

GREEN RIVER AREA DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

June 30, 2023

**Tichenor & Associates, LLP
1700 Eastpoint Parkway, Suite 270
Louisville, KY 40223**

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TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS
1700 EASTPOINT PARKWAY, SUITE 270
LOUISVILLE, KY 40223
BUSINESS: (502) 245-0775
FAX: (502) 245-0725
E-MAIL: DHESS@TICHENORASSOCIATES.COM

To the People of Kentucky
Honorable Andy Beshear, Governor
Michael Adams, Secretary of State
Holly M. Johnson, Secretary, Finance and Administration Cabinet
Board Members of Green River Area Development District
Joanna Shake, Executive Director

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Green River Area Development District (GRADD) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise GRADD'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 governmental activities and each major fund of GRADD as of June 30, 2023, and the respective changes in financial position for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GRADD 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 GRADD'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.

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Auditors' 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 auditors' report that includes our opinion. 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 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 GRADD'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 GRADD'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 thru 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

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supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise GRADD's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the GRADD'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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

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provide an opinion on the 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 GRADD's internal control over financial reporting and compliance.

Respectfully submitted,

Tichenor & Associates, LLP

Tichenor & Associates, LLP
Louisville, Kentucky
November 8, 2023

**Green River Area Development District
Management Discussion and Analysis
Fiscal Year Ended June 30, 2023**

As management of the GRADD, we offer readers of the GRADD's financial statements this brief narrative overview and analysis of the financial activities of GRADD for the fiscal year ended June 30, 2023.

Financial Highlights

- As of the close of the fiscal year 2023, GRADD had an unassigned fund balance in the general fund of \$4,870,692. GRADD reported restricted fund balance of \$404,027 in the special revenue fund for federal, state, and local grant programs.
- Per Governmental Accounting Standards Board Statement 68 *Accounting and Financial Reporting for Pensions*, GRADD recorded a net pension liability in the amount of \$6,459,919 for its proportionate share of the net pension liability of the County Employee Retirement System (CERS) sponsored by Kentucky Retirement System.
- Per Governmental Accounting Standards Board Statement 75 *Accounting and Financial Reporting for Postemployment Benefit Plans other than Pensions*, GRADD recorded a net liability for other post-employment benefits (OPEB) in the amount of \$1,763,255 for its proportionate share of the net OPEB liabilities of the County Employee Retirement System (CERS) and Teachers' Retirement System of the State of Kentucky (TRS).
- The combined, net effect of recognition of GRADD's proportionate share liabilities, expenses and net outflows and inflows for state administered plans for pensions and post-employment benefits as required by GASB 68 and GASB 75 is a \$656,39 increase in GRADD's net position as presented in the government-wide Statement of Net Position. A description of the benefits and operations of these pension plans is discussed more fully in the Notes to the Financial Statements.
- GRADD received a total of \$26,086,345 in grant revenues during the fiscal year ended June 30, 2023. This represents 97.65 percent of total receipts. Federal grant revenues totaled \$5,246,829, or 20.11 percent of total grant revenues.
- Program expenses comprise the most significant portion of GRADD's expenditures. For the fiscal year ended June 30, 2023, these expenditures totaled \$17,434,953 or 66.02 percent of total expenditures for the fiscal year.
- Activities of GRADD during the fiscal year ended June 30, 2023, produced an increase in net position of \$510,441 compared with a \$2,292,104 increase in net position experienced in the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to GRADD's basic financial statements. GRADD's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) governmental funds financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of GRADD's finances, in a manner similar to a private-sector business. These statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of GRADD's assets and liabilities with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of GRADD is improving or deteriorating.

The Statement of Activities presents information showing how GRADD's net position changed during the most recent fiscal year. This information is presented as expenses and revenues for each component program/fund of GRADD. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenditures are reported in the statement for some items that will only result in cash flows in future fiscal periods (i.e. federal funds receivable).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GRADD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report GRADD's operations in more detail than the government-wide statements by providing information about GRADD's most significant funds. GRADD has two types of funds. One type fund, which is a governmental fund, is used to track the revenues and expenditures associated with the administration of GRADD. The other type of fund is the special revenue fund which accounts for the federal, state, and local grant program revenues and expenditures.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Fund Balance Reporting. The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires that fund balance amounts be properly classified within one of five fund balance categories and reported as part of the fund financial statements. The five categories of fund balance defined by GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Additional details regarding these fund balance types and purposes are contained in the notes to the financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of GRADD's Funds

The Statement of Net Position provides the perspective of GRADD as a whole. As previously noted, net position may serve as a useful indicator of a government's financial position. In the case of GRADD, assets exceeded liabilities by \$7,201,513 as of June 30, 2023. Per Governmental Accounting Standards Board Statement 68 Accounting and Financial Reporting for Pension, GRADD recorded a net pension liability in the amount of \$6,459,919 for its proportionate share of

the net pension liability of the County Employee Retirement System (CERS) sponsored by Kentucky Retirement System. And, per Governmental Accounting Standards Board Statement 75 *Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension*, GRADD recorded a net liability for other post-employment benefits (OPEB) in the amount of \$1,763,255 for its proportionate share of the net OPEB liabilities of the CERS and Teachers' Retirement System of the State of Kentucky (TRS). The following tables present a summary of the financial position and results of operations for fiscal year ended June 30, 2023, compared to fiscal year ended June 30, 2022:

Net Assets as of June 30, 2023 and 2022

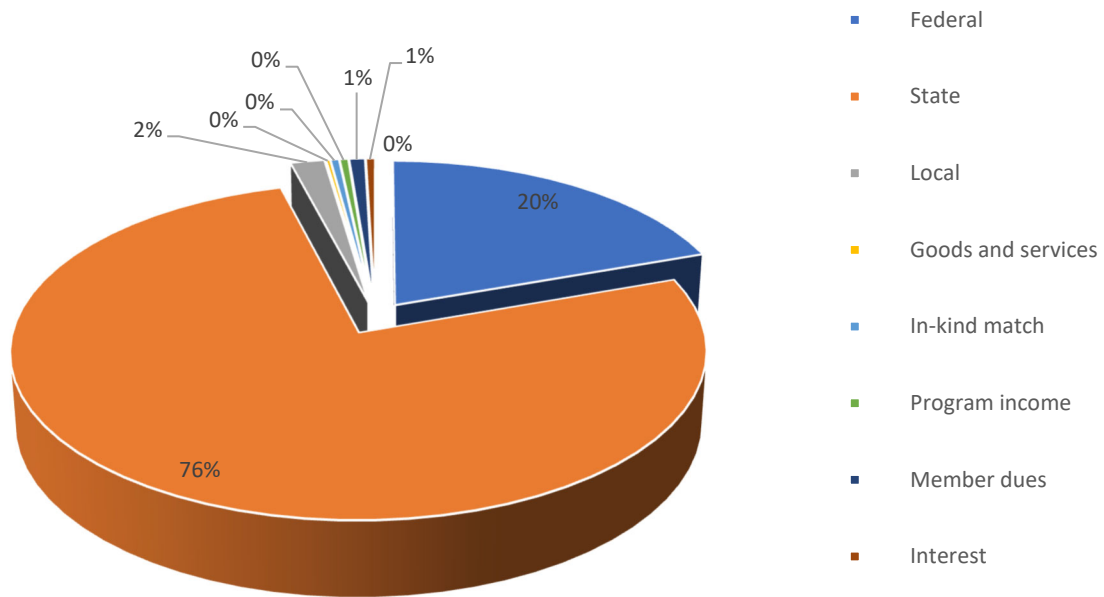
	<u>FY 2023</u>	<u>FY 2022</u>
Asset and Deferred Outflows of Resources		
Current and other assets	\$ 14,132,924	\$ 13,297,772
Capital Assets	1,132,595	1,139,694
Pension deferred outflows	<u>1,596,019</u>	<u>1,969,979</u>
Total Assets and Deferred outflows of resources	<u>17,754,176</u>	<u>16,407,445</u>
Liabilities and Deferred Inflows of Resources		
Long-term Liabilities :	8,736,000	8,142,117
Other liabilities	1,816,663	1,347,799
Pension Deferred Inflows	<u>1,832,266</u>	<u>2,058,723</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,384,929</u>	<u>11,548,639</u>
Net Position		
Invest in capital assets, net of debt	697,103	652,700
Restricted	8,650,023	7,654,313
Unrestricted	<u>(3,977,879)</u>	<u>(3,448,207)</u>
Total Net Position	<u>\$ 5,369,247</u>	<u>\$ 4,858,806</u>

