAs will be granted. The language included stated COLAs will only be granted in the future if the System's Boards determine that assets of the Systems are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or the General Assembly fully prefunds the COLA or directs the payment of funds in the year the COLA is provided. 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 6% of their annual creditable compensation, while 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 are 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% Health Insurance contribution (HIC) 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

NOTE 10: RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

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).

Contributions

Employers participating in the CERS are required to contribute at an actuarially determined rate per KRS 78.635. The CERS board of trustees establishes the employer contribution rate based on KRS 78.454(33). The KERS Non-Hazardous employer contribution rate shall include, (1) the normal cost contribution and (2) the prorated amount of the actuarially accrued liability assigned to each individual non-hazardous employer in accordance with KRS 61.565(1)(d). The normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of the last annual valuation preceding July 1 of a new biennium. 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. For the fiscal year ended June 30, 2024, participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the Boards for the fiscal year ended June 30, 2024 was 23.34%.

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

At June 30, 2024, the District reported a liability of \$5,225,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2023 contributions to the pension plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was .081431%.

Purchase Area Development District
Notes to Financial Statements

NOTE 10: RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2024, the District recognized pension expense of \$598,292. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 270,490	\$ 14,198
Net difference between projected and actual earnings on pension plan investments	564,451	635,723
Change of assumptions	-	478,877
Changes in proportion and differences between employer contributions and proportionate share of contribution	324,637	-
District contributions subsequent to the measurement date	645,071	-
Total	\$ 1,804,649	\$ 1,128,798

\$645,071 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 pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended June 30,</i>	
2025	\$ 30,078
2026	(65,359)
2027	116,644
2028	(50,583)
2029	-
Thereafter	-

NOTE 10: RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2022. The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment rate of return	6.50%

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 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Long-Term 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.

NOTE 10: RETIREMENT PLANS (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return	100.0%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount Rate

The projection of cash flows used to determine the discount rate of 6.50% 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 28 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 of arithmetic real rates of return for each major asset class are summarized in the 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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

NOTE 10: RETIREMENT PLANS (CONTINUED)

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	\$ 6,596,912	\$ 5,225,027	\$ 4,084,939

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 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the County Employees Retirement System's (CERS) OPEB Plan

Plan Description

District employees are provided OPEB under the provisions of Kentucky Revised Statutes, and 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.

Benefits Provided

The Insurance Fund was established to provide hospital and medical insurance for eligible 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 Kentucky Public Pension Authority (KPPA) board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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, 2024, the required contribution was 0.00% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2024, were \$0. 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. 75 requires that the liability associated with this implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2024, the District reported a liability (asset) of \$(112,425) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net OPEB liability was based on the District's share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.081428%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(223,525).

Purchase Area Development District
Notes to Financial Statements

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 78,377	\$ 1,596,322
Net difference between projected and actual investment earnings on OPEB plan investments	210,399	236,491
Change of assumptions	221,244	154,185
Changes in proportion and differences between employer contributions and proportionate share of contribution	142,601	42,684
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 652,621</u>	<u>\$ 2,029,682</u>

For the year ended June 30, 2024, \$0 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	
2025	\$ (354,801)
2026	(415,798)
2027	(321,116)
2028	(285,346)
2029	-
Thereafter	-

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2022, which were used to determine the total OPEB liability as follows:

Purchase Area Development District
Notes to Financial Statements

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (*Continued*)

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.50%
 Healthcare Trend Rates (Pre-65)	 Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 8.50% in 2025, 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-2020 mortality improvement scale using a base year of 2010.
Mortality (Post-retirement; non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Mortality (Post-retirement; disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Long-Term Expected Rate of Return

The long-term (10-year) expected rates of return were determined by using a building-block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were 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 Statements

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return	100.0%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount Rate

Single discount rates of 5.93% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position 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 plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan'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 of 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.

NOTE 11: 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, 2024, calculated using the discount rate of 5.93%, 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 (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

	1% Decrease (4.93%)	Current Discount Rate (5.93%)	1% Increase (6.93%)
District's proportionate share of the collective net OPEB liability	\$ 210,979	\$ (112,425)	\$ (383,236)

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:

	1% Decrease	Current Healthcare Rate	1% Increase
District's proportionate share of the collective net OPEB liability	\$ (360,342)	\$ (112,425)	\$ 192,117

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 12: 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.

NOTE 13: 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 14: 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 element(s) 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.

NOTE 14: COST ALLOCATION PLAN (CAP) (CONTINUED)

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.

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 of 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.

NOTE 14: COST ALLOCATION PLAN (CAP) (CONTINUED)

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:

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.

NOTE 14: COST ALLOCATION PLAN (CAP) (CONTINUED)

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.
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 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.

Purchase Area Development District
Notes to Financial Statements

NOTE 14: COST ALLOCATION PLAN (CAP) (CONTINUED)

<i>Year Ended June 30, 2024</i>	Shared Costs
Salaries	\$ 343,244
Employee benefits	175,164
Insurance	21,704
Contractual Services	49,350
Rent	151,070
Utilities	45,046
Computer software	61,557
Travel	2,087
Janitorial	18,121
Dues and memberships	21,995
Supplies	21,653
Training and registrations	4,533
Other	4,744
	\$ 920,268
Direct Salaries and Employee Benefits:	
Salaries	\$ 2,644,445
Employee benefits	1,590,186
Total	\$ 4,234,631
Total Shared Costs	\$ 920,268
Total Direct Salaries and Employee Benefits	\$ 4,234,631
FY' 24 Shared Cost Rate	21.73%

Purchase Area Development District
Budgetary Comparison Schedule for the General Fund

