



Purchase Area Development District

Financial Statements

June 30, 2025



**REPORT**

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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, 2025, 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, 2025, 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 59 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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* 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 January 23, 2026 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

January 23, 2026



FINANCIAL STATEMENTS



**Purchase Area Development District
Management's Discussion and Analysis
June 30, 2025**

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, 2025. To fully understand the entire scope of the District's financial activities, this information should be read in conjunction with the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The liabilities and net position of the District were less than its assets by \$11,016,034 at June 30, 2025.
- The District's total net position increased by \$1,321,431 during the year.
- The Fund Balance, a measure of current financial resources, increased in the governmental funds by \$870,500 to a fund balance of \$14,710,523 at June 30, 2025. As contract amounts vary from year to year, some of the excess revenues over expenditures have been set aside for administration of future projects.

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, 2025
(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 organization's net position for the year ending June 30, 2025 was 2,629,252. 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 23-58 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 59-67 of this report.

Supplementary Information

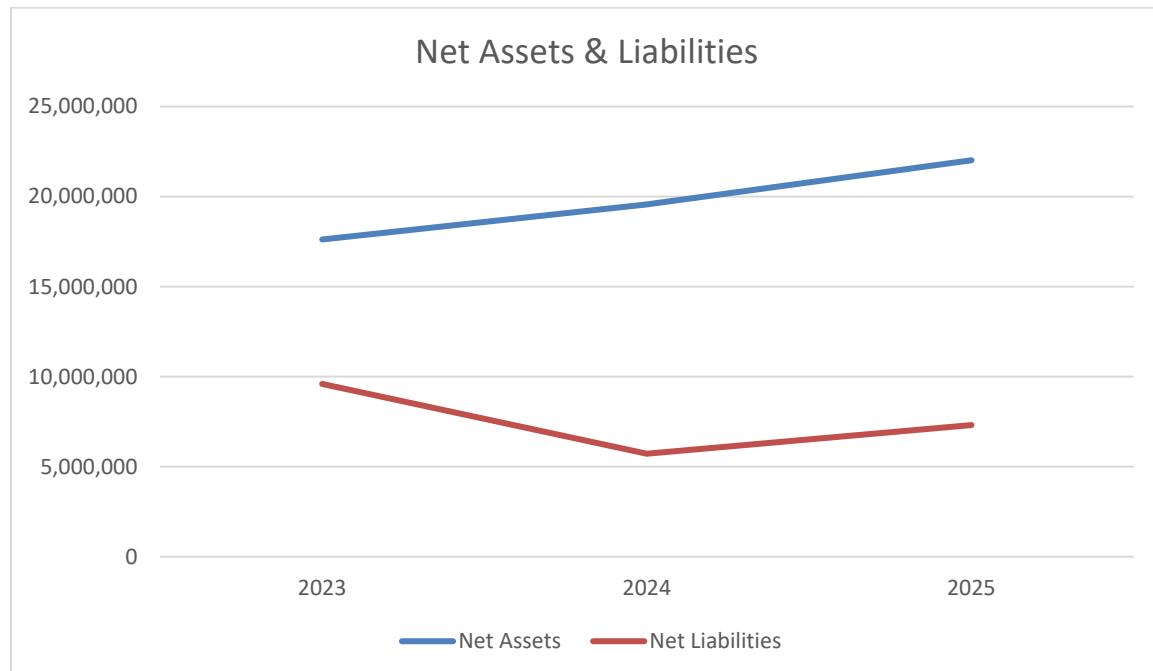
Supplementary information that is not a required part of the basic financial statements can be found on pages 68-78 of this report.

Purchase Area Development District
Management's Discussion and Analysis
June 30, 2025
(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 \$8,386,782 at June 30, 2025. The District's Net Investment in Capital Assets reflects its investment in capital assets less outstanding related debt used to acquire those assets. These assets are not available for future spending. Although the District's capital investment is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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



Purchase Area Development District
Management's Discussion and Analysis
June 30, 2025
(Continued)

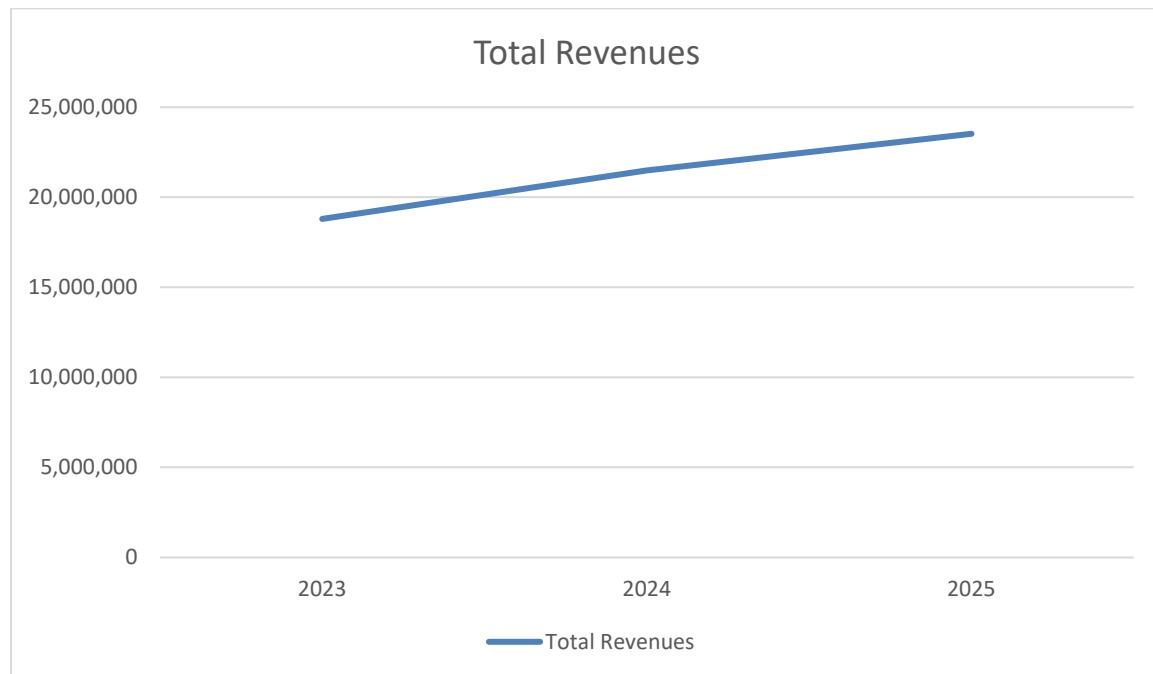
Statement of Net Position

| | Governmental Activities | Business Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|------------------------|
| Assets | | | |
| Cash | \$6,168,106.00 | \$614,546.00 | \$6,782,652.00 |
| Investments | \$3,625,000.00 | - | \$3,625,000.00 |
| Interest Receivable | \$82,180.00 | | \$82,180.00 |
| Grants Receivable | \$1,490,060.00 | - | \$1,490,060.00 |
| Accounts Receivable | \$100,276.00 | \$3,420.00 | \$103,696.00 |
| Loans, | \$5,779,448.00 | - | \$5,779,448.00 |
| Inventory | \$293,592.00 | - | \$293,592.00 |
| Prepaid | \$7,704.00 | - | \$7,704.00 |
| No depreciable Capital Assets | - | \$89,494.00 | \$89,494.00 |
| Depreciable Capital Assets | \$205,852.00 | \$5,040,599.00 | \$5,246,451.00 |
| Less: Accumulated Depreciation | -\$44,716.00 | -3,118,807.00 | -\$3,163,523.00 |
| Net OPEB Asset | \$144,617.00 | - | \$144,617.00 |
| Total Assets | \$17,852,119.00 | \$2,629,252.00 | \$20,481,371.00 |
| Deferred Outflows of Resources | | | |
| OPEB Related | \$456,785.00 | - | \$456,785.00 |
| Pension Related | \$1,389,727.00 | - | \$1,389,727.00 |
| Total Deferred Outflows of Resources | \$1,846,512.00 | - | \$1,846,512.00 |
| Liabilities | | | |
| Accounts Payable Accrued liabilities | \$2,580,135.00 | - | \$2,580,135.00 |
| Unearned Revenue | \$255,708.00 | - | \$255,708.00 |
| Long-term Obligations | | | |
| Due within one year | | | |
| Notes payable | \$98,738.00 | - | \$98,738.00 |
| Compensated | \$89,200.00 | - | \$89,200.00 |
| Due beyond one year | | | |
| Notes payable | \$808,544.00 | - | \$808,544.00 |
| Compensated Absences | \$89,201.00 | - | \$89,201.00 |
| Net pension Liability | \$4,994,910.00 | - | \$4,994,910.00 |
| Total liabilities | \$8,916,436.00 | - | \$8,916,436.00 |
| Deferred Inflows of Resources | | | |
| OPEB Related | \$1,505,557.00 | - | \$1,505,557.00 |
| Pension Related | \$889,856.00 | - | \$889,856.00 |
| Total Deferred Inflows of resources | \$2,395,413.00 | - | \$2,395,413.00 |
| Net Position | | | |
| Net Investment in Capital Assets | \$161,136.00 | \$2,011,286.00 | \$2,172,422.00 |
| Restricted | | | |
| Grant Programs | \$12,289,253.00 | - | \$12,289,253.00 |
| Unrestricted (deficit) | -\$4,063,607.00 | \$617,966.00 | -\$3,445,641.00 |
| Total Net Position | \$8,388,719.00 | \$2,629,252.00 | \$11,016,034.00 |

**Purchase Area Development District
Management's Discussion and Analysis
June 30, 2025
(Continued)**

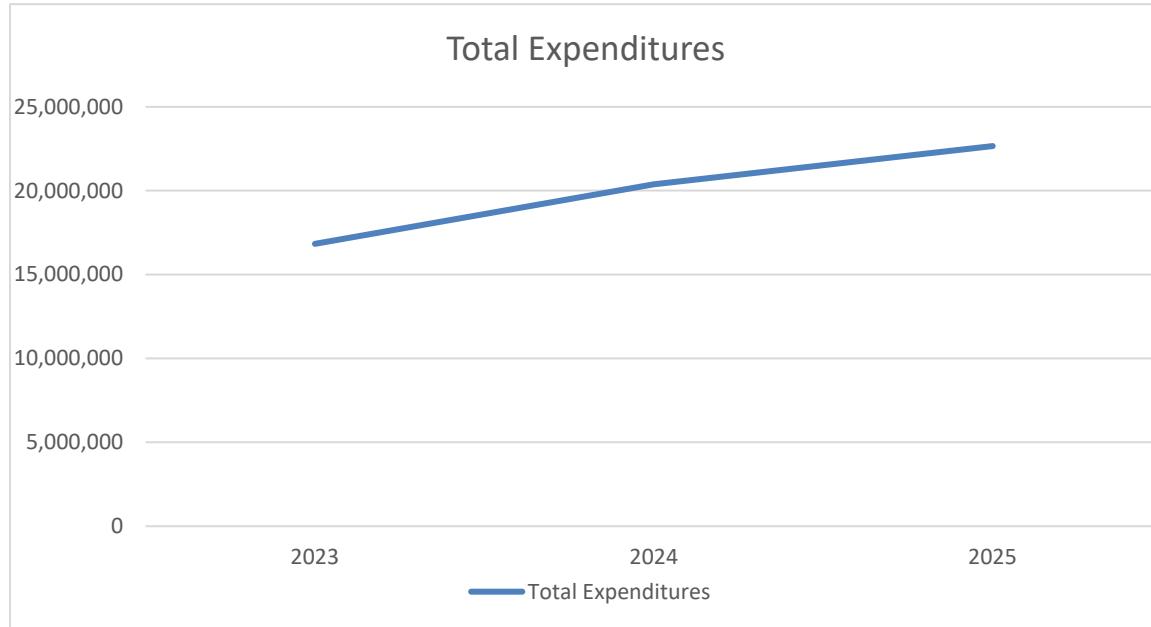
Changes in Net Position – Governmental Activities. The District's governmental activities increased net position by \$1,340,684 in the fiscal year 2025.