Net Revenue as of June 30, 2023 and 2022

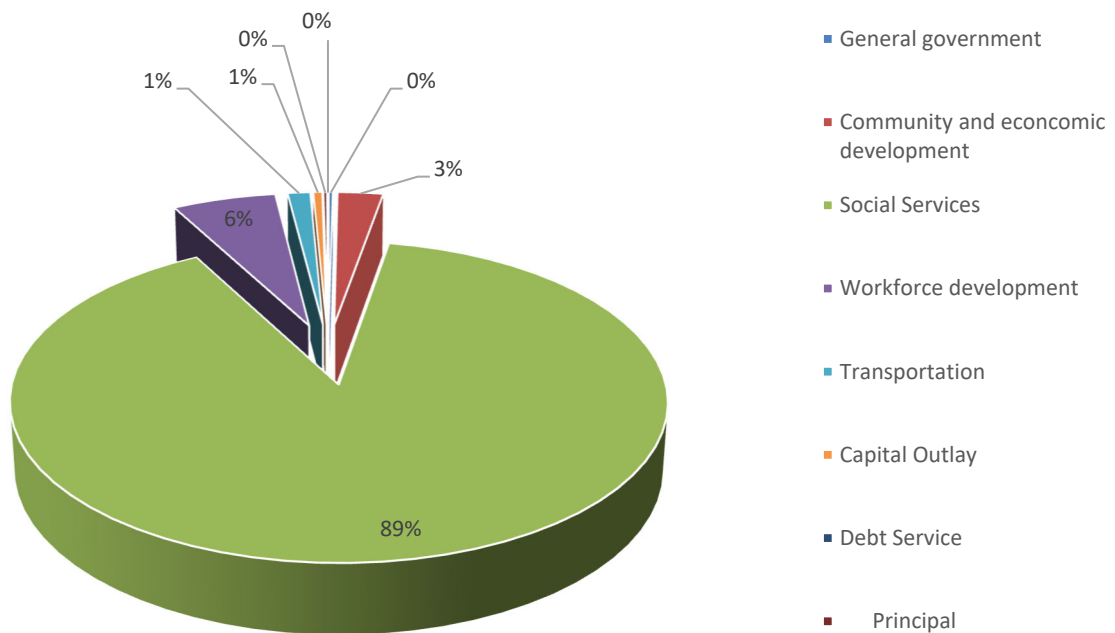
	<u>FY 2023</u>	<u>FY 2022</u>
Revenues		
Federal	\$ 5,246,829	\$ 4,477,203
State	20,365,268	12,900,411
Local	474,248	547,810
Goods and Services Revenue	53,165	54,962
In-Kind Match	116,313	94,053
Program Income	117,092	121,347
Member Dues	216,809	224,068
Interest	123,054	16,457
Other	25	
Total Revenues	<u>26,712,803</u>	<u>18,436,311</u>
Expenses		
General Government	58,958	107,500
Community & Economic Development	676,177	566,206
Social Services	23,611,264	15,303,504
Workforce Development	1,543,858	1,612,056
Transportation	335,535	302,822
Capital Outlay	132,039	91,778
Debt Service		
Principal	51,502	50,090
Interest	13,459	16,000
Total Expenses	<u>26,422,792</u>	<u>18,049,956</u>
Change in Fund Balance	<u>\$ 290,011</u>	<u>\$ 386,355</u>

The Statement of Activities on page 12 presents total summarized expenditures and revenues of individual funds operated by GRADD during the fiscal year ended June 30, 2023. A more detailed analysis of revenues and expenditures of GRADD's general fund compared to special revenue fund is found in the Statement of Revenues, Expenditures, and Changes in Fund Balances -Governmental Funds on page 12.

GRADD's total revenues increased \$8,276,992, or 44.90 percent. Total expenditures increased \$8,372,836, or 46.39%. The following pie charts provide a visual representation of the elements that comprise revenues and expenditures:



Revenues



Expenditures

This financial report is designed to provide our legislators, citizens, taxpayers, customers, and federal government officials, as well as investors and creditors, with a general overview of the Green River Area Development District's finances and to demonstrate the Green River Area Development District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Green River Area Development District, 300 GRADD Way, Owensboro, KY 42301.

GREEN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
As of June 30, 2023

	Governmental Activities	Business-type Activites	Total
ASSETS			
Cash and cash equivalents	\$ 5,377,374	\$ 3,275,431	\$ 8,652,805
Grants receivable	1,731,276	-	1,731,276
Other receivables	114	-	114
Due from other funds	585	-	585
Prepays	10,125	-	10,125
Notes receivable	-	3,761,990	3,761,990
Capital assets, being depreciated, net	1,132,595	-	1,132,595
Total Assets	<u>8,252,069</u>	<u>7,037,421.00</u>	<u>15,289,490</u>
Deferred Outflows Related to Pensions	1,596,019	-	1,596,019
Deferred Outflows Related to OPEB	892,638	-	892,638
Total Deferred Outflows	<u>2,488,657</u>	<u>-</u>	<u>2,488,657</u>
Total Assets and Deferred Outflows	<u>10,740,726</u>	<u>7,037,421.00</u>	<u>17,778,147</u>
LIABILITES			
Accounts Payable - Trade and Contracts	555,541	17,369	572,910
Accrued Liabilities	30,395	-	30,395
Compensated Absences	170,439	-	170,439
Unearned Revenue	1,059,890	-	1,059,890
Accrued Interest Payable	7,000	-	7,000
Net Pension Liability	6,459,919	-	6,459,919
Net OPEB Liability	1,763,255	-	1,763,255
Notes Payable - Long Term	435,492	77,334	512,826
Total Liabilities	<u>10,481,931</u>	<u>94,703</u>	<u>10,576,634</u>
Deferred Inflows Related to Pensions	849,399	-	849,399
Deferred Inflows Related to OPEB	982,867	-	982,867
Total Deferred Inflows	<u>1,832,266</u>	<u>-</u>	<u>1,832,266</u>
NET POSITION			
Net Investment in Capital Assets	697,103	-	697,103
Restricted	1,731,276	6,942,718	8,673,994
Unrestricted	(4,001,850)	-	(4,001,850)
Total Net Position	<u>\$ (1,573,471)</u>	<u>\$ 6,942,718</u>	<u>\$ 5,369,247</u>