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Final to Actual
Revenues				
Local income	\$ -	\$ -	\$ 177,346	\$ 177,346
Investment income	150,000	180,000	6,776	(173,224)
Other income	65,542	43,206	41,459	(1,747)
Total revenues	215,542	223,206	225,581	2,375
Expenditures				
Salaries	450,000	450,000	387,808	62,192
Employee benefits	250,000	250,000	289,573	(39,573)
Travel	25,000	25,000	26,504	(1,504)
Other	80,000	80,000	456,032	(376,032)
^(A) Total expenditures	805,000	805,000	1,159,917	(354,917)
Deficiency of revenues over expenditures	(589,458)	(581,794)	(934,336)	(352,542)
Other Financing Sources (Uses)				
Operating transfer in	-	-	920,268	920,268
Operating transfer out	-	-	(411,314)	(411,314)
Total other financing sources (uses)	-	-	508,954	508,954
Net change in fund balance	(589,458)	(581,794)	(425,382)	156,412
Fund balances - beginning of year	1,709,552	1,709,552	1,709,552	-
Fund balances - end of year	\$ 1,120,094	\$ 1,127,758	\$ 1,284,170	\$ 156,412

^(A) Note A: Reconciliation of Total Expenditures for Budgetary Reporting to the Statement of Revenues, Expenditures, and Changes in Fund Balances Expenditures:

Total General Fund expenditures noted above: \$ 1,159,917

Differences in Governmental fund other expense reporting for shared costs (920,268)

Total General Fund expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund \$ 239,649

Purchase Area Development District
Budgetary Comparison Schedule for the Special Revenue Funds

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Final to Actual
Revenues				
Intergovernmental revenue	\$ 13,032,693	\$ 16,742,286	\$ 19,526,135	\$ 2,783,849
Local revenue	-	-	862,147	862,147
Investment income	-	-	427,753	427,753
Other income	-	-	11,062	11,062
Total revenues	13,032,693	16,742,286	20,827,097	4,084,811
Expenditures				
Salaries	2,330,421	2,330,421	2,256,637	73,784
Employee Benefits	1,106,430	1,203,528	1,300,623	(97,095)
Travel	53,362	125,768	114,317	11,451
Contractual services	2,721,930	3,821,930	4,020,272	(198,342)
Other	6,231,092	8,491,350	12,719,905	(4,228,555)
Total expenditures	12,443,235	15,972,997	20,411,754	(4,438,757)
Excess of revenues over expenditures	589,458	769,289	415,343	(353,946)
Other Financing Sources (Uses)				
Note payable proceeds	-	-	162,000	162,000
Operating transfer in	-	-	411,314	411,314
Total other financing sources (uses)	-	-	573,314	573,314
Net change in fund balance	589,458	769,289	988,657	219,368
Fund balances - beginning of year	11,567,196	11,567,196	11,567,196	-
Fund balances - end of year	\$ 12,156,654	\$ 12,336,485	\$ 12,555,853	\$ 219,368

Purchase Area Development District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability - CERS

<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.081431%	0.075060%	0.073794%	0.069399%	0.070472%	0.078880%	0.087505%	0.090540%	0.090573%	0.093500%
District's proportionate share of the net pension liability	\$ 5,225,027	\$ 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	\$ 2,457,312	\$ 2,131,767	\$ 1,922,256	\$ 1,814,918	\$ 1,822,889	\$ 1,986,043	\$ 2,163,454	\$ 2,183,741	\$ 2,141,327	\$ 2,154,363
District's proportionate share of the net pension liability as a percentage of its covered payroll	212.63%	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	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Schedule of District Contributions - CERS

<i>For the Year Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 645,071	\$ 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 contribution	645,071	575,011	451,295	370,995	350,279	295,673	287,579	301,802	271,221	273,019
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,763,800	\$ 2,457,312	\$ 2,131,767	\$ 1,922,256	\$ 1,814,918	\$ 1,822,889	\$ 1,986,043	\$ 2,163,454	\$ 2,183,741	\$ 2,183,741
Contributions as a percentage of covered payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.50%

Purchase Area Development District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees Retirement System

Changes of Benefit Terms

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

2023: No changes in 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:

2023: During the 2023 legislative session, House Bill 506 was enacted which reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, as well as adjusted the minimum required separation period before a retiree may become reemployed. The total pension liability as of June 30, 2023 was determined with these updates in mind, however it is estimated these updates will not have a significant impact on the total pension liability of the plans.

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.

Purchase Area Development District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees Retirement System

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.

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
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS

<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.081428%	0.075075%	0.073777%	0.069379%	0.070453%	0.078877%	0.087505%
District's proportionate share of the net OPEB liability	\$ (112,425)	\$ 1,481,615	\$ 1,412,424	\$ 1,675,292	\$ 1,184,987	\$ 1,400,447	\$ 1,759,151
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
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	-4.58%	69.50%	73.48%	92.31%	65.01%	70.51%	81.31%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

Schedule of District Contributions - CERS

<i>For the years ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ 137,068	\$ 122,872	\$ 91,499	\$ 86,390	\$ 95,884	\$ 93,344
Contributions in relation to the contractually required contribution	-	137,068	122,872	91,499	86,390	95,884	93,344
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,763,800	\$ 2,457,312	\$ 2,131,767	\$ 1,922,256	\$ 1,814,918	\$ 1,822,889	\$ 1,986,043
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

Purchase Area Development District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

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 of benefit terms.

Changes of Assumptions

2023: 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 9 of the financial statements. During the 2023 legislative session, House Bill 506 was enacted which reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, as well as adjusted the minimum required separation period before a retiree may become reemployed. The total pension liability as of June 30, 2023 was determined with these updates in mind, however it is estimated these updates will not have a significant impact on the total pension liability of the plans.

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.

Purchase Area Development District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

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%.