Total revenues were \$23,526,922 an increase from the prior year. Of this, program revenues represent 98.63% of total revenues. Major sources of program revenues include various community support funding and grants. General revenues represent \$474,502 which is 1.37% 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, 2025
(Continued)

Total expenditures were \$22,186,238, 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, 2025
(Continued)**

ECONOMIC FACTORS

During the 2025 fiscal year, the District completed its 55th 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.

While the District no longer receives funding related to COVID recovery, the agency built a robust, highly skilled staff that continues to provide a high level of service and generate the funding to pay for those operations. Additionally, the District has received and implemented funding/programs to assist with natural disaster recovery efforts. The concern 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 healthcare and continued investment in much needed infrastructure. The District is engaged with Legislative and cabinet level leaders 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 Pennyrile 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 (Deficit)**

June 30, 2025

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash | \$ 6,168,106 | \$ 614,546 | \$ 6,782,652 |
| Investments | 3,625,000 | - | 3,625,000 |
| Interest receivable | 82,180 | - | 82,180 |
| Grants receivable | 1,490,060 | - | 1,490,060 |
| Accounts receivable | 100,276 | 3,420 | 103,696 |
| Loans, net | 5,779,448 | - | 5,779,448 |
| Inventory | 293,592 | - | 293,592 |
| Prepaid items | 7,704 | - | 7,704 |
| Nondepreciable capital assets | - | 89,494 | 89,494 |
| Depreciable capital assets | 205,852 | 5,040,599 | 5,246,451 |
| Less: accumulated depreciation | (44,716) | (3,118,807) | (3,163,523) |
| Net OPEB asset | 144,617 | - | 144,617 |
| Total assets | 17,852,119 | 2,629,252 | 20,481,371 |
| Deferred Outflows of Resources | | | |
| OPEB related | 456,785 | - | 456,785 |
| Pension related | 1,389,727 | - | 1,389,727 |
| Total deferred outflows of resources | 1,846,512 | - | 1,846,512 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 2,580,135 | - | 2,580,135 |
| Unearned revenue | 255,708 | - | 255,708 |
| Long-term obligations: | | | |
| Due within one year: | | | |
| Notes payable | 98,738 | - | 98,738 |
| Compensated absences | 89,200 | - | 89,200 |
| Due beyond one year: | | | |
| Notes payable | 808,544 | - | 808,544 |
| Compensated absences | 89,201 | - | 89,201 |
| Net pension liability | 4,994,910 | - | 4,994,910 |
| Total liabilities | 8,916,436 | - | 8,916,436 |
| Deferred Inflows of Resources | | | |
| OPEB related | 1,505,557 | - | 1,505,557 |
| Pension related | 889,856 | - | 889,856 |
| Total deferred inflows of resources | 2,395,413 | - | 2,395,413 |
| Net Position | | | |
| Net investment in capital assets | 161,136 | 2,011,286 | 2,172,422 |
| Restricted | | | |
| Grant programs | 12,289,253 | - | 12,289,253 |
| Unrestricted (deficit) | (4,063,607) | 617,966 | (3,445,641) |
| Total net position | \$ 8,386,782 | \$ 2,629,252 | \$ 11,016,034 |

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

Purchase Area Development District
Statement of Activities

| Year Ended June 30, 2025 | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--------------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| | | | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| | Expenses | Charges for Services | | | | | |
| Governmental activities | | | | | | | |
| General Government | \$ 13,886 | \$ 45,435 | \$ 265,806 | \$ - | \$ 297,355 | \$ - | \$ 297,355 |
| Lending | 127,219 | - | 538,698 | - | 411,479 | - | 411,479 |
| Aging and Independent Living | 4,795,176 | - | 4,678,168 | - | (117,008) | - | (117,008) |
| Nutritional Services | 2,676,384 | - | 2,703,128 | - | 26,744 | - | 26,744 |
| Housing | 37,796 | - | 20,000 | - | (17,796) | - | (17,796) |
| Physical Planning | 727,143 | - | 686,379 | - | (40,764) | - | (40,764) |
| Economic Development | 453,785 | - | 284,344 | - | (169,441) | - | (169,441) |
| PDS | 12,012,354 | - | 12,519,205 | - | 506,851 | - | 506,851 |
| Workforce Development | 681,492 | - | 650,254 | - | (31,238) | - | (31,238) |
| Other Community Services | 661,003 | - | 661,003 | - | - | - | - |
| Total governmental activities | 22,186,238 | 45,435 | 23,006,985 | - | 866,182 | - | 866,182 |

Purchase Area Development District
Statement of Activities

| Year Ended June 30, 2025 | 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 | 359,525 | 242,227 | - | - | - | (117,298) | (117,298) |
| Total business-type activities | 359,525 | 242,227 | - | - | - | (117,298) | (117,298) |
| Total government | \$ 22,545,763 | \$ 287,662 | \$ 23,006,985 | \$ - | \$ 866,182 | \$ (117,298) | \$ 748,884 |
| General Revenues | | | | | | | |
| Investment income | | | | 474,502 | | 2,022 | 476,524 |
| Other | | | | - | | 96,023 | 96,023 |
| Total general revenues | | | | 474,502 | | 98,045 | 572,547 |
| Change in net position | | | | 1,340,684 | | (19,253) | 1,321,431 |
| Net position - beginning of year | | | | 7,046,098 | | 2,648,505 | 9,694,603 |
| Net position - end of year | | | | \$ 8,386,782 | | \$ 2,629,252 | \$ 11,016,034 |

Purchase Area Development District
Balance Sheet
Governmental Funds

| <u>June 30, 2025</u> | General Fund | Special Revenue Funds | Total Governmental Funds |
|--|-------------------------|--------------------------------------|---|
| Assets | | | |
| Cash | \$ 1,971,288 | \$ 4,196,818 | \$ 6,168,106 |
| Investments | 3,250,000 | 375,000 | 3,625,000 |
| Due from other funds | 195,150 | 4,277,284 | 4,472,434 |
| Interest receivable | - | 82,180 | 82,180 |
| Grants receivable | - | 1,490,060 | 1,490,060 |
| Accounts receivable | 100,276 | - | 100,276 |
| Loans, net | - | 5,779,448 | 5,779,448 |
| Inventory | - | 293,592 | 293,592 |
| Prepaid expenses | 6,163 | 1,541 | 7,704 |
| Total assets | \$ 5,522,877 | \$ 16,495,923 | \$ 22,018,800 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Due to other funds | \$ 4,277,284 | \$ 195,150 | \$ 4,472,434 |
| Accounts payable and accrued liabilities | 312,000 | 2,268,135 | 2,580,135 |
| Unearned revenue | 49,365 | 206,343 | 255,708 |
| Total liabilities | 4,638,649 | 2,669,628 | 7,308,277 |
| Fund Balances | | | |
| Non-spendable | 6,163 | 6,074,581 | 6,080,744 |
| Restricted | - | 6,214,672 | 6,214,672 |
| Assigned | - | 1,537,042 | 1,537,042 |
| Unassigned | 878,065 | - | 878,065 |
| Total fund balances | 884,228 | 13,826,295 | 14,710,523 |
| Total liabilities and fund balances | \$ 5,522,877 | \$ 16,495,923 | \$ 22,018,800 |

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**

June 30,

2025

| | |
|--|---------------|
| Total fund balances - governmental funds | \$ 14,710,523 |
|--|---------------|

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 \$205,852 and the accumulated depreciation is \$44,716. 161,136

Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the fund statements. 499,871

Deferred outflows and inflows of resources related to OPEB expense are applicable to future periods, therefore, are not reported in the fund statements. (1,048,772)

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 | (907,282) |
| Compensated absences | (178,401) |
| Net OPEB asset | 144,617 |
| <u>Net pension liability</u> | <u>(4,994,910)</u> |

| | |
|--|--------------|
| Total net position - governmental activities | \$ 8,386,782 |
|--|--------------|

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, 2025</i> | General Fund | Special Revenue Funds | Total Governmental Funds |
|---|-------------------------|--------------------------------------|---|
| Revenues | | | |
| Intergovernmental revenue | \$ - | \$ 22,071,896 | \$ 22,071,896 |
| Local revenue | 265,806 | 658,299 | 924,105 |
| Investment income | 10,997 | 463,505 | 474,502 |
| Other income | 45,435 | 10,984 | 56,419 |
| Total revenues | 322,238 | 23,204,684 | 23,526,922 |
| Expenditures | | | |
| General government | 390,896 | - | 390,896 |
| Lending | - | 190,492 | 190,492 |
| Aging and independent living | - | 4,795,176 | 4,795,176 |
| Nutritional services | - | 2,679,265 | 2,679,265 |
| Housing | 24,037 | 40,779 | 64,816 |
| Physical planning | - | 727,143 | 727,143 |
| Economic development | - | 453,785 | 453,785 |
| Participant directed services (PDS) | - | 12,012,354 | 12,012,354 |
| Workforce development | - | 681,492 | 681,492 |
| Other community services | - | 661,003 | 661,003 |
| Total expenditures | 414,933 | 22,241,489 | 22,656,422 |
| Excess of revenues over expenditures | (92,695) | 963,195 | 870,500 |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | - | 307,247 | 307,247 |
| Operating transfers out | (307,247) | - | (307,247) |
| Total other financing sources (uses) | (307,247) | 307,247 | - |
| Net change in fund balance | (399,942) | 1,270,442 | 870,500 |
| Fund balances - beginning of year | 1,284,170 | 12,555,853 | 13,840,023 |
| Fund balances - end of year | \$ 884,228 | \$ 13,826,295 | \$ 14,710,523 |

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**

Year Ended June 30,

2025

| | |
|---|--------------|
| Total net change in fund balances - governmental funds | \$ 870,500 |
| 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 \$33,054 exceeds depreciation expense \$30,173 in the period. | 2,881 |
| 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 | 54,137 |
| Repayments of note principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets. | 90,293 |
| 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. | (37,608) |
| 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 | 360,481 |
| Change in net position - governmental activities | \$ 1,340,684 |

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

Purchase Area Development District
 Statement of Net Position
 Proprietary Fund

Jackson Purchase
 Local Officials
 Organization

June 30, 2025

Assets

| Current assets | | |
|--------------------------------|----|------------------|
| Cash | \$ | 614,546 |
| Accounts receivable | | 3,420 |
| Total current assets | | 617,966 |
| Noncurrent assets | | |
| Fixed assets - net | | 2,011,286 |
| Total noncurrent assets | | 2,011,286 |
| Total assets | | 2,629,252 |