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

GREEN RIVER AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ending June 30, 2023

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$ 58,958	\$ -	\$ -	\$ (58,958)	\$ -	\$ (58,958)
Community and economic development	676,177	-	676,994	\$ 817	-	817
Social services	23,611,624	-	23,893,990	\$ 282,366	-	282,366
Job Training	1,543,857	-	1,536,403	\$ (7,454)	-	(7,454)
Transportation	335,535	-	336,604	\$ 1,069	-	1,069
Total Governmental Activities	26,226,151	-	26,443,991	217,840	-	217,840
Business-Type Activities:						
EDA Revolving Loan Fund	37,832	-	250	-	(37,582)	(37,582)
EDACARES Revolving Loan Fund	13,246	-	250	-	(12,996)	(12,996)
USDA Intermediary Relending Program	909	-	-	-	(909)	(909)
Total Business-Type Activities	51,987.00	-	500	-	(51,487)	(51,487)
Total	26,278,138	-	26,444,491	217,840	(51,487)	166,353
General Revenues:						
Member Dues				216,809	-	216,809
Interest				26,499	96,555	123,054
Other				-	25	25
Total General Revenues				243,308	96,580	339,888
Change in Net Position				461,148	45,093	506,241
Net Position - Beginning (Restated)				(2,010,648)	6,873,654	4,863,006
Net Position - Ending				\$ (1,549,500)	\$ 6,918,747	\$ 5,369,247

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

GREEN RIVER AREA DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,252,308	\$ 125,066	\$ 5,377,374
Grants Receivable	-	1,731,276	1,731,276
Other Receivables	114	-	114
Due (to) From Other Fund	585	-	585
Prepays	10,125	-	10,125
Total Assets	<u>\$ 5,263,132</u>	<u>\$ 1,856,342</u>	<u>\$ 7,119,474</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable - Trade and Contracts	\$ 181,804	\$ 373,737	\$ 555,541
Accrued Liabilities	-	30,395	30,395
Unearned Revenue	11,707	1,048,183	1,059,890
Accrued Interest Payable	7,000	-	7,000
Total Liabilities	<u>200,511</u>	<u>1,452,315</u>	<u>1,652,826</u>
Fund Balance:			
Restricted	-	404,027	404,027
Assigned	181,804	-	181,804
Nonspendable	10,125	-	10,125
Unassigned	4,870,692	-	4,870,692
Total Fund Balance	<u>5,062,621</u>	<u>404,027</u>	<u>5,466,648</u>
Total Liabilities and Fund Balances	<u>\$ 5,263,132</u>	<u>\$ 1,856,342</u>	<u>\$ 7,119,474</u>

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

GREEN RIVER AREA DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Federal	\$ -	\$ 5,247,329	\$ 5,247,329
State	-	20,365,268	20,365,268
Local	-	474,248	474,248
Goods and services		53,165	53,165
In-kind match	-	116,313	116,313
Program income	-	117,092	117,092
Member dues	216,809	-	216,809
Interest	26,499	96,555	123,054
Other	-	25	25
Total revenues	<u>243,308</u>	<u>26,469,995</u>	<u>\$ 26,713,303</u>
EXPENDITURES			
General government	58,958	-	58,958
Community and economic development	-	676,177	676,177
Social Services	-	23,611,264	23,611,264
Workforce development	-	1,543,858	1,543,858
Transportation	-	335,535	335,535
Capital Outlay	-	132,039	132,039
Debt Service			
Principal	51,502	-	51,502
Interest	13,459	-	13,459
Total Expenditures	<u>123,919</u>	<u>26,298,873</u>	<u>26,422,792</u>
Excess of revenues over expenditures	<u>119,389</u>	<u>171,122</u>	<u>290,511</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	64,098	64,098
Operating transfer out	<u>(64,098)</u>	<u>-</u>	<u>(64,098)</u>
Total other financing sources (uses)	<u>(64,098)</u>	<u>64,098</u>	<u>-</u>
Net change in fund balances	55,291	235,220	290,511
Fund balance - beginning of year (Restated)	<u>4,392,771</u>	<u>782,174</u>	<u>5,176,137</u>
Fund balance - end of year	<u>\$ 4,448,062</u>	<u>\$ 1,017,394</u>	<u>\$ 5,466,648</u>

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

GREEN RIVER AREA DEVELOPMENT DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2023

Reconciliation to the Statement of Activities:

Fund Balance - Total Governmental Funds	\$ 5,466,648
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Amounts Reported for Governmental Activities in the
Statement of Net Position are different because:

Capital assets in Governmental Activities are not
financial resources and, therefore, are not reported in
the funds.

Capitals Assets	3,240,010	
Accumulated Depreciation	<u>(2,107,415)</u>	1,132,595

Pension related deferred outflows of resources and
deferred inflows of resources are not due and payable in
the current year and, therefore are not reported in the
governmental funds as follows:

Deferred outflows of resources	1,596,019
Deferred inflows of resources	(849,399)

Other Post Employment Benefits related deferred
outflows of resources and deferred inflows of
resources are not due and payable in the current year
and, therefore are not reported in the governmental
funds as follows:

Deferred outflows of resources	892,638
Deferred inflows of resources	(982,867)

Long-term liabilities are not due and payable in the
current period and, therefore, are not reported as
liabilities in government funds:

Long-term debt	(435,492)	
Compensated absences	(170,439)	
Net other post employment benefits liability	(1,763,255)	
Net pension liability	<u>(6,459,919)</u>	(8,829,105)

Net Position of Governmental Activities	<u>\$ (1,573,471)</u>
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The accompanying notes are an integral part of this financial statement.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Green River Area Development District (GRADD), is a governmental nonprofit corporation formed pursuant to Kentucky Revised Statute (KRS) 147A, and has been designated as a special purpose governmental entity under KRS 65A enacted under 2014 House Bill No. 1. GRADD's mission is to afford local governments and citizens a regional forum to identify issues and opportunities; and to provide leadership in planning and implementing programs to improve the quality of life in the District, which is comprised of the counties of Daviess, Hancock, Henderson, McLean, Ohio, Union, and Webster. At least fifty-one percent of GRADD's Board of Directors consists of elected officials of the seven counties, with no more than forty-nine percent being citizen members who are residents of the counties, appointed by the county judge/executives and mayors.

These financial statements include the financial activities of GRADD and its blended component unit in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board, as described below.

Green River Economic Development Corporation: This corporation (EDC) was formed to promote economic development; establish a framework for joint federal, state, and local efforts toward providing the basic facilities essential for the growth of the seven-county area comprising GRADD, and to administer the Revolving Loan Funds recorded in GRADD's financial statements.

B. BASIS OF PRESENTATION

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the GRADD as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements - provide information about the primary government. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government. They also distinguish between the governmental and business-type activities of the GRADD. Governmental activities generally are financed through intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but 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.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. BASIS OF PRESENTATION (CONTINUED)

The statement of activities presents a comparison between direct expenses and program revenues for each function of GRADD's governmental activities and segment of its business-type 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 operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of GRADD, 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 GRADD.