Purchase Area Development District
Combining Balance Sheet
Special Revenue Funds

<i>June 30, 2024</i>	Lending	Aging and Independent Living	Nutritional Services	Housing	Physical Planning	PDS	Workforce Development	Other Community and Economic Development	Total Special Revenue Funds
Assets									
Cash	\$ 2,954,521	\$ -	\$ -	\$ 92,098	\$ -	\$ 431,742	\$ 74,667	\$ -	\$ 3,553,028
Investments	75,000	-	-	300,000	-	-	-	-	375,000
Due from other funds	750,645	-	738,376	377,884	338,374	1,172,739	-	-	3,378,018
Interest receivable	61,606	-	-	-	-	-	-	-	61,606
Grants receivable, net	-	649,275	100,365	-	52,521	450,813	110,623	148,494	1,512,091
Loans, net	5,645,059	-	-	-	-	-	-	-	5,645,059
Inventory	-	-	163,957	-	-	-	-	-	163,957
Total assets	\$ 9,486,831	\$ 649,275	\$ 1,002,698	\$ 769,982	\$ 390,895	\$ 2,055,294	\$ 185,290	\$ 148,494	\$ 14,688,759
Liabilities and Fund Balances									
Liabilities									
Due to other funds	\$ -	88,264	-	\$ -	\$ -	\$ -	171,344	69,077	\$ 328,685
Accounts payable	11,778	551,729	8,999	-	10,314	830,479	3,437	19,771	1,436,507
Accrued payroll and taxes	6,886	9,282	2,656	3	2,452	13,073	10,509	6,736	51,597
Unearned revenue	-	-	92,096	-	-	224,021	-	-	316,117
Total liabilities	18,664	649,275	103,751	3	12,766	1,067,573	185,290	95,584	2,132,906
Fund Balances									
Non-spendable	5,645,059	-	163,957	-	-	-	-	-	5,809,016
Restricted	3,823,108	-	734,990	769,979	378,129	-	-	-	5,706,206
Assigned	-	-	-	-	-	987,721	-	52,910	1,040,631
Total fund balances	9,468,167	-	898,947	769,979	378,129	987,721	-	52,910	12,555,853
Total liabilities and fund balances	\$ 9,486,831	\$ 649,275	\$ 1,002,698	\$ 769,982	\$ 390,895	\$ 2,055,294	\$ 185,290	\$ 148,494	\$ 14,688,759

Purchase Area Development District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds

<i>Year Ended June 30, 2024</i>	Lending	Aging and Independent Living	Nutritional Services	Housing	Physical Planning	PDS	Workforce Development	Other Community and Economic Development	Total Special Revenue Funds
Revenues									
Intergovernmental revenue	\$ 799,498	\$ 5,194,280	\$ 3,276,712	\$ -	\$ 372,356	\$ 8,425,077	\$ 813,141	\$ 645,071	\$ 19,526,135
Local revenue	66,369	99,496	427,697	-	125,431	5,192	-	137,962	862,147
Investment income	413,697	-	-	14,056	-	-	-	-	427,753
Other income	8,863	-	-	-	-	-	-	2,199	11,062
Total revenues	1,288,427	5,293,776	3,704,409	14,056	497,787	8,430,269	813,141	785,232	20,827,097
Expenditures									
Salaries	50,535	636,856	148,268	176	193,585	463,525	402,353	361,339	2,256,637
Employee benefits	32,153	352,135	89,386	71	104,972	275,069	233,915	212,922	1,300,623
Travel	3,187	57,417	7,797	-	15,133	12,605	6,709	11,469	114,317
Contractual services	-	3,759,834	-	-	22,183	-	-	238,255	4,020,272
Program services	-	-	2,987,946	-	-	7,355,416	-	-	10,343,362
Debt service	90,508	-	-	17,899	-	-	-	-	108,407
Other	135,923	753,597	536,477	5,208	107,468	374,342	192,846	162,275	2,268,136
Total expenditures	312,306	5,559,839	3,769,874	23,354	443,341	8,480,957	835,823	986,260	20,411,754
Excess (deficiency) of revenues over expenditures	976,121	(266,063)	(65,465)	(9,298)	54,446	(50,688)	(22,682)	(201,028)	415,343
Other Financing Sources (Uses)									
Note payable proceeds	162,000	-	-	-	-	-	-	-	162,000
Operating transfers in	-	229,631	-	-	-	-	22,682	159,001	411,314
Total other financing sources (uses)	162,000	229,631	-	-	-	-	22,682	159,001	573,314
Net change in fund balance	1,138,121	(36,432)	(65,465)	(9,298)	54,446	(50,688)	-	(42,027)	988,657
Fund balances - beginning of year	8,330,046	36,432	964,412	779,277	323,683	1,038,409	-	94,937	11,567,196
Fund balances - end of year	\$ 9,468,167	\$ -	\$ 898,947	\$ 769,979	\$ 378,129	\$ 987,721	\$ -	\$ 52,910	\$ 12,555,853

Purchase Area Development District
Schedule of Grant Activity

	Local 10000	JFA Comm & Econ Dev. 12000	JFA C.D.B.G. 12500	JFA DRA 13500	JFA Management Assistance 14000	JFA Program Admin 15000	911 Accounting Contract 17001	Delta Reg Auth FY21-22 - 19001	Delta Reg Auth FY 19-20 19002
Revenues									
Federal:									
Received	\$ -	\$ 46,915	\$ 13,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,000
Receivable (payable)	-	45,933	6,143	-	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-
State:									
Received	-	11,732	13,284	55,654	119,481	49,558	-	-	-
Receivable (payable)	-	11,479	6,139	29,346	-	29,054	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-
Local:									
Received	194,506	-	-	-	-	-	11,458	-	-
Receivable (payable)	-	-	-	-	-	-	3,938	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-
Other revenue	-	2,199	-	-	-	-	-	-	-
Total revenues/sources	194,506	118,258	38,850	85,000	119,481	78,612	15,396	-	16,000
Expenses									
Direct expenses:									
Salaries	376,739	56,125	18,914	40,416	60,148	39,917	4,320	683	4,444
Employee benefits	282,186	40,946	10,205	22,200	30,112	20,710	2,855	406	2,753
Travel	26,504	2,930	1,102	2,447	1,500	1,721	-	-	-
Advances to sub-grantees	-	-	-	-	-	-	-	-	-
Other expenses	448,372	6,566	692	3,755	2,584	677	(16)	-	-
Total direct expenses	1,133,801	106,567	30,913	63,166	94,344	63,025	7,159	1,089	7,197
Indirect expenses:									
Indirect expenses applied	(920,268)	21,534	7,875	16,068	25,094	15,775	5,165	306	1,894
Total expenses	213,533	128,101	38,788	79,234	119,438	78,800	12,324	1,395	9,091
Revenues Over (Under) Expenses	\$ (19,027)	\$ (9,843)	\$ 62	\$ 5,766	\$ 43	\$ (188)	\$ 3,072	\$ (1,395)	\$ 6,909