Liabilities and Net Position

| Net Position | | |
|----------------------------------|-----------|------------------|
| Net investment in capital assets | | 2,011,286 |
| Unrestricted | | 617,966 |
| Total net position | \$ | 2,629,252 |

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

**Jackson Purchase
Local Officials
Organization**

Year Ended June 30, 2025

| Operating Revenues | |
|---|---------------------|
| Rental income - real estate | \$ 161,656 |
| Lease income - personal property | 66,286 |
| Utilities income | 14,285 |
| Other income | 96,023 |
| Total operating revenues | 338,250 |
| Operating Expenses | |
| Equipment maintenance | 14,014 |
| Building maintenance | 13,074 |
| Property maintenance | 2,336 |
| Utilities | 15,522 |
| Vehicles | 13,919 |
| Insurance | 29,380 |
| Depreciation | 200,251 |
| Other | 71,029 |
| Total operating expenses | 359,525 |
| Operating loss | (21,275) |
| Non-Operating Revenues (Expense) | |
| Interest revenue | 2,022 |
| Total non-operating revenues | 2,022 |
| Change in net position | (19,253) |
| Net position - beginning of year | 2,648,505 |
| Net position - end of year | \$ 2,629,252 |

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

Purchase Area Development District
Statement of Cash Flows
Proprietary Fund

Jackson Purchase
Local Officials
Organization

Year Ended June 30, 2025

Operating Activities

| | |
|--|----------------|
| Cash received from rental charges | \$ 338,250 |
| Cash payments for other operating expenses | (159,274) |
| Net cash provided by operating activities | <u>178,976</u> |

Capital and Related Financing Activities

| | |
|---|-----------------|
| Acquisition of capital assets | (35,322) |
| Net cash used in capital and related financing activities | <u>(35,322)</u> |

Cash Flows from Investing Activities

| | |
|---|--------------|
| Investment income and other | 2,022 |
| Net cash provided by investing activities | <u>2,022</u> |

Net increase in cash 145,676

Cash - beginning of year 468,870

Cash - end of year \$ 614,546

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

Purchase Area Development District
Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2025

**Jackson Purchase
Local Officials
Organization**

**Reconciliation of Operating Loss to Net Cash (Used in) Provided by
Operating Activities:**

| | | |
|---|----|----------|
| Operating loss | \$ | (21,275) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | |
| Depreciation | | 200,251 |
| Net cash provided by operating activities | \$ | 178,976 |

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

Purchase Area Development District Notes to 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.

Purchase Area Development District Notes to 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.

Purchase Area Development District
Notes to Financial Statements

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.

Purchase Area Development District
Notes to Financial Statements

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, 2025 represent the dollar values of commodities on hand at year end based upon the U.S. Department of Agriculture (USDA) pricing values per unit.

Purchase Area Development District
Notes to Financial Statements

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.

Purchase Area Development District
Notes to Financial Statements

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.

Purchase Area Development District
Notes to 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.

Purchase Area Development District
Notes to Financial Statements

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.

Purchase Area Development District
Notes to Financial Statements

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, 2025.

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.

Purchase Area Development District
Notes to Financial Statements

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).

Purchase Area Development District
Notes to Financial Statements

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, January 23, 2026 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. 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. 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 implementation of this Statement was not significant to the District.

GASB Statement No. 102, *Certain Risk Disclosures*, the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The implementation of this Statement was not significant to the District.

Purchase Area Development District
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. In addition to other items, the Statement:

- Addresses changes to information presented in the MD&A;
- Requires governments to display the inflows and outflows related to unusual or infrequent items separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows;
- Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses;
- Requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements;
- Requires governments to present budgetary comparison information using a single method of communication (RSI).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale and that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

Purchase Area Development District
Notes to Financial Statements

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2025, the carrying amounts of the District's deposits in the governmental funds, which include investments, were \$9,793,106 and the bank balances were \$10,117,904, of which \$10,117,904 was covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

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, 2025, JPLOO's carrying amounts of deposits was \$614,546 and the bank balances were \$639,411, 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, 2025:

| <u>June 30,</u> | <u>2025</u> | |
|--------------------|-------------|-------------------|
| Governmental funds | \$ | 9,793,106 |
| Proprietary fund | | 614,546 |
| Total | \$ | 10,407,652 |

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

► *Custodial Credit Risk Deposits*

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

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

As of June 30, 2025, the District's deposits were not exposed to 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.

Purchase Area Development District
Notes to Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

► *Credit Risk*

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

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consist of the following:

| Receivable Fund | Payable Fund | Amount |
|------------------------|----------------------|---------------|
| Special Revenue Fund | General Fund | \$ 4,277,284 |
| General Fund | Special Revenue Fund | 195,150 |

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

NOTE 5: LOANS

At June 30, 2025, 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, 2025, the District had outstanding loans, net of:

| <i>June 30,</i> | | 2025 |
|---------------------------------------|----|-------------|
| Revolving Loan Fund (RLF) | \$ | 5,525,512 |
| Intermediary Relending Programs (IRP) | | 479,778 |
| SBA Microloan Programs | | 146,093 |
| Total | | 6,151,383 |
| Allowance for credit losses | | (371,935) |
| Loans, net | \$ | 5,779,448 |

Purchase Area Development District
Notes to Financial Statements

NOTE 5: LOANS (CONTINUED)

An analysis of allowance for credit losses as of June 30, 2025 follows:

| <u>June 30,</u> | 2025 |
|---|-----------------------|
| Balance - beginning of year | \$ 431,170 |
| Recovery of provision for credit losses | (59,235) |
| Charge offs | - |
| Balance - end of year | \$ 371,935 |

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

| <i>June 30, 2025</i> | Capital Cost | | | |
|--|------------------------------|------------------|---|---------------------------|
| | Beginning Balance | Additions | Retirements/ Reclassifications | Ending Balance |
| Governmental Activities | | | | |
| Capital assets that are depreciated: | | | | |
| Office furniture and equipment | \$ 107,769 | \$ 33,054 | \$ - | \$ 140,823 |
| Vehicles | 65,029 | - | - | 65,029 |
| Total depreciable historical cost | 172,798 | 33,054 | - | 205,852 |
| Less accumulated depreciation for: | | | | |
| Office furniture and equipment | 10,885 | 15,541 | - | 26,426 |
| Vehicles | 3,658 | 14,632 | - | 18,290 |
| Total accumulated depreciation | 14,543 | 30,173 | - | 44,716 |
| Governmental activities, capital assets, net | \$ 158,255 | \$ 2,881 | \$ - | \$ 161,136 |

Purchase Area Development District
Notes to Financial Statements

NOTE 6: CAPITAL ASSETS (CONTINUED)

| <i>June 30, 2025</i> | Capital Cost | | | |
|--|------------------------------|---------------------|---|---------------------------|
| | Beginning Balance | Additions | Retirements/ Reclassifications | Ending Balance |
| 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 | 2,267,491 | 6,300 | - | 2,273,791 |
| Office furniture and equipment | 1,130,438 | 7,956 | - | 1,138,394 |
| Warehouse | 1,390,902 | - | - | 1,390,902 |
| Vehicles | 216,446 | 21,066 | - | 237,512 |
| Total depreciable historical cost | 5,005,277 | 35,322 | - | 5,040,599 |
| Less accumulated depreciation for: | | | | |
| Office building | 1,748,381 | 83,285 | - | 1,831,666 |
| Office furniture and equipment | 997,504 | 58,693 | - | 1,056,197 |
| Warehouse | 35,205 | 35,205 | - | 70,410 |
| Vehicles | 137,466 | 23,068 | - | 160,534 |
| Total accumulated depreciation | 2,918,556 | 200,251 | - | 3,118,807 |
| Business-type activities, capital assets, net | \$ 2,176,215 | \$ (164,929) | \$ - | \$ 2,011,286 |

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, 2025 is as follows:

| <i>June 30,</i> | 2025 |
|-------------------|-------------------|
| Real property | \$ 161,656 |
| Personal property | 66,286 |
| Total | \$ 227,942 |

Purchase Area Development District
Notes to Financial Statements

NOTE 8: NOTES PAYABLE AND LONG-TERM OBLIGATIONS

Notes payable at June 30, 2025 consist of the following:

| <u>June 30,</u> | <u>2025</u> |
|------------------------------------|-----------------------|
| Intermediary Relending Program III | \$ 210,986 |
| Intermediary Relending Program V | 392,612 |
| SBA Microloan Programs | 172,652 |
| KHC Production Loan Program | 131,032 |
| Total notes payable | \$ 907,282 |

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.

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.

Purchase Area Development District
Notes to Financial Statements

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

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

| June 30, 2025 | Balance July 1, 2024 | Increases | Decreases | Balance June 30, 2025 | Amounts Due Within One Year | |
|---------------------------------|-------------------------|------------|------------|--------------------------|-----------------------------------|--|
| | | | | | | |
| Governmental Activities: | | | | | | |
| Notes payable: | | | | | | |
| Notes payable | \$ 997,575 | \$ - | \$ 90,293 | \$ 907,282 | \$ 98,738 | |
| Total notes payable | 997,575 | - | 90,293 | 907,282 | 98,738 | |
| Other liabilities: | | | | | | |
| Compensated absences | 140,793 | 178,401 | 140,793 | 178,401 | 89,200 | |
| Total other liabilities | 140,793 | 178,401 | 140,793 | 178,401 | 89,200 | |
| Total long-term liabilities | \$ 1,138,368 | \$ 178,401 | \$ 231,086 | \$ 1,085,683 | \$ 187,938 | |

Maturities of notes payable subsequent to June 30, 2025, are as follows:

| Year | Principal | Interest | Total |
|-----------|------------|-----------|------------|
| 2026 | \$ 98,738 | \$ 7,552 | \$ 106,290 |
| 2027 | 88,215 | 6,836 | 95,051 |
| 2028 | 88,722 | 6,146 | 94,868 |
| 2029 | 89,233 | 5,483 | 94,716 |
| 2030 | 90,010 | 4,815 | 94,825 |
| 2031-2035 | 232,875 | 15,759 | 248,634 |
| 2036-2040 | 105,171 | 8,776 | 113,947 |
| 2041-2045 | 102,385 | 3,740 | 106,125 |
| 2046-2050 | 11,933 | 130 | 12,063 |
| | <hr/> | <hr/> | <hr/> |
| | \$ 907,282 | \$ 59,237 | \$ 966,519 |

Purchase Area Development District Notes to Financial Statements

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, 2025, the District's general fund had \$6,163 of prepaid amounts and the special revenue funds had \$293,592 of inventory, \$1,541 of prepaid amounts, and net loans of \$5,779,448. Total non-spendable fund balance was \$6,080,744.

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, 2025, the District's special revenue funds had \$6,214,672 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, 2025.

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, 2025, the District's special revenue funds had \$1,494,572 in the PDS fund assigned for future PDS expenditures and the Other Community and Economic Development funds had assigned fund balances of \$42,470 for future program expenditures. Total assigned fund balance in the special revenue funds was \$1,537,042 at June 30, 2025.

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. At June 30, 2025, the District's general fund had \$878,065 in unassigned fund balance.

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.

Purchase Area Development District Notes to Financial Statements

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, 2025 were \$55,170.

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.

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.