Fund Financial Statements - Fund financial statements report detailed information about GRADD. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. GRADD has neither nonmajor funds nor fiduciary funds.

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

A description for each class of funds along with the associated restrictions, follow:

1. Governmental Fund Types

- i) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of GRADD.
- ii) The Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the specified project periods, as well as state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards in this report. This is a major fund of GRADD.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

2. Proprietary Fund Types

i) Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing good or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or other purposes. The EDA Revolving Loan Fund and EDA Cares Revolving Loan Fund are considered a major enterprise fund.

C. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are presented using the accrual basis of accounting. Government funds used the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a 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 GRADD, available means expected to be received within sixty days of the fiscal year end.

Non-Exchange Transactions, in which GRADD received 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 when the resources are required to be used for the fiscal year when use is first permitted; matching requirements, in which GRADD must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to GRADD on a reimbursement basis. On a modified accrual basis, revenue from Non-Exchange Transactions must also be available before it can be recognized.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been incurred and eligibility requirements are met are recorded as deferred revenue.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING (CONTINUED)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, GRADD's policy is to first apply restricted resources.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

D. BUDGETARY PRINCIPLES

A budget is prepared for each fiscal year and is approved by the Board of Directors.

E. CASH EQUIVALENTS

For purposes of financial statement presentation, GRADD considers all cash on hand, demand deposits, and certificates of deposit to be cash equivalents.

F. RECOGNITION OF REVENUE

Grant revenue is recognized to the extent that expenditures are incurred in the manner specified by the grants and matching requirements are met. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grant funds received before the costs have been incurred and eligibility requirements are met are recorded as deferred revenue.

G. ALLOWANCE OF LOAN LOSSES

The allowance for loan losses for the Revolving Loan Fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of individual debtor credit, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs. As of June 30, 2023, GRADD had an allowance for loan losses in the amount of \$10,000. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

H. CAPITAL ASSETS

Capital assets are reported in the financial statements at historical cost. Capital assets are defined by GRADD as assets with an initial, individual cost of more than \$500. The cost of normal maintenance and repairs that do not add the value of the asset or materially extend assets lives are not capitalized.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS (CONTINUED)

Capital assets of GRADD are depreciated principally using the straight-line method over the following estimated useful lives:

Land	10 years
Building and Improvements	10-40 years
Vehicle and Equipment	5-10 years
Equipment – grants	5-10 years

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

I. COST ALLOCATION

GRADD is required by the Department of Local Government to operate under a cost allocation plan that conforms with 2 CFR Part 225. In management's judgement, GRADD is in conformity with 2 CFR Part 225.

J. ESTIMATES

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. OTHER POST EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan, and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

M. NET POSITION

GRADD classifies net position in the financial statements as follows:

Net investment in capital assets includes 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.

Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. GRADD typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted net position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

N. FUND BALANCE CLASSIFICATION

GRADD reports fund balances in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. GRADD has nonspendable funds in the General Fund and Special Revenue Fund.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The fund balance of the Special Revenue Fund is restricted for program services.
- Committed fund balance - amounts constrained to specific purposes by GRADD itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless GRADD takes the same

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. FUND BALANCE CLASSIFICATION (CONTINUED)

highest-level action to remove or change the constraint.

- Assigned fund balance - amounts GRADD intends to use for a specific purpose. Intent can be expressed by GRADD or by an official or body to which the Board of Directors delegates the authority. GRADD has assigned funds in the General Fund.
- Unassigned fund balance - amounts that are available for any purpose. Deficit amounts are reported only in the General Fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balances is established by the Board of Directors through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

GRADD would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

O. RECENTLY ISSUED ACCOUNTING STANDARDS

The following recently issued accounting standard is expected to impact the financial statements of GRADD in future periods.

GASB No. 87 Leases

In June of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 to improve accounting and financial reporting for leases by governments, by establishing standards for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources. The Statement is effective for reporting period beginning after June 15, 2021. GRADD implemented this Statement during fiscal year June 30, 2022. GRADD has concluded that there is no impact on these financial statements.

P. DATE OF MANAGEMENT'S REVIEW

GRADD has evaluated subsequent events through November 8, 2023, the date which the financial statements were available to be issued.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS

The Kentucky Revised Statutes authorize GRADD to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security, obligations as permitted by KRS 41.240 (4) having a current quoted market value at least equal to uninsured deposits.

A. CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, GRADD's deposits may not be returned to it. GRADD does not have a written deposit policy for custodial credit risk. As of June 30, 2023, the reported amount of GRADD's cash deposits was \$8,652,805 and the bank balance was \$9,333,306. Of the bank balance, \$477,391 was covered by FDIC insurance, and \$8,755,915 was covered by collateral held by a third-party safekeeping bank in GRADD's name.

Cash equivalents include certificate of deposit totaling \$725,000. The certificates bear interest at rates ranging from 0.50% to 2.98% and have maturities of nine to twenty-three months.

NOTE 3 - RELATED PARTY TRANSACTIONS

GRADD provides staff and support services for the administration of programs for the Green River Housing Corporation (GRHC) and ConnectGRADD, Inc. (CGI), but does not exercise oversight responsibility for these entities. Although various members of GRHC and CGI boards serve on GRADD's Board of Directors, GRHC, and CGI are not a part of the GRADD financial reporting entity because they are not financially accountable to GRADD. GRADD received no administrative services revenue for the fiscal year ended June 30, 2023.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 83,200	\$ -	\$ -	\$ 83,200
Total Capital Assets Not Being Depreciated	<u>83,200</u>	<u>-</u>	<u>-</u>	<u>83,200</u>
Other Capital Assets:				
Land Improvements	18,920	-	-	18,920
Building and Improvements	2,280,981	14,900	-	2,295,881
Vehicles and Equipment	360,126	24,128	60,215	324,039
Equipment - Grants (Restated)	567,121	132,039	181,149	518,011
Total Other Capital Assets	<u>3,227,148</u>	<u>171,066</u>	<u>241,363</u>	<u>3,156,851</u>
Depreciation				
Land Improvements	(13,547)	-	-	(13,547)
Building and Improvements	(1,417,273)	(61,392)	-	(1,478,665)
Vehicles and Equipment	(289,856)	(28,585)	(60,215)	(258,226)
Equipment - Grants	(450,692)	(68,144)	(161,818)	(357,018)
Total Depreciation	<u>(2,171,368)</u>	<u>(158,121)</u>	<u>(222,033)</u>	<u>(2,107,456)</u>
Net Capital Assets	<u>\$ 1,138,980</u>	<u>\$ 12,945</u>	<u>\$ 19,330</u>	<u>\$ 1,132,595</u>
Business-Type activities				
Capital Assets:				
Equipment	\$ 2,525	\$ -	\$ -	\$ 2,525
Total Capital Assets at Historical Cost	<u>2,525</u>	<u>-</u>	<u>-</u>	<u>2,525</u>
Depreciation				
Equipment	(1,010)	(505)	-	(1,515)
Total Accumulated Depreciation	<u>(1,010)</u>	<u>(505)</u>	<u>-</u>	<u>(1,515)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,515</u>	<u>\$ (505)</u>	<u>\$ -</u>	<u>\$ 1,010</u>

NOTE 7 - REVOLVING LOAN FUNDS

The Revolving Loan Fund (RLF) was established with grants from the Economic Development Administration (EDA). Loan applications are reviewed by the Green River Economic Development Corporation to ensure that funds will be used for purposes acceptable to the grantor. Due to the credit risk of borrowers (primarily commercial and industrial) under this program, loans are in various stages of collection and collectability is not certain for every borrower.