Purchase Area Development District
Schedule of Grant Activity

	DRG - Project Admin 19004	CDBG Hickman County Housing 19007	FHLB TVA Home Uplift 19008	Building Inspection - 19009	CDBG Hickman Mission House - 19010	BRIC- Energy Grant - 19011	GC American Redcross- Makers Space - 19012	Regional Park Board- 19014	DRA/LDD- 19015	Delta Health Care Services- 19016	CDBG- Murray Art Guild- 19017	CDBG- Marshall Co Needline- 19018	CDBG- Fulton Gibson- 19019
Revenues													
Federal:													
Received	\$ 11,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,810	\$ 103,789	\$ -	\$ -	
Receivable (payable)	-	-	-	-	-	-	-	-	-	11,119	-	-	
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	
State:													
Received	-	-	-	-	-	10,718	-	-	-	-	-	-	
Receivable (payable)	-	-	-	-	-	133	-	-	-	-	-	-	
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	
Local:													
Received	-	6,100	100,714	-	-	-	15,000	15,000	-	-	-	-	
Receivable (payable)	-	-	1,148	-	-	-	-	-	-	-	-	-	
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues/sources	11,500	6,100	101,862	-	-	10,851	15,000	15,000	53,810	114,908	-	-	
Expenses													
Direct expenses:													
Salaries	18,138	240	706	37,789	6,483	6,012	7,741	14,761	28,268	11,285	4,218	2,594	2,457
Employee benefits	18,549	131	229	21,499	3,882	3,150	3,854	8,220	15,781	5,350	2,153	1,421	1,371
Travel	423	23	113	-	47	-	-	50	1,113	-	-	-	-
Advances to sub-grantees	-	-	139,754	-	-	-	-	-	-	98,501	-	-	-
Other expenses	-	-	-	-	-	37	-	228	268	1,375	-	-	-
Total direct expenses	37,110	394	140,802	59,288	10,412	9,199	11,595	23,259	45,430	116,511	6,371	4,015	3,828
Indirect expenses:													
Indirect expenses applied	7,623	103	291	15,852	2,595	2,544	3,271	6,095	12,245	3,746	1,478	860	844
Total expenses	44,733	497	141,093	75,140	13,007	11,743	14,866	29,354	57,675	120,257	7,849	4,875	4,672
Revenues Over (Under) Expenses	\$ (33,233)	\$ 5,603	\$ (39,231)	\$ (75,140)	\$ (13,007)	\$ (892)	\$ 134	\$ (14,354)	\$ (3,865)	\$ (5,349)	\$ (7,849)	\$ (4,875)	\$ (4,672)

Purchase Area Development District
Schedule of Grant Activity

	Revolving Loan Fund - 20101	RLF Recap 20201	RLF EDA CARES Admin - 20301	RLF- ARPA - 20401	RBEG RLF 21101	RBEG RLF 2 21201	RBEG RLF 3 21301	IRP 22101	IRP Recap 22201	IRP 3 22301	IRP V 22501	SBA Micro Loan II 23101	SBA Micro Loan III 23201	SBA 504 23301	SBA 23401	SBA Microloan IV
Revenues																
Federal:																
Received	\$ -	\$ -	\$ 74,000	\$ 725,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivable (payable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State:																
Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable (payable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local:																
Received	-	-	-	-	-	-	-	-	-	-	-	-	-	57,741	3,791	981
Receivable (payable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,402	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	81,227	31,067	100,777	104,376	22,869	8,019	1,563	13,479	13,419	14,297	17,650	34	6,679	-	-	9,558
Total revenues/sources	81,227	31,067	174,777	829,874	22,869	8,019	1,563	13,479	13,419	14,297	17,650	34	6,679	57,741	5,193	10,539
Expenses																
Direct expenses:																
Salaries	7,748	-	1,983	-	1,420	422	-	39	1,840	2,015	1,436	-	776	29,859	2,997	-
Employee benefits	4,910	-	1,147	-	1,061	330	-	13	1,362	1,427	1,023	-	525	18,448	1,907	-
Travel	-	-	139	102	-	-	-	-	-	-	-	-	-	2,946	-	-
Advances to sub-grantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	(63,145)	1	(55,093)	175,711	562	356	-	118	1,574	32,519	49,088	-	29,263	19,925	-	13,802
Total direct expenses	(50,487)	1	(51,824)	175,813	3,043	1,108	-	170	4,776	35,961	51,547	-	30,564	71,178	4,904	13,802
Indirect expenses:																
Indirect expenses applied	3,277	-	932	-	684	211	-	15	866	963	641	-	357	12,512	1,292	-
Total expenses	(47,210)	1	(50,892)	175,813	3,727	1,319	-	185	5,642	36,924	52,188	-	30,921	83,690	6,196	13,802
Revenues Over (Under) Expenses	\$ 128,437	\$ 31,066	\$ 225,669	\$ 654,061	\$ 19,142	\$ 6,700	\$ 1,563	\$ 13,294	\$ 7,777	\$ (22,627)	\$ (34,538)	\$ 34	\$ (24,242)	\$ (25,949)	\$ (1,003)	\$ (3,263)