Purchase Area Development District
Notes to Financial Statements

NOTE 10: RETIREMENT PLANS (CONTINUED)

Benefits Provided (*Continued*)

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 plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

**Purchase Area Development District
Notes to Financial Statements**

NOTE 10: RETIREMENT PLANS (CONTINUED)

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, 2025, 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, 2025 was 19.71%.

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

At June 30, 2025, the District reported a liability of \$4,994,910 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2024 contributions to the pension plan relative to the 2024 contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was .083521%.

For the year ended June 30, 2025, the District recognized pension expense of \$516,067. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Purchase Area Development District
Notes to Financial Statements

NOTE 10: RETIREMENT PLANS (CONTINUED)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 241,763 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | 343,038 | 664,184 |
| Change of assumptions | - | 225,672 |
| Changes in proportion and differences between employer contributions and proportionate share of contribution | 201,644 | - |
| District contributions subsequent to the measurement date | <u>603,282</u> | <u>-</u> |
| Total | <u>\$ 1,389,727</u> | <u>\$ 889,856</u> |

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

\$603,282 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, 2026. 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> | |
|----------------------------|-------------|
| 2026 | \$ (28,152) |
| 2027 | 119,763 |
| 2028 | (123,452) |
| 2029 | (71,570) |
| 2030 | - |
| Thereafter | - |

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2023. The actuarial assumptions are:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Payroll Growth Rate | 2.00% |
| | 3.30% to 10.30%, varies by service for |
| Salary Increases | CERS non-hazardous |
| 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-2020 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.

**Purchase Area Development District
Notes to Financial Statements**

NOTE 10: RETIREMENT PLANS (CONTINUED)

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.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|--------------------------|---|
| Equity | | |
| Public Equity | 50.00% | 4.15% |
| Private Equity | 10.00% | 9.10% |
| Fixed Income | | |
| Core Fixed Income | 10.00% | 2.85% |
| Specialty Credit | 10.00% | 3.82% |
| Cash | 0.00% | 1.70% |
| Inflation Protected | | |
| Real Estate | 7.00% | 4.90% |
| Real Return | 13.00% | 5.35% |
| Expected Real Return | 100.0% | 4.69% |
| Long Term Inflation Assumption | | 2.50% |
| Expected Nominal Return for Portfolio | | 7.19% |

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 27 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).

Purchase Area Development District
Notes to Financial Statements

NOTE 10: RETIREMENT PLANS (CONTINUED)

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:

| | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|---|------------------------|-------------------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 6,439,255 | \$ 4,994,910 | \$ 3,796,484 |

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 benefits 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 CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Purchase Area Development District
Notes to Financial Statements

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, 2025, 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, 2025, 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, 2025, the District reported a liability (asset) of \$(144,617) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net OPEB liability was based on the District's share of 2024 contributions to the OPEB plan relative to the 2024 contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.083603%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(321,149).

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, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 80,232 | \$ 1,137,848 |
| Net difference between projected and actual investment earnings on OPEB plan investments | 127,122 | 259,093 |
| Change of assumptions | 131,040 | 102,042 |
| Changes in proportion and differences between employer contributions and proportionate share of contribution | 118,391 | 6,574 |
| District contributions subsequent to the measurement date | - | - |
| Total | \$ 456,785 | \$ 1,505,557 |

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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30, | |
|----------------------------|--------------|
| 2026 | \$ (423,787) |
| 2027 | (326,342) |
| 2028 | (289,424) |
| 2029 | (9,219) |
| 2030 | - |
| Thereafter | - |

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2023, 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 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years. |
| Healthcare Trend Rates (Post-65) | Initial trend starting at 8.00% in 2026, then gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years. |
| Mortality (Pre-retirement) | PUB-2010 General Mortality table, for the Non-hazardous 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% | 4.15% |
| Private Equity | 10.00% | 9.10% |
| Fixed Income | | |
| Core Fixed Income | 10.00% | 2.85% |
| Specialty Credit | 10.00% | 3.82% |
| Cash | 0.00% | 1.70% |
| Inflation Protected | | |
| Real Estate | 7.00% | 4.90% |
| Real Return | 13.00% | 5.35% |
| Expected Real Return | 100.0% | 4.69% |
| Long Term Inflation Assumption | | 2.50% |
| Expected Nominal Return for Portfolio | | 7.19% |

Discount Rate

Single discount rate of 5.99% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2024. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, 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.

Purchase Area Development District
Notes to Financial Statements

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 5.99%, 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 (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

| | Current | | |
|---|--------------------|----------------------|--------------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (4.99%) | (5.99%) | (6.99%) |
| District's proportionate share of the collective net OPEB liability | \$ 195,538 | \$ (144,617) | \$ (430,619) |

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:

| | Current | | | Healthcare | | |
|---|--------------------|--------------|--------------------|--------------------|-------------|--------------------|
| | 1% Decrease | Rate | 1% Increase | 1% Decrease | Rate | 1% Increase |
| District's proportionate share of the collective net OPEB liability | \$ (347,930) | \$ (144,617) | \$ 92,229 | | | |

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.

Purchase Area Development District Notes to Financial Statements

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 be 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.

Purchase Area Development District
Notes to Financial Statements

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.

Purchase Area Development District
Notes to Financial Statements

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 direct.

Purchase Area Development District
Notes to Financial Statements

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, 2025</i> | Shared Costs |
|---|--------------------------|
| Salaries | \$ 341,480 |
| Employee benefits | 159,050 |
| Insurance | 21,647 |
| Contractual Services | 52,251 |
| Rent | 193,794 |
| Utilities | 60,135 |
| Computer software | 47,820 |
| Travel | 3,083 |
| Janitorial | 13,482 |
| Dues and memberships | 22,472 |
| Supplies | 12,235 |
| Training and registrations | 9,312 |
| Other | 925 |
| | <u>\$ 937,686</u> |
| Direct Salaries and Employee Benefits: | |
| Salaries | \$ 3,060,311 |
| Employee benefits | 1,702,250 |
| Total | \$ 4,762,561 |
| Total Shared Costs | \$ 937,686 |
| Total Direct Salaries and Employee Benefits | \$ 4,762,561 |
| FY' 25 Shared Cost Rate | 19.69% |

**Purchase Area Development District
Budgetary Comparison Schedule for the General Fund**

Year Ended June 30, 2025

| | Budgeted Amounts | | Actual | Variance with Final Budget | Final to Actual |
|---|-------------------------|------------------------|--------------------------|---|------------------------|
| | Original | Final | | | |
| Revenues | | | | | |
| Local income | \$ - | \$ - | \$ 265,806 | \$ 265,806 | |
| Investment income | 150,000 | 170,000 | 10,997 | (159,003) | |
| Other income | 43,206 | 43,206 | 45,435 | 2,229 | |
| Total revenues | 193,206 | 213,206 | 322,238 | 109,032 | |
| Expenditures | | | | | |
| Salaries | 350,000 | 350,000 | 519,889 | (169,889) | |
| Employee benefits | 185,000 | 185,000 | 293,806 | (108,806) | |
| Travel | 20,000 | 20,000 | 21,155 | (1,155) | |
| Other | 80,000 | 80,000 | 517,769 | (437,769) | |
| ^(A) Total expenditures | ^(A) 635,000 | ^(A) 635,000 | ^(A) 1,352,619 | ^(A) (717,619) | |
| Deficiency of revenues over expenditures | (441,794) | (421,794) | (1,030,381) | (608,587) | |
| Other Financing Sources (Uses) | | | | | |
| Operating transfer in | - | - | 937,686 | 937,686 | |
| Operating transfer out | - | - | (307,247) | (307,247) | |
| Total other financing sources (uses) | - | - | 630,439 | 630,439 | |
| Net change in fund balance | (441,794) | (421,794) | (399,942) | 21,852 | |
| Fund balances - beginning of year | 1,284,170 | 1,284,170 | 1,284,170 | - | |
| Fund balances - end of year | \$ 842,376 | \$ 862,376 | \$ 884,228 | \$ 21,852 | |

^(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: \$ 1,352,619

Differences in Governmental fund other expense reporting for
shared costs (937,686)

Total General Fund expenditures on the Statement of Revenues,
Expenditures and Changes in Fund Balance - General Fund \$ 414,933

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

Year Ended June 30, 2025

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|----------------------|----------------------|---|
| | Original | Final | | Final to Actual |
| Revenues | | | | |
| Intergovernmental revenue | \$ 16,257,331 | \$ 19,965,303 | \$ 22,071,896 | \$ 2,106,593 |
| Local revenue | - | - | 658,299 | 658,299 |
| Investment income | - | - | 463,505 | 463,505 |
| Other income | - | - | 10,984 | 10,984 |
| Total revenues | 16,257,331 | 19,965,303 | 23,204,684 | 3,239,381 |
| Expenditures | | | | |
| Salaries | 2,757,881 | 2,607,480 | 2,540,422 | 67,058 |
| Employee Benefits | 1,445,550 | 1,542,643 | 1,409,008 | 133,635 |
| Travel | 137,583 | 140,800 | 143,121 | (2,321) |
| Contractual services | 3,659,000 | 3,821,930 | 3,334,262 | 487,668 |
| Other | 7,921,683 | 10,128,190 | 14,814,676 | (4,686,486) |
| Total expenditures | 15,921,697 | 18,241,043 | 22,241,489 | (4,000,446) |
| Excess of revenues over expenditures | 335,634 | 1,724,260 | 963,195 | (761,065) |
| Other Financing Sources (Uses) | | | | |
| Operating transfer in | - | - | 307,247 | 307,247 |
| Total other financing sources (uses) | - | - | 307,247 | 307,247 |
| Net change in fund balance | 335,634 | 1,724,260 | 1,270,442 | (453,818) |
| Fund balances - beginning of year | 12,555,853 | 12,555,853 | 12,555,853 | - |
| Fund balances - end of year | \$ 12,891,487 | \$ 14,280,113 | \$ 13,826,295 | \$ (453,818) |

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> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability | 0.083521% | 0.081431% | 0.075060% | 0.073794% | 0.069399% | 0.070472% | 0.078880% | 0.087505% | 0.090540% | 0.090573% |
| District's proportionate share of the net pension liability | \$ 4,994,910 | \$ 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 |
| 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 | \$ 2,141,327 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 180.73% | 212.63% | 254.54% | 244.76% | 293.28% | 271.89% | 241.89% | 236.74% | 204.13% | 181.71% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.61% | 57.48% | 52.42% | 57.33% | 47.81% | 50.45% | 53.54% | 53.30% | 55.50% | 59.97% |

Schedule of District Contributions - CERS

| <i>For the Year Ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 603,282 | \$ 645,071 | \$ 575,011 | \$ 451,295 | \$ 370,995 | \$ 350,279 | \$ 295,673 | \$ 287,579 | \$ 301,802 | \$ 271,221 |
| Contributions in relation to the contractually required contribution | <u>603,282</u> | <u>645,071</u> | <u>575,011</u> | <u>451,295</u> | <u>370,995</u> | <u>350,279</u> | <u>295,673</u> | <u>287,579</u> | <u>301,802</u> | <u>271,221</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 3,060,791 | \$ 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 |
| Contributions as a percentage of covered payroll | 19.71% | 23.34% | 23.40% | 21.17% | 19.30% | 19.30% | 16.22% | 14.48% | 13.95% | 12.42% |

**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:

2024: No changes in benefit terms.

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:

2024: No changes in assumptions.

