



**GREEN RIVER AREA DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2025**

**1700 Eastpoint Parkway, Suite 270  
Louisville, KY 40223**

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## **Independent Auditors' Report**

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

### **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, 2025, 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, 2025, 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

To the People of Kentucky  
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Holly M. Johnson, Secretary, Finance and Administration Cabinet  
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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.

To the People of Kentucky  
Honorable Andy Beshear, Governor  
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Joanna Shake Executive Director

## **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 through 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 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 auditors' report thereon. Our opinion 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.

To the People of Kentucky  
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Michael Adams, Secretary of State  
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Board Members of Green River Area Development District  
Joanna Shake Executive Director

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, 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 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  
December 10, 2025

**Green River Area Development District  
Management Discussion and Analysis  
Fiscal Year Ended June 30, 2025**

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, 2025.

**Financial Highlights**

- As of the close of the fiscal year 2025, GRADD had an unassigned fund balance in the general fund of \$5,108,419. GRADD reported restricted fund balance of \$1,348,200 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 \$6,142,015 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 \$(177,831) 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, 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 \$42,363 decrease 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 \$45,207,422. in grant revenues during the fiscal year ended June 30, 2025. This represents 98% of total receipts. Federal grant revenues totaled \$5,260,467, or 12% percent of total grant revenues.
- Program expenses comprise the most significant portion of GRADD's expenditures. For the fiscal year ended June 30, 2025, these expenditures totaled \$44,795,198 or 99% of total expenditures for the fiscal year.
- Activities of GRADD during the fiscal year ended June 30, 2025, produced an increase in net position of \$1,728,268 compared with a \$1,559,918 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 \$9,140,614 as of June 30, 2025. Per Governmental Accounting Standards Board Statement 68 Accounting and Financial Reporting for Pension, GRADD recorded a net pension liability in the amount of \$6,142,015 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 \$(177,831) 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, 2025, compared to fiscal year ended June 30, 2024:

### Net Assets as of June 30, 2025 and 2024

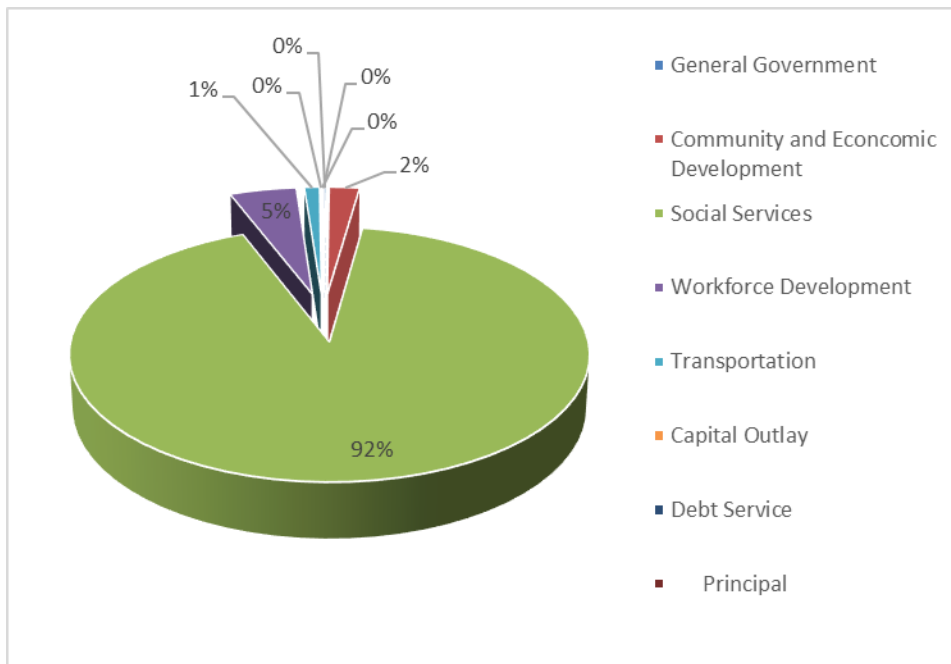
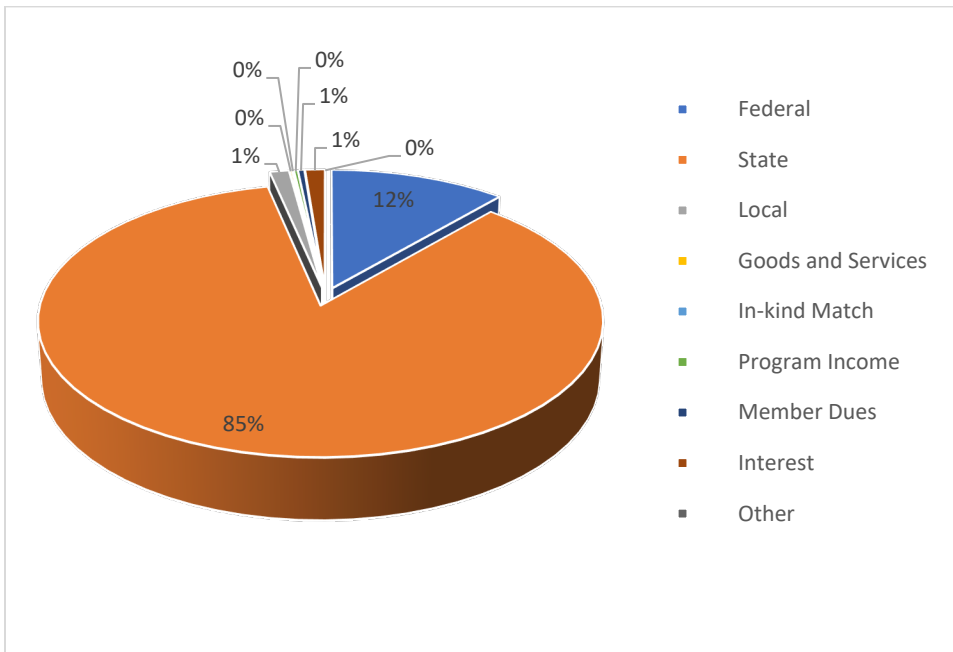
	<b>FY 2025</b>	<b>FY 2024</b>
Asset and Deferred Outflows of Resources		
Current and Other Assets	\$ 20,439,737	\$ 17,599,196
Capital Assets	842,302	955,928
Deferred Outflows	3,000,759	3,690,770
Total Assets and Deferred Outflows of Resources	24,282,798	22,245,894
Liabilities and Deferred Inflows of Resources		
Long-term Liabilities	6,318,599	6,903,981
Other Liabilities	5,822,826	4,513,452
Deferred Inflows	2,958,396	3,852,399
Total Liabilities and Deferred Inflows of Resources	15,099,821	15,269,832
Net Position		
Invest in Capital Assets, Net of Debt	551,748	791,013
Restricted	12,141,373	9,950,497
Unrestricted	(3,510,144)	(3,765,448)
Total Net Position	\$ 9,182,977	\$ 6,976,062