Purchase Area Development District
Schedule of Grant Activity

	CDO Support BRK all Waivers 30001	CDO/All Waivers Client - 30002	Veterans Directed Care - 31001	Commodity Supply Food Program 41001	TEFAP 41002	TEFAP Reach & Resiliency 41007	TEFAP CCC Administration Storage & Distribute- 41008	Food Bank 42001	Legal Food Frenzy 42003	Tornado Relief Food Bank 42011	Hastings Charitable Foundation 42014
Revenues											
Federal:											
Received	\$ -	\$ -	\$ 30,903	\$ 559,679	\$ 1,552,784	\$ 34,384	\$ 1,088,883	\$ -	\$ -	\$ -	\$ -
Receivable (payable)	-	-	14,772	19,800	21,182	-	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-
State:											
Received	1,053,972	6,654,103	-	-	-	-	-	-	-	-	-
Receivable (payable)	98,414	572,913	-	-	-	-	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-
Local:											
Received	-	5,192	-	-	71,649	-	-	170,381	-	122,010	50,000
Receivable (payable)	-	-	-	-	-	-	-	10,849	2,808	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenues/sources	1,152,386	7,232,208	45,675	579,479	1,645,615	34,384	1,088,883	181,230	2,808	122,010	50,000
Expenses											
Direct expenses:											
Salaries	448,121	-	15,404	86,385	36,544	-	-	25,339	-	-	-
Employee benefits	264,048	-	11,021	53,351	20,431	-	-	15,604	-	-	-
Travel	11,470	-	1,135	3,372	907	-	-	3,518	-	-	-
Advances to sub-grantees	-	-	-	-	-	-	-	-	-	-	-
Other expenses	142,551	7,395,110	61	568,802	1,476,563	34,384	1,024,624	167,860	-	162,816	28,653
Total direct expenses	866,190	7,395,110	27,621	711,910	1,534,445	34,384	1,024,624	212,321	-	162,816	28,653
Indirect expenses:											
Indirect expenses applied	185,369	-	6,667	34,841	15,206	-	-	10,674	-	-	-
Total expenses	1,051,559	7,395,110	34,288	746,751	1,549,651	34,384	1,024,624	222,995	-	162,816	28,653
Revenues Over (Under) Expenses	\$ 100,827	\$ (162,902)	\$ 11,387	\$ (167,272)	\$ 95,964	\$ -	\$ 64,259	\$ (41,765)	\$ 2,808	\$ (40,806)	\$ 21,347

Purchase Area Development District
Schedule of Grant Activity

	TIII B Aging Admin 51001	Title III B Internal Services 51002	Title III B Sub- Contractor Services 51003	TIII C1 Cong Meals Admin 51004	Title III C1 Internal Services 51005	Title III C1 Sub- Contractor Services 51006	TIII C2 HDM Admin 51007	Title III C2 Internal Services 51008	Title III C2 Subcontractor Services 51009	Title III D Internal Services 51010
Revenues										
Federal:										
Received	\$ 39,686	\$ 118,344	\$ 397,011	\$ 35,333	\$ 3,500	\$ 317,004	\$ 16,915	\$ 2,712	\$ 749,392	\$ 10,047
Receivable (payable)	6,022	22,758	43,924	761	5,792	47,401	9,184	-	33,634	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-
State:										
Received	9,044	5,414	49,707	12,125	-	13,270	8,143	-	549,114	-
Receivable (payable)	-	-	-	-	-	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-
Local:										
Received	-	-	-	-	-	-	-	-	-	-
Receivable (payable)	-	-	-	-	-	-	-	-	24,373	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-
Total revenues/sources	54,752	146,516	490,642	48,219	9,292	377,675	34,242	2,712	1,356,513	10,047
Expenses										
Direct expenses:										
Salaries	22,694	53,233	-	22,949	-	-	17,053	-	-	3,495
Employee benefits	22,487	27,387	-	13,854	-	-	8,762	-	-	2,968
Travel	2,194	4,295	-	52	-	-	500	-	-	654
Advances to sub-grantees	-	-	392,385	-	6,128	347,581	-	-	1,440,998	-
Other expenses	8,997	54,232	85,135	1,415	9,292	30,094	2,178	2,712	5,119	702
Total direct expenses	56,372	139,147	477,520	38,270	15,420	377,675	28,493	2,712	1,446,117	7,819
Indirect expenses:										
Indirect expenses applied	8,547	20,488	-	9,949	-	-	6,348	-	-	2,228
Total expenses	64,919	159,635	477,520	48,219	15,420	377,675	34,841	2,712	1,446,117	10,047
Revenues Over (Under) Expenses	\$ (10,167)	\$ (13,119)	\$ 13,122	\$ -	\$ (6,128)	\$ -	\$ (599)	\$ -	\$ (89,604)	\$ -

Purchase Area Development District
Schedule of Grant Activity

	Title III D		Title III E		Homecare		ESMP	
	Subcontractor	TIIE Caregiver	Internal	Homecare	Internal	Homecare	ESMP	Subcontractor
	Services 51011	Admin 51012	Services 51013	Admin 52001	Services 52002	Services 52003	Admin - 52004	Services - 52005
Revenues								
Federal:								
Received	\$ 10,645	\$ 8,071	\$ 160,589	\$ -	\$ -	\$ -	\$ 31,483	\$ 1,039,526
Receivable (payable)	1,056	1,151	42,012	-	-	-	-	6,130
Advanced or unexpended	-	-	-	-	-	-	-	-
State:								
Received	-	6,268	76,120	64,802	562,956	5,338	-	-
Receivable (payable)	-	-	-	15,843	128,898	286	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-
Local:								
Received	-	-	-	-	-	-	-	-
Receivable (payable)	-	-	-	-	-	-	-	75,123
Advanced or unexpended	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues/sources	11,701	15,490	278,721	80,645	691,854	5,624	31,483	1,120,779
Expenses								
Direct expenses:								
Salaries	-	7,294	53,793	35,703	313,675	-	15,743	-
Employee benefits	-	3,794	31,668	40,868	132,613	-	9,298	-
Travel	-	23	3,565	421	41,551	-	-	-
Advances to sub-grantees	11,701	-	-	-	-	5,624	-	1,273,911
Other expenses	-	1,175	166,785	7,903	84,449	-	(362)	-
Total direct expenses	11,701	12,286	255,811	84,895	572,288	5,624	24,679	1,273,911
Indirect expenses:								
Indirect expenses applied	-	3,204	22,910	16,328	117,942	-	6,804	-
Total expenses	11,701	15,490	278,721	101,223	690,230	5,624	31,483	1,273,911
Revenues Over (Under) Expenses	\$ -	\$ -	\$ -	\$ (20,578)	\$ 1,624	\$ -	\$ -	\$ (153,132)