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.

**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**

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

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

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

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.

**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**

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.

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> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability | 0.083603% | 0.081428% | 0.075075% | 0.073777% | 0.069379% | 0.070453% | 0.078877% | 0.087505% |
| District's proportionate share of the net OPEB liability | \$ (144,617) | \$ (112,425) | \$ 1,481,615 | \$ 1,412,424 | \$ 1,675,292 | \$ 1,184,987 | \$ 1,400,447 | \$ 1,759,151 |
| District's covered payroll | \$ 2,763,800 | \$ 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 | -5.23% | -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 | 104.89% | 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> | 2025 | 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 | \$ 3,060,791 | \$ 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% | 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

2024: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year.

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

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

does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

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

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

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

Purchase Area Development District
Combining Balance Sheet
Special Revenue Funds

| June 30, 2025 | Aging and Independent Living | | Nutritional Services | | Housing | | Physical Planning | | PDS | | Workforce Development | | Other Community and Economic Development | | Total Special Revenue Funds | |
|--|------------------------------------|-------------------|-------------------------|-------------------|-------------------|---------------------|----------------------|-------------|-------------------|-------------|--------------------------|-------------|--|--------------|-----------------------------------|----------------------|
| | Lending | | | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | | | |
| Cash | \$ 3,601,808 | \$ - | \$ - | \$ 83,481 | \$ - | \$ 436,862 | \$ 74,667 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,196,818 | \$ - | \$ 4,196,818 |
| Investments | 75,000 | - | - | 300,000 | - | - | - | - | - | - | - | - | - | - | - | 375,000 |
| Due from other funds | 739,551 | 373,830 | 676,157 | 385,543 | 255,946 | 1,846,257 | - | - | - | - | - | - | - | - | - | 4,277,284 |
| Interest receivable | 82,180 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 82,180 |
| Grants receivable, net | - | 208,601 | 81,914 | - | 96,018 | 726,876 | 84,923 | - | - | - | - | - | 291,728 | - | 1,490,060 | |
| Loans, net | 5,779,448 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,779,448 |
| Inventory | - | - | 293,592 | - | - | - | - | - | - | - | - | - | - | - | - | 293,592 |
| Prepaid expenses | 1,385 | - | 156 | - | - | - | - | - | - | - | - | - | - | - | - | 1,541 |
| Total assets | \$ 10,279,372 | \$ 582,431 | \$ 1,051,819 | \$ 769,024 | \$ 351,964 | \$ 3,009,995 | \$ 159,590 | \$ - | \$ 291,728 | \$ - | \$ 16,495,923 | \$ - | \$ - | \$ - | \$ - | \$ 16,495,923 |
| Liabilities and Fund Balances | | | | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 140,239 | \$ - | \$ - | \$ 54,911 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 195,150 |
| Accounts payable | 12,309 | 571,342 | 34,251 | 119 | 12,014 | 1,381,768 | 8,769 | - | - | 186,622 | - | - | - | - | - | 2,207,194 |
| Accrued payroll and taxes | 6,888 | 11,089 | 2,663 | 2 | 2,585 | 19,407 | 10,582 | - | - | 7,725 | - | - | - | - | - | 60,941 |
| Unearned revenue | - | - | 92,095 | - | - | 114,248 | - | - | - | - | - | - | - | - | - | 206,343 |
| Total liabilities | 19,197 | 582,431 | 129,009 | 121 | 14,599 | 1,515,423 | 159,590 | - | 249,258 | - | 2,669,628 | - | - | - | - | - |
| Fund Balances | | | | | | | | | | | | | | | | |
| Non-spendable | 5,780,833 | - | 293,748 | - | - | - | - | - | - | - | - | - | - | - | - | 6,074,581 |
| Restricted | 4,479,342 | - | 629,062 | 768,903 | 337,365 | - | - | - | - | - | - | - | - | - | - | 6,214,672 |
| Assigned | - | - | - | - | - | 1,494,572 | - | - | - | 42,470 | - | - | - | - | - | 1,537,042 |
| Total fund balances | 10,260,175 | - | 922,810 | 768,903 | 337,365 | 1,494,572 | - | - | 42,470 | - | 13,826,295 | - | - | - | - | - |
| Total liabilities and fund balances | \$ 10,279,372 | \$ 582,431 | \$ 1,051,819 | \$ 769,024 | \$ 351,964 | \$ 3,009,995 | \$ 159,590 | \$ - | \$ 291,728 | \$ - | \$ 16,495,923 | \$ - | \$ - | \$ - | \$ - | \$ 16,495,923 |

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

| Year Ended June 30, 2025 | 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 | \$ 429,347 | \$ 4,675,438 | \$ 2,417,831 | \$ - | \$ 580,465 | \$ 12,519,205 | \$ 650,254 | \$ 799,356 | \$ 22,071,896 |
| Local revenue | 98,367 | 2,730 | 285,297 | 20,000 | 105,914 | - | - | 145,991 | 658,299 |
| Investment income | 443,802 | - | - | 19,703 | - | - | - | - | 463,505 |
| Other income | 10,984 | - | - | - | - | - | - | - | 10,984 |
| Total revenues | 982,500 | 4,678,168 | 2,703,128 | 39,703 | 686,379 | 12,519,205 | 650,254 | 945,347 | 23,204,684 |
| Expenditures | | | | | | | | | |
| Salaries | 52,896 | 753,073 | 183,909 | 9,275 | 276,772 | 504,941 | 344,725 | 414,831 | 2,540,422 |
| Employee benefits | 30,277 | 408,623 | 107,893 | 1,381 | 152,205 | 279,742 | 192,569 | 236,318 | 1,409,008 |
| Travel | 3,583 | 78,102 | 4,956 | - | 22,237 | 10,179 | 6,394 | 17,670 | 143,121 |
| Contractual services | - | 2,934,243 | - | - | 115,395 | - | - | 284,624 | 3,334,262 |
| Program services | - | - | 1,897,508 | - | - | 10,869,432 | - | - | 12,766,940 |
| Debt service | 63,273 | - | - | 27,020 | - | - | - | - | 90,293 |
| Other | 40,463 | 621,135 | 484,999 | 3,103 | 160,534 | 348,060 | 137,804 | 161,345 | 1,957,443 |
| Total expenditures | 190,492 | 4,795,176 | 2,679,265 | 40,779 | 727,143 | 12,012,354 | 681,492 | 1,114,788 | 22,241,489 |
| Excess (deficiency) of revenues over expenditures | 792,008 | (117,008) | 23,863 | (1,076) | (40,764) | 506,851 | (31,238) | (169,441) | 963,195 |
| Other Financing Sources (Uses) | | | | | | | | | |
| Operating transfers in | - | 117,008 | - | - | - | - | 31,238 | 159,001 | 307,247 |
| Total other financing sources (uses) | - | 117,008 | - | - | - | - | 31,238 | 159,001 | 307,247 |
| Net change in fund balance | 792,008 | - | 23,863 | (1,076) | (40,764) | 506,851 | - | (10,440) | 1,270,442 |
| Fund balances - beginning of year | 9,468,167 | - | 898,947 | 769,979 | 378,129 | 987,721 | - | 52,910 | 12,555,853 |
| Fund balances - end of year | \$ 10,260,175 | \$ - | \$ 922,810 | \$ 768,903 | \$ 337,365 | \$ 1,494,572 | \$ - | \$ 42,470 | \$ 13,826,295 |

Purchase Area Development District
Schedule of Grant Activity

| | JFA | | | | | | 911 | | Delta Reg | |
|---------------------------------------|--------------------|--------------------|-----------------------|------------------|---------------------|----------------------------|-------------------|--------------------|-------------------------------------|-----------|
| | JFA Comm & | | | Management | | | Accounting | | Auth | |
| | Local 10000 | Econ Dev. 12000 | JFA C.D.B.G. 12500 | JFA DRA 13500 | Assistance 14000 | JFA Program Admin 15000 | Contract 17001 | FY21-22 - 19001 | Delta Reg Auth FY 19-20 19002 | |
| Revenues | | | | | | | | | | |
| Federal: | | | | | | | | | | |
| Received | \$ - | \$ 45,011 | \$ 16,561 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,000 |
| Receivable (payable) | - | 47,836 | 2,864 | - | - | - | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - |
| State: | | | | | | | | | | |
| Received | - | 11,253 | 16,561 | 59,484 | 110,669 | 85,998 | - | - | - | - |
| Receivable (payable) | - | 12,792 | 2,864 | 25,516 | 30 | 2 | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - |
| Local: | | | | | | | | | | |
| Received | 217,890 | - | - | - | - | - | 10,417 | - | - | - |
| Receivable (payable) | 11,806 | - | - | - | - | - | 2,083 | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - |
| Other revenue | 59,110 | - | - | - | - | - | - | - | - | - |
| Total revenues/sources | 288,806 | 116,892 | 38,850 | 85,000 | 110,699 | 86,000 | 12,500 | - | 16,000 | |
| Expenses | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | |
| Salaries | 501,174 | 62,089 | 19,184 | 44,005 | 53,733 | 47,255 | 6,647 | - | 6,036 | |
| Employee benefits | 282,898 | 44,238 | 10,210 | 22,518 | 30,932 | 20,188 | 3,088 | 11,537 | 3,303 | |
| Travel | 21,155 | 2,007 | 2,052 | 1,594 | 3,143 | 1,885 | - | - | - | |
| Advances to sub-grantees | - | - | - | - | - | - | - | - | - | |
| Other expenses | 504,363 | 3,174 | 449 | 875 | 2,309 | 462 | 1,127 | - | - | |
| Total direct expenses | 1,309,590 | 111,508 | 31,895 | 68,992 | 90,117 | 69,790 | 10,862 | 11,537 | 9,339 | |
| Indirect expenses: | | | | | | | | | | |
| Indirect expenses applied | (937,686) | 21,405 | 6,979 | 16,234 | 20,615 | 16,250 | 8,130 | - | 2,453 | |
| Total expenses | 371,904 | 132,913 | 38,874 | 85,226 | 110,732 | 86,040 | 18,992 | 11,537 | 11,792 | |
| Revenues Over (Under) Expenses | \$ (83,098) | \$ (16,021) | \$ (24) | \$ (226) | \$ (33) | \$ (40) | \$ (6,492) | \$ (11,537) | \$ 4,208 | |