The Revolving Loan Recapitalization Fund (RECAP) was established during fiscal year 2002. Funds

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - REVOLVING LOAN FUNDS (CONTINUED)

were contributed by local lenders totaling \$75,666. In fiscal year 2009, these funds were used as match to receive an additional \$1,924,334 from EDA to recapitalize the RLF program.

In fiscal year 2015, the RLF and RECAP funds were consolidated by the Economic Development Administration. The consolidated funds are identified below as RLF.

The Intermediary Relending Program (IRP) was established during fiscal year 2004. It is a loan agreement with the U.S. Department of Agriculture (USDA), Rural Business Cooperative Service

(RBS), under which GRADD may borrow up to \$500,000 to establish a relending program in accordance with the RBS work plan.

Loan applications are reviewed by the Green River Economic Development Corporation to ensure that funds will be used for purposes acceptable to the grantor.

IRP loan payable activity for the year was as follows:

Balance, June 30, 2022	\$	83,971
Repayment		(6,637)
Balance, June 30, 2023	\$	<u>77,334</u>

The loan is to be paid over a thirty (30) year period with principal being deferred for the first three (3) years. During the deferment period, interest payments were due on the unpaid principal balance at a rate of one (1) percent. Therefore, principal and interest are being paid annually to maturity. Interest expense totaled \$0 for the year ended June 30, 2023.

The revolving loans receivable at June 30, 2023, are summarized as follows:

	<u>RLF</u>	<u>IRP</u>	<u>Total</u>
Accounts receivables	\$ 3,745,195	\$ 16,795	\$ 3,761,990
Allowance for doubtful accounts	10,000		
Net accounts receivable	<u>\$ 3,735,195</u>	<u>\$ 16,795</u>	<u>\$ 3,751,990</u>

No loans have been extended to related parties. There were no loans approved but not yet disbursed at June 30, 2023.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - REVOLVING LOAN FUNDS (CONTINUED)

Income for the revolving loan funds and the composition of cash as of and for the year ended June 30, 2023, was as follows:

	<u>RLF/RLF CARES</u>	<u>IRP</u>	<u>Total</u>
Interest earned on:			
Outstanding loans	\$ 94,923	\$ 1,632	\$ 96,555
Cash accounts			
Loan application, processing, and late fees	275	250	275
Total RLF income	<u>\$ 95,198</u>	<u>\$ 1,832</u>	<u>\$ 96,830</u>
Composition of cash	<u>\$ 3,237,266</u>	<u>\$ 38,165</u>	<u>\$ 3,227,431</u>

NOTE 6 - LONG-TERM DEBT

In June of 2015, the Daviess County Fiscal Comt (DCFC) issued bonds, the proceeds of which were used to refinance the long-term debt on GRADD's building. GRADD and DCFC then entered into a fifteen-year lease agreement wherein GRADD agreed to pay to DCFC, as rent for the property, amounts equal to the semi-annual debt payments of \$32,390, including interest at 2.8% through July 1, 2030. The lease is an absolute net lease under which GRADD pays, in addition to rent as stated above, any and all expenses related to the leased premises. The property shall become the property of GRADD in fee simple absolute, and DCFC's interest therein shall be conveyed to GRADD, without cost, upon GRADD's performance of all obligations under the lease.

Long-term debt activity for the year was as follows:

Type of Debt	<u>Balance June 30, 2022</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities					
Lease obligation	\$ 486,994	\$ -	\$ 51,502	\$ 435,492	\$ 52,954
Total Debt	<u>\$ 486,994</u>	<u>\$ -</u>	<u>\$ 51,502</u>	<u>\$ 435,492</u>	<u>\$ 52,954</u>

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity are as follows:

Year Ending 30-Jun	Principal	Interest	Total
2024	\$ 52,954	\$ 11,987	\$ 64,941
2025	54,477	10,503	64,980
2026	55,982	8,916	64,898
2027	57,560	7,316	64,876
2028	59,184	5,670	64,854
2029-2030	155,364	4,029	159,393
Total	<u>\$ 435,521</u>	<u>\$ 48,421</u>	<u>\$ 483,942</u>

NOTE 7 - COMPENSATED ABSENCES

It is GRADD's policy to permit employees to accumulate earned but unused vacation benefits. Upon leaving employment at GRADD, employees receive an amount equal to the value of up to maximum of 225 unused accumulated vacation hours based on current salary rates.

This compensated absences liability represents the value of unused vacation time earned by employees up to a maximum of 225 hours.

NOTE 8 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. GRADD has two items that qualify for reporting in this category: the pension deferred outflows of \$1,596,019 and the other post employment benefit of \$892,638 at June 30, 2023. The pension deferred outflows are described in Note 9 to the financial statements. The other post employment benefit deferred outflows are described in Note 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. GRADD has two items that qualified for reporting in this category: the pension deferred inflow of \$849,399 and the other post employment benefit deferred inflow of \$982,867 at June 30, 2023. The pension deferred inflows are described in Note 9 to the financial statements. The other post employment benefit deferred inflows are described in Note 10.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

GRADD reports unearned revenue on its financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are unearned by GRADD and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when GRADD has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Unearned grant revenue in the financial statements at June 30, 2023, totaled \$1,059,890.

NOTE 9 - PENSION PLAN

A. PLAN DESCRIPTION

GRADD contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems (KRS) that covers members employed in nonhazardous positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

B. BENEFITS PROVIDED

CERS provides for retirement, disability, and death benefits to system members through its pension fund. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service.

Plan members with a participation date prior to September 1, 2008, are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 48 months of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member's age and year of service equal 87, or at age 65 with at least 60 months of service credit. Plan members with a participating date on or after January 1, 2014, are eligible for retirement benefits under the provisions established for a hybrid Cash Balance Plan.

C. CONTRIBUTIONS

Per Kentucky Revised Statutes Section 78.545(33), contribution requirements of the active employees and the participating employers are established and may be amended by the KRS Board.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - PENSION PLAN (CONTINUED)

C. CONTRIBUTIONS (CONTINUED)

Plan members who began participating in CERS prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation to the pension fund. For Plan members who began participating in CERS on or after September 1, 2008, the contribution rate is 6%, of which 1% is contributed to the insurance fund.

GRADD's actuarially determined contribution rate for the year ended June 30, 2023, was 26.79% of annual creditable compensation, of which 23.40% and 3.39% was contributed to the pension and insurance funds within CERS, respectively. Contributions to the CERS pension fund by GRADD were \$768,342 for the year ended June 30, 2023.

D. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2023, GRADD reported a liability of \$6,459,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. GRADD's proportion of the net pension liability was based on a projection of GRADD's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2022 measurement date, GRADD's proportion was 0.089361%, a decrease of 0.00197% from its proportion measured as of June 30, 2021, of 0.091331%.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - PENSION PLAN (CONTINUED)

D. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

For the year ended June 30, 2022, GRADD recognized pension expense of \$499,740. At June 30, 2022, GRADO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,906	\$ 57,528
Changes of assumptions		
Changes in proportion and difference between contributions and proportionate share of contributions	41,616	78,478
Net difference between projected and actual earnings on plan investments	879,001	713,393
Pension Contributions made subsequent to the Measurement Date	668,496	—
Total	\$ 1,596,019	\$ 849,399

The \$668,496 of deferred outflows of resources resulting from GRADD's pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows or resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense
2023	\$ (15,547)
2024	(35,553)
2025	(54,285)
2023	183,510
Total	\$ (621,886)

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2022, actuarial valuation was determined using the

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - PENSION PLAN (CONTINUED)

E. ACTUARIAL ASSUMPTIONS (CONTINUED)

following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non - hazardous and hazardous
Salary Increases	3.30 % to 10.30%, varies by service for CERS non - hazardous 3.55% to 19.05%, varies by service for CERS hazardous
Investment Rate of Return	6.25% for CERS non - hazardous and CERS hazardous

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

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.25%, representing no change from the prior year rate of 6.25%. The discount rate does not use a municipal bond rate.

G. PROJECTED CASH FLOWS

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of projection period.

H. LONG-TERM RATE OF RETURN

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - PENSION PLAN (CONTINUED)

H. LONG-TERM RATE OF RETURN (CONTINUED)

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

I. ASSUMED ASSET ALLOCATTON

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

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

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - PENSION PLAN (CONTINUED)

J. SENSITIVITY OF GRADD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Decrease (5.25%)	Current Discount (6.25%)	1% Increase (7.25%)
District's proportionate share of net pension liability	\$8,074,097	\$6,459,919	\$5,124,859

K. PLAN FIDUCIARY NET POSITION

Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

L. PAYABLE TO THE PENSION PLAN

GRADD reported a payable of \$0 for the outstanding amount of contributions due to CERS for the year ended June 30, 2023.

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS

A. PLAN DESCRIPTION

GRADD contributes to the Kentucky Retirement Systems Insurance fund (Insurance Fund), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Kentucky Retirement Systems (KRS). The Insurance Fund was established to provide hospital and medical insurance for members for receiving benefits from the Kentucky Employees Retirement Systems (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS). The Insurance Fund pays a prescribed contribution for whole or partial payments of required premiums to purchase hospital and medical insurance, based on years of service, for retirees and certain eligible beneficiaries. The authority to establish and amend benefit provisions rests with the Kentucky General Assembly. KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

B. FUNDING POLICY

Per Kentucky Revised Statutes 78.545 (33), contribution requirements are established and may be amended by the KRS Board. GRADD was required to contribute at actuarially determined rates of

4.76% of covered payroll for the fiscal year ended June 30, 2022. GRADD's contributions to the Insurance Fund for the year ending June 30, 2022, was \$142,826 which equaled the required contributions each year.

C. ACTUARIAL ASSUMPTIONS

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non - hazardous and hazardous
Salary Increases	3.30 % to 10.30%, varies by service for CERS non - hazardous
	3.55% to 19.05%, varies by service for CERS hazardous
Investment Rate of Return	6.25% for CERS non - hazardous and CERS hazardous

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. 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 is summarized in the table below. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous plan.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

C. ACTUARIAL ASSUMPTIONS (CONTINUED)

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

Discount Rate - Single discount rates of 5.70% for CERS Nonhazardous, 5.61% for CERS Hazardous, 5.72% for KERS Nonhazardous, and 5.59% for KERS Hazardous systems were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. 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.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

C. ACTUARIAL ASSUMPTIONS (CONTINUED)

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

	1% Decrease (4.70%)	Current Discount (5.70%)	1% Increase (6.70%)
GRADD's proportionate share of OPEB liability	\$2,357,191	\$1,763,255	\$1,272,268

Sensitivity of GRADD's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate - The following presents GRADD's proportionate share of the net OPEB liability, as well as what GRADD'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 healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
GRADD's proportionate share of OPEB liability	\$1,310,941	\$1,763,255	\$2,306,400

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

Payables to the OPEB plan – As of June 30, 2023, the financial statements include \$0 in payables to CERS for the pension fund.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2023, GRADD reported a liability for its proportionate share of the net OPEB liability that is reflected as a reduction for State OPEB support provided to GRADD. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. GRADD's proportion of the collective net OPEB liability was based on a projection of GRADD's long-term share of contributions to the OPEB plan relative to the projected contributions of GRADD, actuarially determined. At June 30, 2022, GRADD's proportion was \$1,763,255 (.0889346%). The State's support and total are for disclosure purposes only.

At June 30, 2023, GRADD reported deferred outflows of resources and deferred inflows of resources

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

C. ACTUARIAL ASSUMPTIONS (CONTINUED)

related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on OPEB plan investments	\$ 328,336	\$ 256,770
Differences between expected and actual experience	177,486	30,814
Changes of assumptions	278,871	96
Changes in proportion of and differences between employer contributions and proportionate share of plan contributions	11,099	98,064
Contributions subsequent to the measurement date	96,846	91,954
Totals	<u>\$ 862,638</u>	<u>\$ 1,515,233</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the GRADD's OPEB expense as follows:

Fiscal Year Ending June 30,	Net Amounts
2023	\$(41,107)
2024	(31,885)
2025	(114,693)
2026	609

NOTE 11- DEFERRED COMPENSATION

GRADD offers its employees participation in a deferred compensation program administrated by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. GRADD makes no contribution to these plans.

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 – RISK MANAGEMENT

GRADD is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; health of employees; and natural disasters.

A. WORKERS' COMPENSATION AND GENERAL LIABILITY INSURANCE

To manage workers' compensation and general liability insurance risks, GRADD participates in the Kentucky Association of Counties All Lines Fund (KALF). KALF is a public entity risk pool currently operating as a common risk management and insurance program for the Counties of Kentucky and their sub agencies, which pay annual premiums to KALF for desired coverages. The Coverage Agreement provides that KALF will be self-sustaining through member contributions, premiums and assessments and will reinsure through commercial companies for excess claims. GRADD does not exercise any control over the activities of KALF beyond its representation as a participant in the fund, and is not aware of any additional amounts owed to KALF as of June 30, 2022, for current or prior claim years.

B. HEALTH INSURANCE

Beginning January 1, 2012, GRADD established a comprehensive self-insurance plan through a third-party administrator for its employees' medical and pharmacy coverage. The plan provides for specific claims coverage up to \$45,000 per employee, and maximum aggregate claims and administrative costs up to \$1,000,000 for calendar year 2023. GRADD purchases reinsurance through the administrator for claims in excess of those limits. Premiums are established by the administrator to cover administrative costs, claims costs, and reinsurance costs. These costs are expensed each pay period as personnel costs for participating employees are incurred in accordance with the approved cost allocation plan. Settled claims have not exceeded insurance coverage, nor has there been any reduction in insurance coverage from the prior year.

NOTE 13 - INCOME TAX STATUS

GRADD is exempt from federal and state income taxes by virtue of being a unit of local government under Regulation 103 KAR 30:225E and, accordingly, the financial statements include no provision for such taxes.

NOTE 14 - CONCENTRATION OF RISK

During the year ended June 30, 2023, GRADD received approximately 98% of its revenue from federal, state, and local grants, and the related in-kind match and program income. These funds are to be used for designated purposes only. For government agency grants, if, based upon the grantors' review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse GRADD for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of GRADD's grant programs is predicated upon the grantors' satisfaction

GREEN RIVER AREA DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - CONCENTRATION OF RISK (CONTINUED)

that the funds provided are being spent as intended and the grantors' intent to continue their programs.