Purchase Area Development District Schedule of Grant Activity

	MIPPA AAA 53007 -FY24	MIPPA ADRC 53008- FY24	MIPPA SHIP 53009 -FY24	NSIP 53010	Title V Admin - 53011	Title V WKAS 53012	TVII Elder Abuse 53013	TVII Ombudsman 53014	State LTC Ombudsman 53015	SHIP - Services 53017	SHIP - Admin 53018	Medicaid ADRC 53019	KY Caregiver Admin-53022	Aging & Disability Vaccination Admin-ADVC- 53023	KY Caregiver Services- 53024	Aging & Disability Vaccination Services- ADVC- 53025
Revenues																
Federal:																
Received	\$ -	\$ 2,040	\$ 9,322	\$ 137,743	\$ 5,934	\$ 109,534	\$ 1,749	\$ 13,060	\$ -	\$ 39,672	\$ 2,125	\$ 18,000	\$ -	\$ 6,458	\$ -	\$ 32,969
Receivable (payable)	7,509	644	-	13,200	2,014	9,110	1,985	54	-	2,170	3	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State:																
Received	-	-	-	-	-	-	4,550	2,000	45,545	-	-	18,000	6,354	-	24,944	-
Receivable (payable)	-	-	-	-	-	-	-	-	91	-	-	-	114	-	9,976	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local:																
Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable (payable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues/sources	7,509	2,684	9,322	150,943	7,948	118,644	8,284	15,114	45,636	41,842	2,128	36,000	6,468	6,458	34,920	32,969
Expenses																
Direct expenses:																
Salaries	3,839	2,433	5,382	-	4,682	-	3,851	6,765	22,766	14,699	602	966	3,374	2,134	10,129	9,602
Employee benefits	7,290	1,445	3,804	-	2,345	-	2,041	3,576	12,754	9,278	390	614	2,275	580	6,510	5,524
Travel	-	-	-	-	17	-	-	1,554	880	325	756	-	268	178	83	101
Advances to sub-grantees	-	-	-	150,943	-	130,563	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	596	307	1,510	9,747	131	561	1,079	8,245	11,155	8,018
Total direct expenses	11,129	3,878	9,186	150,943	7,044	130,563	6,488	12,202	37,910	34,049	1,879	2,141	6,996	11,137	27,877	23,245
Indirect expenses:																
Indirect expenses applied	1,522	547	1,362	-	1,788	-	1,796	2,912	8,622	7,793	249	409	1,109	743	4,530	4,302
Total expenses	12,651	4,425	10,548	150,943	8,832	130,563	8,284	15,114	46,532	41,842	2,128	2,550	8,105	11,880	32,407	27,547
Revenues Over (Under) Expenses	\$ (5,142)	\$ (1,741)	\$ (1,226)	\$ -	\$ (884)	\$ (11,919)	\$ -	\$ -	\$ (896)	\$ -	\$ -	\$ 33,450	\$ (1,637)	\$ (5,422)	\$ 2,513	\$ 5,422

Purchase Area Development District
Schedule of Grant Activity

	KHC Prod LN Maintenance 61001	PAHC 62001	Regional Transportation 71001	Local Roads 71002	Section 5304 Transportation 71003	Great River Road 71004	GRR Project 71005	SS4A Safety- 71008	Transportation- MPO- 71009	KIA Planning 72001	Regional E911 72002	Hazard Mitigation 72003	Local Mapping 72004
Revenues													
Federal:													
Received	\$ -	\$ -	\$ -	\$ -	\$ 59,173	\$ -	\$ -	\$ 9,126	\$ 1,741	\$ -	\$ -	\$ -	\$ -
Receivable (payable)	-	-	-	-	10,827	-	-	9,126	19,761	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-
State:													
Received	-	-	88,454	16,700	-	23,367	6,737	50,000	109	66,000	-	-	-
Receivable (payable)	-	-	-	-	-	-	-	-	1,235	-	-	-	-
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-	-	-	-
Local:													
Received	-	13,935	-	-	-	-	-	-	4,032	-	43,313	28,558	25,127
Receivable (payable)	-	1,744	-	-	-	-	-	-	-	-	1,042	639	-
Advanced or unexpended	-	-	4,270	-	17,950	-	-	-	-	-	-	-	-
Other revenue	14,056	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues/sources	14,056	15,679	92,724	16,700	87,950	23,367	6,737	68,252	26,878	66,000	44,355	29,197	25,127
Expenses													
Direct expenses:													
Salaries	176	6,749	47,352	8,795	43,806	4,970	-	3,800	15,049	31,419	15,076	11,700	11,547
Employee benefits	71	4,532	29,374	3,929	22,357	1,865	-	1,936	5,485	20,226	7,936	6,090	5,736
Travel	-	-	2,934	169	1,474	3,356	-	-	801	3,398	1,039	37	1,816
Advances to sub-grantees	-	-	-	-	-	-	-	15,741	-	-	-	6,442	-
Other expenses	23,033	49	2,302	40	1,969	11,200	6,737	4,338	163	3,744	-	21	1,092
Total direct expenses	23,280	11,330	81,962	12,933	69,606	21,391	6,737	25,815	21,498	58,787	24,051	24,290	20,191
Indirect expenses:													
Indirect expenses applied	74	2,462	17,733	3,938	18,344	1,942	-	1,532	4,482	12,576	5,857	4,907	4,546
Total expenses	23,354	13,792	99,695	16,871	87,950	23,333	6,737	27,347	25,980	71,363	29,908	29,197	24,737
Revenues Over (Under) Expenses	\$ (9,298)	\$ 1,887	\$ (6,971)	\$ (171)	\$ -	\$ 34	\$ -	\$ 40,905	\$ 898	\$ (5,363)	\$ 14,447	\$ -	\$ 390