Purchase Area Development District
Schedule of Grant Activity

| | DRG - Project Admin | CDBG | | | BRIC- Energy Grant - | | | Delta | | | CDBG- Marshall | | | Marshall | | | Mayfield CDBG- Co Owner Occupied | | | CDBG-Mayfield Owner | | | | | | | |
|---------------------------------------|---------------------------|------------------------|-----------------------------|--------------|----------------------------|--------------------|------------------------|--------------------|----------------------|-----------------|--------------------------|-----------------------------------|-------------------|--------------------|--------------------|---------------------------------------|--|-------------------|----------|----------------------------------|----------|-------------------------|----------|--------------------------------|----------|--------------------|-------------------|
| | | Building Inspection | Hickman Mission House | 19009 | 19010 | 19011 | Regional Park Board | 19014 | DRA/LDD- Services | 19015 | Health Care Services- | Murray Art Guild- Needline- | 19016 | 19017 | 19018 | CDBG- Fulton Gibson- CDBG-DR | MEWS 19019 | 19020 | 19021 | DR Box Culvert Infrastructure | 19022 | Ponds Infrastructure | 19023 | DR Retention Rehabilitation | 19024 | City of Clinton | Fulton CDBG-DR |
| | 19004 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenues | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Federal: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Received | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 151,723 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Receivable (payable) | - | - | - | - | - | - | - | - | 10,923 | 179,292 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| State: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Received | - | - | - | - | - | 3,977 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Receivable (payable) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Local: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Received | 30,991 | - | 22,500 | - | 65,000 | - | - | - | - | - | - | - | - | - | - | 25,000 | - | - | - | - | - | - | - | - | - | - | |
| Receivable (payable) | - | - | 2,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total revenues/sources | 30,991 | - | 25,000 | 3,977 | 65,000 | 10,923 | 331,015 | - | - | 25,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries | 23,647 | 8,034 | 5,220 | 2,078 | 29,396 | 21,100 | 32,004 | 8,741 | 10,925 | 11,070 | 264 | 6,419 | 4,264 | 5,718 | 8,099 | 3,178 | 1,342 | 1,030 | | | | | | | | | |
| Employee benefits | 12,709 | 4,258 | 2,478 | 1,082 | 16,106 | 11,020 | 16,011 | 4,229 | 5,665 | 5,337 | 126 | 3,144 | 2,140 | 2,653 | 4,125 | 1,287 | 624 | 398 | | | | | | | | | |
| Travel | 1,170 | - | - | - | - | 327 | 360 | 24 | 40 | - | - | 443 | - | - | - | 4,203 | - | 422 | - | | | | | | | | |
| Advances to sub-grantees | - | - | - | - | - | - | - | 284,624 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other expenses | - | 330 | - | - | - | 4 | - | 895 | - | - | - | - | - | - | - | 6 | 6 | - | - | - | - | - | - | - | - | - | |
| Total direct expenses | 37,526 | 12,622 | 7,698 | 3,160 | 45,506 | 32,447 | 333,894 | 12,994 | 16,630 | 16,407 | 390 | 10,006 | 6,410 | 8,377 | 16,427 | 4,465 | 2,388 | 1,428 | | | | | | | | | |
| Indirect expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indirect expenses applied | 8,804 | 3,357 | 2,114 | 817 | 11,114 | 7,678 | 11,780 | 3,232 | 4,018 | 3,942 | 110 | 2,532 | 1,716 | 2,207 | 3,259 | 1,260 | 556 | 403 | | | | | | | | | |
| Total expenses | 46,330 | 15,979 | 9,812 | 3,977 | 56,620 | 40,125 | 345,674 | 16,226 | 20,648 | 20,349 | 500 | 12,538 | 8,126 | 10,584 | 19,686 | 5,725 | 2,944 | 1,831 | | | | | | | | | |
| Revenues Over (Under) Expenses | \$ (15,339) | \$ (15,979) | \$ 15,188 | \$ - | \$ 8,380 | \$ (29,202) | \$ (14,659) | \$ (16,226) | \$ (20,648) | \$ 4,651 | \$ (500) | \$ (12,538) | \$ (8,126) | \$ (10,584) | \$ (19,686) | \$ (5,725) | \$ (2,944) | \$ (1,831) | | | | | | | | | |

Purchase Area Development District
Schedule of Grant Activity

| | Revolving Loan Fund - 20101 | | RLF EDA CARES Admin - 20301 | | | | | | | | | | | | RBEG RLF 2 21101 | | | | RBEG RLF 3 21201 | | | | IRP 22101 | | | | IRP Recap 22201 | | IRP 3 22301 | | IRP V 22501 | | SBA Micro Loan III 23201 | | SBA 504 23301 | | SBA 23401 | | SBA Mircoloan IV | |
|---------------------------------------|--------------------------------------|-----------|--------------------------------------|------------|----------|------------|----------|-----------|----------|-------------|------------|----------|------------|----------|------------------------|------|------|------|------------------------|------|------|------|--------------|-------|--------|-------|--------------------|--------|----------------|---|----------------|--|--------------------------------|--|------------------|--|--------------|--|------------------------|--|
| Revenues | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Federal: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Received | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 429,347 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | | | |
| Receivable (payable) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| State: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Receivable (payable) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Local: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 85,849 | 4,762 | 741 | - | | | | | | | | | | | | |
| Receivable (payable) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,761 | - | - | - | | | | | | | | | | | | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Other revenue | 70,069 | 30,249 | 96,486 | 158,585 | 19,759 | 7,531 | 1,469 | 13,104 | 12,002 | 12,074 | 17,325 | 5,996 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 12,391 | - | | | | | | | | | | | |
| Total revenues/sources | 70,069 | 30,249 | 96,486 | 587,932 | 19,759 | 7,531 | 1,469 | 13,104 | 12,002 | 12,074 | 17,325 | 5,996 | 85,849 | 9,523 | 13,132 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | |
| Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries | 7,760 | 90 | 2,829 | - | 780 | 371 | - | 5 | 1,582 | 2,101 | 1,136 | - | 31,081 | 5,161 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Employee benefits | 4,258 | 83 | 1,832 | - | 456 | 188 | - | 3 | 881 | 1,162 | 665 | - | 17,816 | 2,933 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Travel | - | - | - | - | 955 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,628 | - | - | - | - | - | | | | | | | | | | | |
| Advances to sub-grantees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Other expenses | 13,494 | 46 | 11,537 | (59,164) | 9,161 | 8 | - | 135 | 948 | 31,918 | 21,505 | 3,954 | 25,158 | - | 25,601 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Total direct expenses | 25,512 | 219 | 16,198 | (58,209) | 10,397 | 567 | - | 143 | 3,411 | 35,181 | 23,306 | 3,954 | 76,683 | 8,094 | 25,601 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Indirect expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indirect expenses applied | 2,806 | 48 | 1,109 | - | 290 | 130 | - | 2 | 565 | 762 | 421 | - | 11,478 | 1,824 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Total expenses | 28,318 | 267 | 17,307 | (58,209) | 10,687 | 697 | - | 145 | 3,976 | 35,943 | 23,727 | 3,954 | 88,161 | 9,918 | 25,601 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | |
| Revenues Over (Under) Expenses | \$ 41,751 | \$ 29,982 | \$ 79,179 | \$ 646,141 | \$ 9,072 | \$ 6,834 | \$ 1,469 | \$ 12,959 | \$ 8,026 | \$ (23,869) | \$ (6,402) | \$ 2,042 | \$ (2,312) | \$ (395) | \$ (12,469) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | |

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 CCC 41002 | TEFAP ARPA 41009 | CSFP CCC 41010 | Food Bank 42001 | Legal Food Frenzy 42003 | Tornado Relief Food Bank 42011 | Hastings Charitable Foundation 42014 | Feeding Kentucky FANO Walmart 42015 |
|---------------------------------------|--------------------------------------|---|---|--|--------------------|---------------------|-------------------|---------------------|-------------------------------|---|---|---|
| Revenues | | | | | | | | | | | | |
| Federal: | | | | | | | | | | | | |
| Received | \$ | - | \$ | - | \$ 48,647 | \$ 840,965 | \$ 1,400,743 | \$ 60,082 | \$ 860 | \$ 83,040 | \$ - | \$ - |
| Receivable (payable) | - | - | - | - | 17,163 | 16,796 | 15,345 | - | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - |
| State: | | | | | | | | | | | | |
| Received | 1,757,597 | 9,750,728 | - | - | - | - | - | - | - | - | - | - |
| Receivable (payable) | 185,297 | 759,773 | - | - | - | - | - | - | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - |
| Local: | | | | | | | | | | | | |
| Received | - | - | - | - | - | 6,740 | - | - | 219,207 | - | - | 55,240 |
| Receivable (payable) | - | - | - | - | - | - | - | - | 2,451 | 1,659 | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues/sources | 1,942,894 | 10,510,501 | 65,810 | 857,761 | 1,422,828 | 60,082 | 860 | 83,040 | 221,658 | 1,659 | - | 55,240 |
| Expenses | | | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | | | |
| Salaries | 487,232 | - | 17,709 | 107,135 | 31,478 | - | - | - | 45,296 | - | - | - |
| Employee benefits | 267,089 | - | 12,653 | 67,311 | 15,386 | - | - | - | 25,196 | - | - | - |
| Travel | 9,088 | - | 1,091 | 1,984 | 382 | - | - | - | 1,303 | - | - | - |
| Advances to sub-grantees | - | - | - | - | - | - | - | - | - | - | - | - |
| Other expenses | 166,056 | 10,867,289 | 82 | 558,759 | 1,267,593 | 93,701 | 860 | 83,040 | 235,277 | - | 54,780 | 21,321 |
| Total direct expenses | 929,465 | 10,867,289 | 31,535 | 735,189 | 1,314,839 | 93,701 | 860 | 83,040 | 307,072 | - | 54,780 | 21,321 |
| Indirect expenses: | | | | | | | | | | | | |
| Indirect expenses applied | 176,835 | - | 7,230 | 40,528 | 11,433 | - | - | - | 16,502 | - | - | - |
| Total expenses | 1,106,300 | 10,867,289 | 38,765 | 775,717 | 1,326,272 | 93,701 | 860 | 83,040 | 323,574 | - | 54,780 | 21,321 |
| Revenues Over (Under) Expenses | \$ 836,594 | \$ (356,788) | \$ 27,045 | \$ 82,044 | \$ 96,556 | \$ (33,619) | \$ - | \$ (101,916) | \$ 1,659 | \$ (54,780) | \$ (21,321) | \$ 55,240 |

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 | | Title III C1 | | | Title III D Internal Services 51010 |
|---------------------------------------|--------------------------------|--|---|---------------------------------|---|---|----------------------------------|---|--|
| | | | | Cong Meals Admin 51004 | Title III C1 Internal Services 51005 | Sub- Contractor Services 51006 | TIII C2 HDM Admin 51007 | Title III C2 Subcontractor Services 51009 | |
| | | | | | | | | | |
| Revenues | | | | | | | | | |
| Federal: | | | | | | | | | |
| Received | \$ 9,145 | \$ 306,411 | \$ 307,745 | \$ 43,334 | \$ 10,247 | \$ 333,567 | \$ 17,209 | \$ 618,990 | \$ - |
| Receivable (payable) | 1,694 | 4,876 | - | 4,840 | - | 32,020 | 492 | - | 19,937 |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - |
| State: | | | | | | | | | |
| Received | 8,294 | 13,921 | 33,704 | 11,720 | - | 20,000 | 7,983 | 390,056 | - |
| Receivable (payable) | - | - | - | - | - | - | - | 154,917 | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - |
| Local: | | | | | | | | | |
| Received | - | 1,893 | - | - | - | - | - | - | - |
| Receivable (payable) | - | - | - | - | - | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - | - | - |
| Total revenues/sources | 19,133 | 327,101 | 341,449 | 59,894 | 10,247 | 385,587 | 25,684 | 1,163,963 | 19,937 |
| Expenses | | | | | | | | | |
| Direct expenses: | | | | | | | | | |
| Salaries | 8,709 | 171,423 | - | 28,409 | - | - | 10,047 | - | - |
| Employee benefits | 24,056 | 79,320 | - | 14,872 | - | - | 5,798 | - | - |
| Travel | 1,055 | 21,222 | - | 115 | 53 | - | 113 | - | - |
| Advances to sub-grantees | - | - | 376,598 | - | - | 385,587 | - | 1,172,090 | - |
| Other expenses | 1,211 | 24,526 | - | 5,804 | 10,300 | - | 5,740 | - | 19,937 |
| Total direct expenses | 35,031 | 296,491 | 376,598 | 49,200 | 10,353 | 385,587 | 21,698 | 1,172,090 | 19,937 |
| Indirect expenses: | | | | | | | | | |
| Indirect expenses applied | 3,441 | 61,013 | - | 10,543 | - | - | 3,984 | - | - |
| Total expenses | 38,472 | 357,504 | 376,598 | 59,743 | 10,353 | 385,587 | 25,682 | 1,172,090 | 19,937 |
| Revenues Over (Under) Expenses | \$ (19,339) | \$ (30,403) | \$ (35,149) | \$ 151 | \$ (106) | \$ - | \$ 2 | \$ (8,127) | \$ - |