NOTE 15 – RESTATEMENT OF BEGINNING BALANCE

The beginning balance to Fixed Assets – Grants was restated by \$2,525 to coincide to GRADD's schedule of fixed assets. Additionally, in reviewing the prior year's audit report, we noted some amounts that did not foot due to miscalculation. In order for the Statement of Net Position to tie with the Statement of Activities, we made an adjustment to the beginning net position of \$1,675 to restate beginning net position. As such and due to reconciliation of the fund balance to net position, an adjustment was also made to the beginning fund balance in the amount of \$1,192 to restate beginning fund balance.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than Management's Discussion and Analysis)

GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY AND CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2023

	Reporting Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
County Employees Retirement System:									
District's proportion of the net pension liability	0.089346%	0.091310%	0.089942%	0.089567%	0.093904%	0.100809%	0.107297%	0.110956%	0.10877%
District's proportionate share of the net pension liability	\$ 6,459,919	\$ 5,823,068	\$ 6,900,471	\$ 6,300,905	\$ 5,719,283	\$ 5,900,661	\$ 5,282,876	\$ 4,770,588	\$ 3,529,000
District's covered payroll	\$ 2,856,818	\$ 2,471,031	\$ 2,332,841	\$ 2,304,521	\$ 2,259,837	\$ 2,454,443	\$ 2,559,563	\$ 2,378,433	\$ 2,496,840
District's proportionate share of the net pension liability as a percentage of covered payroll	226.12%	235.65%	295.80%	273.41%	253.08%	240.41%	206.40%	200.58%	141.34%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	51.67%	50.45%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
Contractually required employer contributions	\$ 562,901	\$ 523,117	\$ 450,238	\$ 444,773	\$ 366,546	\$ 337,023	\$ 342,394	\$ 317,897	\$ 303,250
Contributions relative to contractually required employer contributions	\$ 562,901	\$ 523,117	\$ 450,238	\$ 444,773	\$ 366,546	\$ 337,023	\$ 342,394	\$ 317,897	\$ 303,250
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,856,818	\$ 2,471,031	\$ 2,332,841	\$ 2,304,521	\$ 2,259,837	\$ 2,454,443	\$ 2,559,563	\$ 2,378,433	\$ 2,496,840
District's contributions as a percentage of covered employee payroll	23.40%	21.17%	19.30%	19.30%	16.22%	13.73%	13.38%	13.37%	12.15%

Notes:

Amounts presented for each fiscal year were measured as of the previous fiscal year.

Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND
CONTRIBUTIONS - MEDICAL INSURANCE FUND
For the Fiscal Year Ended June 30, 2023

	Reporting Fiscal Year					
	2023	2022	2021	2020	2019	2018
County Employees Retirement System:						
District's proportion of the net OPEB liability	0.089346%	0.091310%	0.089924%	0.089567%	0.093904%	0.100809%
District's proportionate share of the net OPEB liability	\$ 1,763,255	\$ 1,748,084	\$ 2,171,826	\$ 1,506,477	\$ 1,667,247	\$ 2,026,606
District's covered payroll	\$ 2,856,818	\$ 2,332,841	\$ 2,304,521	\$ 2,259,837	\$ 2,454,443	\$ 2,259,563
District's proportionate share of the net OPEB liability as a percentage of covered payroll	61.7209%	74.9337%	94.2420%	66.6631%	67.9277%	89.6902%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
Contractually required employer contributions	\$ 103,042	\$ 142,826	\$ 164,344	\$ 109,695	\$ 118,867	\$ 109,393
Contributions relative to contractually required employer contributions	\$ 103,042	\$ 142,826	\$ 164,344	\$ 109,695	\$ 118,867	\$ 109,393
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,856,818	\$ 2,471,031	\$ 2,332,841	\$ 2,259,837	\$ 2,259,837	\$ 2,378,433
District's contributions as a percentage of covered employee payroll	3.61%	5.78%	4.76%	4.85%	5.26%	4.60%

Notes:

Amounts presented for each fiscal year were measured as of the previous fiscal year.

Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Federal Agency/Pass - Through Entity	Federal CFDA Number	Pass - Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Rural Business Cooperative Service:			
Intermediary Relending Program	10.767	N/A	139,315
Passed through delta Regional Authority			
Delta Workforce H20 Program	10.773	RW-400	7,899
Total Direct Funds from U.S. Department of Agriculture			147,214
U.S. Department of Commerce			
Economic Adjustment Assistance			
Coronavirus Aid, Relief, and Economic Security (CARES) Act			
Revolving Loan Fund Supplemental Disaster Recover and Resiliency	11.307	04-79-07524	3,207,219
Passed through Department of Local Government			
Economic Development Support for Planning Organizations	11.302	N/A	67,307
Total Direct Funds from U.S. Department of Commerce			3,274,526
US Department of Commerce			
Community Development Block Grants - State's Program			
Passed through local sources:			
City of Whitesville	14.228	N/A	12,500
City of Lewisport			25,000
City of Livermore			6,655
Webster County Fiscal Court			20,000
Daviness County Fiscal Court			19,000
Hancock County Fiscal Court			986
Union County Fiscal Court			2,238
Webster County Water District			942
McLean County Fiscal Court			1,630
Ohio County Fiscal Court			1,807
Henderson County Women's Center			20,000
Total Pass through local sources:			110,758
Passed through Department for Local Government:			
Community Development Block Grants - State's Program-JFA	14.228	N/A	15,679
Total Direct Funds from U.S. Department of Housing and Urban Development			126,437

See Notes to Schedule of Expenditures of Federal Awards.

GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023 (Continued)

Federal Agency/Pass - Through Entity	Federal CFDA Number	Pass - Through Grantor's Number	Federal Expenditures
U.S. Department of Labor			
Workforce Investment and Opportunity Act			
WIA/WIOA Cluster			
Passed through Kentucky Education and Workforce			
WIA/WIOA Adult Program	17.258	270AD22	3,356
		270AD23	4,264
		273AD22	64,542
		273AD23	7,891
Total WIA/WIOA Adult Program			80,053
WIA/WIOA Youth Activities	17.259	274YT22	230,752
		274YT21	966
		274YT23	49,674
Total WIA/WIOA Youth Activities			281,392
WIA/WIOA Dislocated Workers	17.278	272DW21	3,596
		272DW22	18,239
		272DW23	16,696
		271DW23	105,986
		271DW22	401,971
Total WIA/WIOA Dislocated Workers			546,488
WIOA National Dislocated Worker Grants / WIA National Emergency Grant	17.277	DW39369PL1	599,911
Total WIA/WIOA Cluster			1,507,844
Trade Adjustment Assistance	17.245	205BE20	1,205
		205CM20	2,075
		205BE21	25,497
		205CM21	2,470
Total Trade Adjustment Assistance			31,247
Total Direct Funds from Department of Labor			1,539,091

See Notes to Schedule of Expenditures of Federal Awards.

GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023 (Continued)

Federal Agency/Pass - Through Entity	Federal CFDA Number	Pass - Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Passed through Kentucky Transportation Cabinet			
Highway Planning and Construction: FHWA - Owensboro Transportation Planning	20.205	2200001393	105,046
Metropolitan Transportation Planning: FTA - Owensboro Transportation Planning	20.505	P033021442	53,000
Passed through City of Owensboro			
Federal Transit Formula Grants: FTA - OTS Transit Management	20.507	2022/2023	9,430
Total Direct Funds from U.S Department of Transportation			167,476
U.S. Department of Treasury			
Passed through Kentucky Cabinet for Health and Family Services:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2200000036	1,377,038
Total Direct Funds from U.S Department of Treasury			1,377,038
U.S. Department of Veterans Affairs			
Passed through Pennyville Area Development District			
VHA Home Care	64.044	VA2016-01 G	18,453
Total Direct Funds from U.S Department of Veterans Affairs			18,453
Delta Regional Authority			
Direct Program			
Delta Area Economic Development	90.201	N/A	4,104
Delta Local Development District Assistance	90.202	N/A	674
Total Direct Funds from Delta Regional Authority			4,778
U.S Department of Health and Human Services			
Aging Cluster			
Passed Through Kentucky Cabinet for Health and Family Services			
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2200000036	368,127
ARPA for Title III, Part B		2200000036	50,793
Special Programs for the Aging Title III Part C, Nutrition Services	93.045	2200000036	296,698
Nutrition Services Incentive Program	93.053	2100003024	40,166
Nutrition Services Incentive Program		2200000038	41,244
Total Aging Cluster			797,028

See Notes to Schedule of Expenditures of Federal Awards.

GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023 (Continued)

Federal Agency/Pass - Through Entity	Federal CFDA Number	Pass - Through Grantor's Number	Federal Expenditures
Special Programs for the Aging Title VII Chapter 3 Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	2200000019	3,443
Special Programs for the Aging Title VII Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	2200000019	2,989
ARPA for Long Term Care Ombudsman Services for Older Individuals	93.042	2200000019	714
ARPA for Assisted Living Facilities	93.042	2200000019	4,827
Special Programs for the Aging Title III Disease Prevention and Health Promotions Services	93.043	2200000036	10,451
ARPA for Title III Disease Prevention and Health Promotion Services		2200000036	5,601
Passed through Louisville/Jefferson County Metro Government Title IV and Title II, Discretionary Projects	93.048	90MPPG0020	30,835
Direct Program Bridging the Gap	93.047	2200000036	498
National Family Caregiver Support, Title III, Part E	93.052	2200000036	157,172
Medicare Enrollment Assistance Program	93.071	2100003015	9,153
	93.071	2200000037	39,095
Passed through National Council on Aging: Medicare Enrollment Assistance Program	93.071	N/A	64,500
Title IV-E Prevention and Family Services and Programs	93.472	2200000045	104,353
Promoting Safe and Stable Families	93.556	2200000045	61,158
Community-Based Child Abuse Prevention Grants	93.590	2200000045	99,783
Educational Neglect Program	93.590	PSC-1313-2022	50,000
Passed through Eastern Kentucky University Community-Based Child Abuse Prevention Grants	93.590	PSC-1795-2023	910
Direct Program Medical Assistance Program	93.778	2200000065	38,203
Center for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	2200000040	40,000
Total Direct Funds from U.S Department of Health and Human Services			1,520,713
Corporation for National and Community Service			
Passed through the Kentucky Commission and Community Volunteerism and Service: AmeriCorps - Senior Connections	94.006	2200000027	392,134
Total Direct Funds from Corporation for National and Community Service			392,134

See Notes to Schedule of Expenditures of Federal Awards.

GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023 (Continued)

Federal Agency/Pass - Through Entity	Federal CFDA Number	Pass - Through Grantor's Number	Federal Expenditures
Department of Homeland Security			
Passed through the Commonwealth of Kentucky Office of Energy Policy Building Resilient Infrastructure and Communities	97.047	2300001608	341
Passed through Local Sources Hazard Mitigation Grant Program			
City of Beaver Dam	97.039	N/A	1,077
City of Slaughters			2,150
City of Sacramento			995
City of Clay			3,190
City of Morganfield			6,884
Davies County Fiscal Court			22,598
Total Direct Funds from Department of Homeland Security			37,235
Total Expenditures of Federal Awards			\$ 8,605,095

* Major Program as defined by OMB Circular A-133

Green River Area Development District
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GRADD under programs of the federal government for the fiscal year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only selected portions of operations of GRADD, it is not intended to and does not present the basic financial statements of GRADD.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note -3 - Indirect Costs

GRADD did not use the 10% de minimis cost rate allowed by the Uniform Guidance.

Note 4 - Subrecipients

GRADD passed funds through to numerous subrecipients during the fiscal year ended June, 30, 2023.

TICHENOR & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

1700 EASTPOINT PARKWAY, SUITE 270

LOUISVILLE, KY 40223

BUSINESS: (502) 245-0775

FAX: (502) 245-0725

E-MAIL: DHESS@TICHENORASSOCIATES.COM

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

To the People of Kentucky
Honorable Andy Beshear, Governor
Michael Adams, Secretary of State
Holly M. Johnson, Secretary, Finance and Administration Cabinet
Board Members of Green River Area Development District
Joanna Shake Executive Director

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 and each major fund of GRADD, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise GRADD'S basic financial statements, and have issued our report thereon dated November 8, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered GRADD'S internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GRADD'S internal control. Accordingly, we do not express an opinion on the effectiveness of GRADD'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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Independent Auditors' Report on Internal Control over Financial Reporting and
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GRADD'S financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Tichenor & Associates, LLP

Tichenor & Associates, LLP
Louisville, Kentucky
November 8, 2023

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS
1700 EASTPOINT PARKWAY, SUITE 270
LOUISVILLE, KY 40223
BUSINESS: (502) 245-0775
FAX: (502) 245-0725
E-MAIL: DHESS@TICHENORASSOCIATES.COM

**Independent Auditors' Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

To the People of Kentucky
Honorable Andy Beshear, Governor
Michael Adams, Secretary of State
Holly M. Johnson, Secretary, Finance and Administration Cabinet
Board Members of Green River Area Development District
Joanna Shake Executive Director

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirement of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of GRADD's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GRADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GRADD's compliance.

Opinion on Each Major Federal Program

In our opinion, GRADD complied, in all material aspects, 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 fiscal year ended June 30, 2023.

Independent Auditors' Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance in Accordance with
the Uniform Guidance (Continued)

Report on Internal Control over Compliance

Management of GRADD is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GRADD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GRADD's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be a material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Tichenor & Associates, LLP

Tichenor & Associates, LLP
Louisville, Kentucky
November 8, 2023

**GREEN RIVER AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weakness identified?	yes X no
Are any significant deficiencies identified that are not considered to be material weaknesses?	yes X none reported
Noncompliance material to financial statements noted?	yes X no

Federal Awards

Internal control over major programs:	
Are any material weakness identified?	yes X no
Are any significant deficiencies identified that are not considered to be material weaknesses?	yes X none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes X no
Programs tested as major programs:	
<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
17.258, 17.259, 17.278, 17.277	WIA/WIOA Cluster
Dollar threshold used to distinguish between Type A and B Programs:	\$750,000
Auditee qualified as low - risk auditee?	yes X no

Section II - Financial Statement Audit Findings

No findings were reported.

Section III - Major Federal Award Program Audit Findings and Questioned Costs

No findings were reported.

Section IV - Summary Schedule of Prior Year Findings

No prior year findings.