Purchase Area Development District
Schedule of Grant Activity

	GIS E-911 Fulton Co - 72005	BEAD Challenge Technical Assistance- 72007	WIOA One Stop Operator 80001	WIOA Disloc Work Prog 80002	WIOA Adult Prog Services 80003	WIOA Trade 80004	WIOA Youth Prog Services 80005	WIOA Rapid Response 80006	WIOA - Tornado 2021 NDWG 80009	Total
Revenues										
Federal:										
Received	\$ -	\$ -	\$ 17,177	\$ 253,256	\$ 226,137	\$ 45,291	\$ 25,769	\$ 307	\$ 134,581	\$ 8,402,851
Receivable (payable)	-	10,000	669	41,516	37,642	3,380	5,087	-	22,329	535,800
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-
State:										
Received	-	-	-	-	-	-	-	-	-	9,683,563
Receivable (payable)	-	-	-	-	-	-	-	-	-	903,921
Advanced or unexpended	-	-	-	-	-	-	-	-	-	-
Local:										
Received	500	-	-	-	-	-	-	-	-	939,988
Receivable (payable)	-	-	-	-	-	-	-	-	-	123,066
Advanced or unexpended	-	-	-	-	-	-	-	-	-	22,220
Other revenue	-	-	-	-	-	-	-	-	-	441,269
Total revenues/sources	500	10,000	17,846	294,772	263,779	48,671	30,856	307	156,910	21,052,678
Expenses										
Direct expenses:										
Salaries	71	-	7,797	149,062	133,881	26,424	15,830	175	69,184	2,644,445
Employee benefits	38	-	4,560	78,588	92,319	11,909	8,231	89	38,219	1,590,186
Travel	109	-	1,362	2,184	2,163	18	258	-	724	140,821
Advances to sub-grantees	-	-	-	-	-	-	-	-	-	4,020,272
Other expenses	-	-	735	3,732	3,771	87	79	-	20,769	12,255,679
Total direct expenses	218	-	14,454	233,566	232,134	38,438	24,398	264	128,896	20,651,403
Indirect expenses:										
Indirect expenses applied	5	-	3,392	61,206	54,327	10,233	6,458	43	28,014	-
Total expenses	223	-	17,846	294,772	286,461	48,671	30,856	307	156,910	20,651,403
Revenues Over (Under) Expenses	\$ 277	\$ 10,000	\$ -	\$ -	\$ (22,682)	\$ -	\$ -	\$ -	\$ -	\$ 401,275

Purchase Area Development District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health & Human Services:				
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	\$ 427,815	\$ 627,745
Special Programs for the Aging Title III, part C Nutrition Services				
	93.045	PON 3 725 2200000036	1,147,430	1,221,629
Nutrition Services Incentive Program				
	93.053	PON 3 725 2200000038	150,943	<u>150,943</u>
Subtotal				
				\$ 2,000,317
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect and Exploitation				
	93.041	PON 3 725 2200000019	-	3,734
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals				
	93.042	PON 3 725 2200000019	-	13,114
Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services				
	93.043	PON 3 725 2200000036	-	21,748
National Family Caregiver Support, Title III, Part E				
	93.052	PON 3 725 2200000036	-	211,822
State Health Insurance Assistance Program				
	93.324	PON 3 725 2200000040	-	43,971
Medicaid Cluster - Medical Assistance Program				
	93.778	PON 3 725 2200000065	-	18,000
Special Programs for the Aging, Title IV, Title II, Discretionary Projects				
	93.048	PON 3 725 2300000130	-	39,427
Medicare Enrollment Assistance Program				
	93.071	PON 3 725 2200000040	-	16,832
Medicare Enrollment Assistance Program				
	93.071	PON 3 725 2200000037	-	<u>2,684</u>
Subtotal				
				19,516
Total U.S. Department of Health & Human Services				
				<u>2,371,649</u>
U.S. Department of Agriculture:				
Passed through Kentucky Department of Agriculture:				
Delta Health Care Service Grant Program				
	10.874	20-038-631670501	-	114,908
Food Distribution Cluster				
Commodity Supplemental Food Program				
	10.565	PON 2 035 2200002692	-	166,831
Emergency Food Assistance Program (Administrative Costs)				
	10.568	PON 2 035 20022002677	-	154,127
Emergency Food Assistance Program (Administrative Costs)				
	10.568	PON 2 035 2300000651	-	34,384
Emergency Food Assistance Program (Administrative Costs)				
	10.568	PON 2 035 2300002882	-	6,400
Emergency Food Assistance Program (Food Commodities)				
	10.569	PON 2 035 20022002677	2,914,970	<u>2,914,970</u>
Subtotal				
				3,276,712
Total U.S. Department of Agriculture				
				<u>3,391,620</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Purchase Area Development District
Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce:				
Economic Development Cluster				
Direct program				
COVID-19 Economic Adjustment Assistance ¹	11.307	-	-	2,852,056
COVID-19 Economic Adjustment Assistance ²	11.307	-	-	<u>1,721,798</u>
Subtotal				4,573,854
Passed through Department for Local Government:				
Broadband Equity, Access, and Deployment Program	11.307	PON 2 082 2400004908	-	10,000
Passed through Department for Local Government:				
Economic Development Support for Planning Organizations	11.302	PON2 112 2300003229	-	92,848
Total U.S. Department of Commerce				4,676,702
Delta Regional Authority:				
Direct program				
Delta Local Development District Assistance	90.200	-	-	81,310
Total Delta Regional Authority				81,310
U.S. Department of Housing and Urban Development:				
Passed through Department for Local Government:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	PON2 112 2300003229	-	19,427
Total U.S. Department of Housing and Urban Development				19,427
U.S. Department of Labor:				
Passed through Kentucky Cabinet for Health and Family Services:				
Senior Community Service Employment Program	17.235	PON3 725 2200000035	126,592	126,592
WIOA Cluster				
WIOA Adult Program	17.258	A2400010001	-	220,021
WIOA Youth Activities	17.259	A2400010001	-	32,462
WIOA Dislocated Worker Formula Grants	17.278	A2400010001	-	<u>355,078</u>
Subtotal				607,561
WIOA National Dislocated Worker Grants	17.277	A2400090009	-	156,910
Trade Adjustment Assistance	17.245	A2400010001	-	48,670
Total U.S. Department of Labor				939,733