Purchase Area Development District
Schedule of Grant Activity

| | Title III D | | Title III | | | | ESMP | | | | |
|---------------------------------------|---------------|----------------|----------------|-------------|----------|----------|---------------|----------|----------|---------------|----------|
| | | | Title III E | | INNU | | Homecare | | Homecare | | |
| | Internal | Services | Suicide | Prevention | Homecare | Internal | Subcontractor | Services | ESMP | Services - | |
| | Subcontractor | Services 51011 | TIII Caregiver | Admin 51012 | 51013 | 51014 | Admin 52001 | 52002 | 52003 | Admin - 52004 | 52005 |
| Revenues | | | | | | | | | | | |
| Federal: | | | | | | | | | | | |
| Received | \$ | 11,929 | \$ | 9,402 | \$ | 175,961 | \$ | 4,029 | \$ | - | \$ |
| Receivable (payable) | | 980 | | 1,168 | | 18,402 | | - | | - | |
| Advanced or unexpended | | - | | - | | - | | - | | - | |
| State: | | | | | | | | | | | |
| Received | - | | 3,017 | | 69,500 | | - | 35,901 | 646,478 | 2,487 | 19,915 |
| Receivable (payable) | - | | - | | - | | - | 6,912 | 33,670 | - | - |
| Advanced or unexpended | - | | - | | - | | - | - | - | - | |
| Local: | | | | | | | | | | | |
| Received | - | | - | | - | | - | 837 | - | - | - |
| Receivable (payable) | - | | - | | - | | - | - | - | - | |
| Advanced or unexpended | - | | - | | - | | - | - | - | - | |
| Other revenue | - | | - | | - | | - | - | - | - | |
| Total revenues/sources | | 12,909 | | 13,587 | | 263,863 | | 4,029 | | 42,813 | 680,985 |
| | | | | | | | | | | | 2,487 |
| | | | | | | | | | | | 19,915 |
| | | | | | | | | | | | 724,720 |
| Expenses | | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | | |
| Salaries | - | | 6,865 | | 54,686 | | 1,008 | | 18,849 | 321,539 | - |
| Employee benefits | - | | 3,860 | | 27,443 | | 632 | | 32,952 | 142,997 | - |
| Travel | - | | 81 | | 1,187 | | 2,005 | | 749 | 48,047 | - |
| Advances to sub-grantees | 12,909 | | - | | - | | - | | - | 2,693 | - |
| Other expenses | - | | 1,059 | | 159,913 | | - | | 5,879 | 84,727 | - |
| Total direct expenses | | 12,909 | | 11,865 | | 243,229 | | 3,645 | | 58,429 | 597,310 |
| | | | | | | | | | | | 2,693 |
| | | | | | | | | | | | 14,933 |
| | | | | | | | | | | | 724,720 |
| Indirect expenses: | | | | | | | | | | | |
| Indirect expenses applied | - | | 2,423 | | 20,626 | | 383 | | 6,874 | 114,147 | - |
| Total expenses | | 12,909 | | 14,288 | | 263,855 | | 4,028 | | 65,303 | 711,457 |
| | | | | | | | | | | | 2,693 |
| | | | | | | | | | | | 18,799 |
| | | | | | | | | | | | 724,720 |
| Revenues Over (Under) Expenses | \$ | - | \$ | (701) | \$ | 8 | \$ | 1 | \$ | (22,490) | \$ |
| | | | | | | | | | | | (206) |
| | | | | | | | | | | | \$ 1,116 |
| | | | | | | | | | | | - |

Purchase Area Development District
Schedule of Grant Activity

| | MIPPA AAA 53007 -FY24 | 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 | KY Caregiver Services- 53024 |
|---------------------------------------|-----------------------------|------------------------|------------------------------|----------------|-----------------------------|--------------------------|------------------------------|----------------------------|---------------------------------|-----------------------------|--------------------------|---------------------------|-----------------------------|------------------------------------|
| Revenues | | | | | | | | | | | | | | |
| Federal: | | | | | | | | | | | | | | |
| Received | \$ 7,224 | \$ 2,158 | \$ 15,398 | \$ 133,630 | \$ 8,211 | \$ 104,828 | \$ 3,451 | \$ 16,593 | \$ | \$ 25,452 | \$ 2,211 | \$ 25,000 | \$ | \$ |
| Receivable (payable) | 1,055 | 2,462 | - | 13,200 | - | 7,988 | 1,109 | 8,283 | - | - | 67 | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| State: | | | | | | | | | | | | | | |
| Received | - | - | - | - | - | - | 968 | 1,221 | 88,205 | - | - | 25,000 | 7,308 | 54,427 |
| Receivable (payable) | - | - | - | - | - | - | - | - | 74 | - | - | - | 27 | 4,315 |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Local: | | | | | | | | | | | | | | |
| Received | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivable (payable) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues/sources | 8,279 | 4,620 | 15,398 | 146,830 | 8,211 | 112,816 | 5,528 | 26,097 | 88,279 | 25,452 | 2,278 | 50,000 | 7,335 | 58,742 |
| Expenses | | | | | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | | | | | |
| Salaries | 4,322 | 3,083 | 10,091 | - | 5,263 | - | 2,847 | 12,369 | 43,942 | 13,430 | 1,024 | 5,721 | 3,747 | 15,697 |
| Employee benefits | 10,463 | 992 | 6,161 | - | 2,649 | - | 1,354 | 6,512 | 23,609 | 5,965 | 532 | 729 | 1,860 | 9,818 |
| Travel | - | - | 21 | - | - | - | 14 | 553 | 1,735 | 427 | - | - | 282 | 362 |
| Advances to sub-grantees | - | - | - | 146,830 | - | 112,816 | - | - | - | - | - | - | - | - |
| Other expenses | 212 | - | 47 | - | 2 | - | 247 | 1,890 | 3,007 | 2,112 | 110 | 71 | 110 | 23,562 |
| Total direct expenses | 14,997 | 4,075 | 16,320 | 146,830 | 7,914 | 112,816 | 4,462 | 21,324 | 72,293 | 21,934 | 1,666 | 6,521 | 5,999 | 49,439 |
| Indirect expenses: | | | | | | | | | | | | | | |
| Indirect expenses applied | 1,616 | 1,094 | 3,911 | - | 1,483 | - | 1,066 | 5,299 | 15,901 | 4,481 | 612 | 1,579 | 1,336 | 6,190 |
| Total expenses | 16,613 | 5,169 | 20,231 | 146,830 | 9,397 | 112,816 | 5,528 | 26,623 | 88,194 | 26,415 | 2,278 | 8,100 | 7,335 | 55,629 |
| Revenues Over (Under) Expenses | \$ (8,334) | \$ (549) | \$ (4,833) | \$ - | \$ (1,186) | \$ - | \$ - | \$ (526) | \$ 85 | \$ (963) | \$ - | \$ 41,900 | \$ - | \$ 3,113 |

Purchase Area Development District
Schedule of Grant Activity

| | KHC Prod LN Maintenance 61001 | KHC Strategic Operating Grant - 61002 | 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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 52,959 | \$ - | \$ - | \$ 59,104 | \$ 62,617 | \$ - | \$ - | \$ - | \$ - |
| Receivable (payable) | - | - | - | - | - | 20,023 | - | - | 38,357 | 33,878 | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| State: | | | | | | | | | | | | | | |
| Received | - | - | - | 83,454 | 16,700 | - | 23,556 | 6,550 | - | 62,020 | 119,130 | - | - | - |
| Receivable (payable) | - | - | - | - | - | - | - | - | - | 2,117 | - | - | - | - |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Local: | | | | | | | | | | | | | | |
| Received | - | 20,000 | 19,188 | - | - | - | - | - | - | 21,000 | - | 39,375 | 1,036 | 865 |
| Receivable (payable) | - | - | 1,744 | - | - | - | - | - | - | 5,902 | - | 7,875 | 2,136 | - |
| Advanced or unexpended | - | - | - | 9,337 | - | 17,500 | - | - | - | - | - | - | - | - |
| Other revenue | 19,703 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues/sources | 19,703 | 20,000 | 20,932 | 92,791 | 16,700 | 90,482 | 23,556 | 6,550 | 97,461 | 187,534 | 119,130 | 47,250 | 3,172 | 865 |
| Expenses | | | | | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | | | | | |
| Salaries | 45 | 9,230 | 12,068 | 40,204 | 9,161 | 46,616 | 4,872 | - | 30,973 | 69,591 | 54,727 | 14,937 | 1,314 | 79 |
| Employee benefits | 663 | 718 | 7,258 | 39,900 | 4,219 | 25,216 | 3,052 | - | 17,222 | 22,460 | 31,073 | 6,306 | 664 | 39 |
| Travel | - | - | - | 2,718 | 138 | 1,309 | 3,020 | - | 2,252 | 4,228 | 6,321 | 1,983 | - | - |
| Advances to sub-grantees | - | - | - | - | - | - | - | - | 47,035 | 68,360 | - | - | - | - |
| Other expenses | 27,635 | - | 240 | 7,007 | - | 1,108 | 10,693 | 6,550 | 12,598 | 100 | 14,695 | 6,560 | 4 | 956 |
| Total direct expenses | 28,343 | 9,948 | 19,566 | 89,829 | 13,518 | 74,249 | 21,637 | 6,550 | 110,080 | 164,739 | 106,816 | 29,786 | 1,982 | 1,074 |
| Indirect expenses: | | | | | | | | | | | | | | |
| Indirect expenses applied | 17 | 2,471 | 4,471 | 16,271 | 3,194 | 17,555 | 1,919 | - | 11,745 | 22,795 | 19,102 | 5,329 | 535 | 30 |
| Total expenses | 28,360 | 12,419 | 24,037 | 106,100 | 16,712 | 91,804 | 23,556 | 6,550 | 121,825 | 187,534 | 125,918 | 35,115 | 2,517 | 1,104 |
| Revenues Over (Under) Expenses | \$ (8,657) | \$ 7,581 | \$ (3,105) | \$ (13,309) | \$ (12) | \$ (1,322) | \$ - | \$ - | \$ (24,364) | \$ - | \$ (6,788) | \$ 12,135 | \$ 655 | \$ (239) |