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Purchase Area Development District Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Veterans Affairs:				
Passed through Pennyrile Area Development VHA Home Care	64.044	VA2016-02(P)	-	45,675
Total U.S. Department of Veterans Affairs				45,675
U.S. Department of Transportation:				
Passed through KY Transportation Cabinet:				
Safe Streets and Roads for All	20.939	693JJ32340502	-	18,252
Highway Planning and Construction	20.205	2400001169	-	21,502
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	P040120442	-	70,000
Total U.S. Department of Transportation				109,754
U.S. Department of the Treasury:				
Passed through Kentucky Cabinet for Health and Family Services:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	PON 3 725 2200000036	1,045,658	1,077,140
Total U.S. Department of Homeland Security				1,077,140
Total Expenditures of Federal Awards			\$ 5,813,408	\$ 12,713,010
¹ Schedule of Expenditures of Federal Awards Calculation for Economic Adjustment				
Assistance Fund (RLF CARES) Grant				
Balance of RLF CARES loans outstanding at June 30, 2024				\$ 2,052,946
Cash, receivable and investment balance in RLF CARES at June 30, 2024				783,957
Administrative expenses paid out of RLF CARES in year ended June 30, 2024				15,153
				2,852,056
Federal share of RLF			X	100%
				\$ 2,852,056
² Schedule of Expenditures of Federal Awards Calculation for Economic Adjustment				
Assistance Fund (RLF ARPA) Grant				
Balance of RLF ARPA loans outstanding at June 30, 2024				\$ 1,988,374
Cash, receivable and investment balance in RLF ARPA at June 30, 2024				162,797
Administrative expenses paid out of RLF ARPA in year ended June 30, 2024				1,076
				2,152,247
Federal share of RLF			X	80%
				\$ 1,721,798

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Purchase Area Development District
Notes to the Schedule of Expenditures of Federal Awards

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, 2024. 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 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 (LOAN RECEIVABLES)

The balance of loans receivable outstanding at June 30, 2024 was \$2,052,946, Federal Assistance Listing No. 11.307, Revolving loan fund (RLF CARES).

The balance of loans receivable outstanding at June 30, 2024 was \$1,988,374, Federal Assistance Listing No. 11.307, Revolving loan fund (RLF ARPA).

The balance of loans receivable outstanding at June 30, 2024 was \$532,290, Federal Assistance Listing No. 10.767, Intermediary Relending Program.

Purchase Area Development District
Notes to the Schedule of Expenditures of Federal Awards

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, 2024 as noted in the accompanying Schedule of Expenditures of Federal Awards.

Purchase Area Development District Summary Schedule of Prior Audit Findings



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Purchase Area Development District
Summary Schedule of Prior Audit Findings
Year ended June 30, 2023

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

Condition: The Purchase Area Development District (the "District") internal controls failed to recognize contradictions in federal award agreements as well as material errors in the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: We recommend the 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.

Current Status: No similar findings were noted in the 2024 audit.

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

Condition: The District failed to implement adequate internal controls over the preparation of the budgetary comparison schedules, which resulted in material misstatements.

Recommendation: We recommend the District 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.

Current Status: No similar findings were noted in the 2024 audit.

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

Condition: The District has due to and due from accounts that are created when the District uses one source of money to pay bills and salaries that cross fund and program types. 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.

Recommendation: We recommend the District 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.

Ballard Calloway Carlisle Fulton Graves Hickman Marshall McCracken

Purchase Area Development District Summary Schedule of Prior Audit Findings

Current Status: Recommendation is in progress at the District. District has reviewed the constraints of the general ledger accounting software and bank account structure and determined interfund activity is presented as gross amounts and allocation of interest would not be significant to the individual grant account level. Interfund activity will continue to be monitored by District management.

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

Condition: The District 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. Additionally, the District 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.

Recommendation: We recommend the District 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.

Current Status: No similar findings were noted in the 2024 audit.



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**Independent Auditor’s Report on Internal Control over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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 Purchase Area Development District (the “District”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Purchase Area Development District’s basic financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.
Bowling Green, Kentucky
December 30, 2024



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**Independent Auditor’s Report on Compliance
for Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance**

Board of Directors
Purchase Area Development District
Mayfield, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Purchase Area Development District ’s (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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 the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the 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 the 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 generally accepted auditing standards, *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 the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the 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 the 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.
Bowling Green, Kentucky
December 30, 2024

Purchase Area Development District
Schedule of Findings and Questioned Costs

Section I — Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor’s report issued on compliance for major Federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200.516(a))? Yes No

Identification of major federal program:

Federal Assistance Listing Number	Name of Federal Program or Cluster
10.565; 10.568; 10.569	Food Distribution Cluster COVID-19 Economic
11.307	Development Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Purchase Area Development District
Schedule of Findings and Questioned Costs

Section II — Financial Statement Findings

None reported.

Section III — Federal Award Findings and Questioned Costs

None reported.



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