Purchase Area Development District
Schedule of Grant Activity

| | GIS E-911 Fulton Co - 72005 | Milburn Water District Co - 72008 | 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 | \$ - | \$ 14,176 | \$ 222,734 | \$ 217,763 | \$ 17,636 | \$ 53,851 | \$ 1,707 | \$ 37,464 | \$ 6,025,115 | |
| Receivable (payable) | - | - 2,180 | 34,136 | 36,098 | 2,930 | 9,579 | - | - | 585,973 | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | |
| State: | | | | | | | | | | |
| Received | - | - | - | - | - | - | - | - | 14,272,502 | |
| Receivable (payable) | - | - | - | - | - | - | - | - | 1,188,306 | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | - | |
| Local: | | | | | | | | | | |
| Received | 888 | - | - | - | - | - | - | - | 849,419 | |
| Receivable (payable) | - | - | - | - | - | - | - | - | 42,917 | |
| Advanced or unexpended | - | - | - | - | - | - | - | - | 26,837 | |
| Other revenue | - | - | - | - | - | - | - | - | 535,853 | |
| Total revenues/sources | 888 | - 16,356 | 256,870 | 253,861 | 20,566 | 63,430 | 1,707 | 37,464 | 23,526,922 | |
| Expenses | | | | | | | | | | |
| Direct expenses: | | | | | | | | | | |
| Salaries | - | 4,298 | 6,781 | 136,998 | 134,882 | 11,612 | 34,116 | 975 | 19,361 | 3,060,311 |
| Employee benefits | - | 2,054 | 27,720 | 66,557 | 66,478 | 4,847 | 16,479 | 391 | 10,097 | 1,702,250 |
| Travel | 268 | - 1,937 | 2,035 | 1,866 | - | 162 | - | 394 | 162,989 | |
| Advances to sub-grantees | - | - | - | - | - | - | - | - | 3,334,262 | |
| Other expenses | - | - 8,503 | 1,543 | 1,273 | 5 | 305 | - | 507 | 14,396,610 | |
| Total direct expenses | 268 | 6,352 | 44,941 | 207,133 | 204,499 | 16,464 | 51,062 | 1,366 | 30,359 | 22,656,422 |
| Indirect expenses: | | | | | | | | | | |
| Indirect expenses applied | - | 1,788 | 2,653 | 49,737 | 49,362 | 4,102 | 12,368 | 341 | 7,105 | - |
| Total expenses | 268 | 8,140 | 47,594 | 256,870 | 253,861 | 20,566 | 63,430 | 1,707 | 37,464 | 22,656,422 |
| Revenues Over (Under) Expenses | \$ 620 | \$ (8,140) | \$ (31,238) | | | | | | | \$ 870,500 |

**Purchase Area Development District
Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2025

| 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 2400000102 | \$ 307,745 | \$ 629,871 |
| Special Programs for the Aging Title III, part C Nutrition Services | 93.045 | PON 3 725 2400000102 | 618,991 | 1,060,699 |
| Nutrition Services Incentive Program | 93.053 | PON 3 725 2500000067 | 146,830 | <u>146,830</u> |
| Subtotal | | | | \$ 1,837,400 |
| Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect and Exploitation | 93.041 | PON 3 725 2200000019 | - | 4,560 |
| Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals | 93.042 | PON 3 725 2200000019 | - | 24,876 |
| Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | PON 3 725 2400000102 | - | 32,846 |
| National Family Caregiver Support, Title III, Part E | 93.052 | PON 3 725 2400000102 | - | 208,962 |
| State Health Insurance Assistance Program | 93.324 | PON 3 725 2200000040 | - | 27,730 |
| Medicaid Cluster - Medical Assistance Program | 93.778 | PON 3 725 2400000066 | - | 25,000 |
| Special Programs for the Aging, Title IV, Title II, Discretionary Projects | 93.048 | PON 3 725 2200000065 | - | 3,398 |
| Medicare Enrollment Assistance Program | 93.071 | PON 3 725 2400000081 | - | 23,677 |
| Medicare Enrollment Assistance Program | 93.071 | PON 3 725 2400000081 | - | <u>4,620</u> |
| Subtotal | | | | 28,297 |
| Total U.S. Department of Health & Human Services | | | | 2,193,069 |
| U.S. Department of Agriculture: | | | | |
| Passed through Kentucky Department of Agriculture: | | | | |
| Delta Health Care Service Grant Program | 10.874 | 20-038-631670501 | - | 331,015 |
| Food Distribution Cluster | | | | |
| Commodity Supplemental Food Program | 10.565 | PON 2 035 240004401 | - | 196,635 |
| Commodity Supplemental Food Program | 10.565 | PON 2 035 2500000816 | - | 83,040 |
| Emergency Food Assistance Program (Administrative Costs) | 10.568 | PON 2 035 240004335 | - | 85,911 |
| Emergency Food Assistance Program (Administrative Costs) | 10.568 | PON 2 035 2300000651 | - | 860 |
| Emergency Food Assistance Program (Administrative Costs) | 10.568 | PON 2 035 2500001807 | - | 24,240 |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | PON 2 035 240004335 | 2,027,145 | <u>2,027,145</u> |
| Subtotal | | | | 2,417,831 |
| Total U.S. Department of Agriculture | | | | 2,748,846 |

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, 2025

| 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 | | - | 2,927,280 |
| COVID-19 Economic Adjustment Assistance ² | 11.307 | | - | <u>2,263,685</u> |
| Subtotal | | | | 5,190,965 |
| Passed through Department for Local Government: | | | | |
| Economic Development Support for Planning Organizations | 11.302 | PON2 112 2400004769 | - | 92,847 |
| Total U.S. Department of Commerce | | | | 5,283,812 |
| Delta Regional Authority: | | | | |
| Direct program | | | | |
| Delta Local Development District Assistance | 90.200 | | - | 26,923 |
| Total Delta Regional Authority | | | | 26,923 |
| 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 2400004769 | - | 19,425 |
| Total U.S. Department of Housing and Urban Development | | | | 19,425 |
| U.S. Department of Labor: | | | | |
| Passed through Kentucky Cabinet for Health and Family Services: | | | | |
| Senior Community Service Employment Program | 17.235 | PON3 725 24000000101 | 121,027 | 121,027 |
| WIOA Cluster | | | | |
| WIOA Adult Program | 17.258 | A2500010001 | - | 261,222 |
| WIOA Youth Activities | 17.259 | A2500010001 | - | 65,066 |
| WIOA Dislocated Worker Formula Grants | 17.278 | A2500010001 | - | <u>265,938</u> |
| Subtotal | | | | 592,226 |
| WIOA National Dislocated Worker Grants | 17.277 | A2500090009 | - | 37,464 |
| Trade Adjustment Assistance | 17.245 | A2500010001 | - | 20,566 |
| Total U.S. Department of Labor | | | | 771,283 |

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, 2025

| 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) | - | 65,810 |
| Total U.S. Department of Veterans Affairs | | | | 65,810 |
| U.S. Department of Transportation: | | | | |
| Passed through KY Transportation Cabinet: | | | | |
| Safe Streets and Roads for All | 20.939 | 693JJ32340502 | - | 97,461 |
| Highway Planning and Construction | 20.205 | 2400001180 | - | 96,495 |
| Metropolitan Transportation Planning and | | | | |
| State and Non-Metropolitan Planning and | | | | |
| Research | 20.505 | P0403021442 | - | 72,982 |
| Total U.S. Department of Transportation | | | | 266,938 |
| Total Expenditures of Federal Awards | | | \$ 3,221,738 | \$ 11,376,106 |

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, 2025 | | \$ 2,000,314 | |
| Cash, receivable and investment balance in RLF CARES at June 30, 2025 | | 910,267 | |
| Administrative expenses paid out of RLF CARES in year ended June 30, 2025 | | 16,699 | |
| | | 2,927,280 | |
| Federal share of RLF | | X 100% | |
| | | \$ 2,927,280 | |

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, 2025 | | \$ 2,172,011 | |
| Cash, receivable and investment balance in RLF ARPA at June 30, 2025 | | 636,726 | |
| Administrative expenses paid out of RLF ARPA in year ended June 30, 2025 | | 20,869 | |
| | | 2,829,606 | |
| Federal share of RLF | | X 80% | |
| | | \$ 2,263,685 | |

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, 2025. 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 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, 2025 was \$2,000,314, Federal Assistance Listing No. 11.307, Revolving loan fund (RLF CARES).

The balance of loans receivable outstanding at June 30, 2025 was \$2,172,011, Federal Assistance Listing No. 11.307, Revolving loan fund (RLF ARPA).

The balance of loans receivable outstanding at June 30, 2025 was \$479,778, 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, 2025 as noted in the accompanying Schedule of Expenditures of Federal Awards.

The below schedule provides the subrecipient information in accordance with the District's state contract requirements:

| Program Title | ALN | Subrecipient | Amount |
|--|------------|--|---|
| Nutrition Services Incentive Program | 93.053 | Ballard County Senior Citizens (UEI - YSGDNKX955N8) Murray-Calloway County Senior Citizens (UEI - LC3QBJZXC379) Carlisle County Senior Citizens (UEI - Q9A7YXKKBBF7) Senior Citizens of Fulton County (UEI - GRG4KBBMBKB4) Mayfield-Graves County Senior Citizens (UEI - E5WVRQGKDWC8) Hickman County Senior Citizens (UEI - UR3TM24YNY49) Paducah-McCracken County Senior Citizens (UEI - HRYEV2MLDM94) | \$ 19,250 33,000 11,540 11,000 27,500 11,540 33,000 <u><u>146,830</u></u> |
| Special Programs for the Aging Title III, part B Grants for Supportive Services and Senior Centers | 93.044 | Ballard County Senior Citizens (UEI - YSGDNKX955N8) Murray-Calloway County Senior Citizens (UEI - LC3QBJZXC379) Carlisle County Senior Citizens (UEI - Q9A7YXKKBBF7) Senior Citizens of Fulton County (UEI - GRG4KBBMBKB4) Mayfield-Graves County Senior Citizens (UEI - E5WVRQGKDWC8) Hickman County Senior Citizens (UEI - UR3TM24YNY49) Paducah-McCracken County Senior Citizens (UEI - HRYEV2MLDM94) Kentucky Legal Aid | 12,940 81,601 23,818 39,680 20,732 7,517 56,865 64,592 <u><u>307,745</u></u> |
| Special Programs for the Aging Title III, part C Nutrition Services | 93.045 | Ballard County Senior Citizens (UEI - YSGDNKX955N8) Murray-Calloway County Senior Citizens (UEI - LC3QBJZXC379) Carlisle County Senior Citizens (UEI - Q9A7YXKKBBF7) Senior Citizens of Fulton County (UEI - GRG4KBBMBKB4) Mayfield-Graves County Senior Citizens (UEI - E5WVRQGKDWC8) Hickman County Senior Citizens (UEI - UR3TM24YNY49) Paducah-McCracken County Senior Citizens (UEI - HRYEV2MLDM94) Mom's Meals | 21,399 42,537 26,289 117,090 56,549 65,274 248,993 40,860 <u><u>618,991</u></u> |

Purchase Area Development District
Summary Schedule of Prior Audit Findings

No findings were reported in the June 30, 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, 2025, 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 January 23, 2026.

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

January 23, 2026



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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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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
January 23, 2026

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 noted

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 noted

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 |
|--------------------------------------|---------------------------------------|
| 93.044; 93.045; 93.053 | Aging Cluster |
| | COVID-19 Economic Development |
| 11.307 | Cluster |

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.