**Net Revenue as of June 30, 2025 and 2024**

	<u>FY 2025</u>	<u>FY 2024</u>
Revenues		
Federal	\$ 5,260,467	\$ 7,123,675
State	39,380,927	28,420,234
Local	566,028	470,009
Goods and Services Revenue	67,824	81,642
In-Kind Match	52,865	141,075
Program Income	108,784	118,307
Member Dues	185,059	216,407
Interest	581,502	541,496
Total Revenues	<u>46,203,456</u>	<u>37,112,845</u>
Expenses		
General Government	30,965	94,136
Community & Economic Development	954,489	680,295
Social Services	41,181,237	32,603,018
Workforce Development	2,109,518	2,696,530
Transportation	478,771	341,974
Capital Outlay	40,218	100,549
Debt Service		
Principal	54,447	50,090
Interest	10,503	16,000
Total Expenses	<u>44,860,148</u>	<u>36,582,592</u>
Change in Fund Balance	<u>\$ 1,343,308</u>	<u>\$ 530,253</u>

The Statement of Activities on page 11 presents total summarized expenditures and revenues of individual funds operated by GRADD during the fiscal year ended June 30, 2025. 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 14.

GRADD's total revenues increased \$9,090,791 or 20% Total expenditures increased \$8,277,556, or 18%, The following pie charts provide a visual representation of the elements that comprise revenues and 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**  
For the Fiscal Year Ending June 30, 2025

	Governmental Activities	Business-type Activites	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,376,897	\$ 4,190,018	\$ 14,566,915
Grants Receivable	2,514,744	-	2,514,744
Other Receivables	9,316	-	9,316
Due from Other Funds	17,190	-	17,190
Prepays	(10,533)	-	(10,533)
Notes Receivable	-	3,342,105	3,342,105
Capital Assets, being Depreciated, net	842,302	-	842,302
Total Assets	<u>13,749,916</u>	<u>7,532,123</u>	<u>21,282,039</u>
Deferred Outflows Related to Pensions	1,744,866	-	1,744,866
Deferred Outflows Related to OPEB	1,255,893	-	1,255,893
Total Deferred Outflows	3,000,759	-	3,000,759
Total Assets and Deferred Outflows	<u>\$ 16,750,675</u>	<u>\$ 7,532,123</u>	<u>\$ 24,282,798</u>
<b>LIABILITES</b>			
Accounts Payable - Trade and Contracts	\$ 1,075,011	\$ -	\$ 1,075,011
Accrued Liabilities	2,328,579	-	2,328,579
Compensated Absences	196,983	-	196,983
Unearned Revenue	2,216,765	-	2,216,765
Accrued Interest Payable	5,488	-	5,488
Net Pension Liability	6,142,015	-	6,142,015
Net OPEB Liability	(177,831)	-	(177,831)
Notes Payable - Long Term	290,554	63,861	354,415
Total Liabilities	<u>12,077,564</u>	<u>63,861</u>	<u>12,141,425</u>
Deferred Inflows Related to Pensions	1,094,215	-	1,094,215
Deferred Inflows Related to OPEB	1,864,181	-	1,864,181
Total Deferred Inflows	<u>2,958,396</u>	<u>-</u>	<u>2,958,396</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	551,748	-	551,748
Restricted	4,673,111	7,468,262	12,141,373
Unrestricted	(3,510,144)	-	(3,510,144)
Total Net Position	<u>\$ 1,714,715</u>	<u>\$ 7,468,262</u>	<u>\$ 9,182,977</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, 2025

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>						
General Government	\$ 71,183	\$ -	\$ -	\$ (71,183)	\$ -	\$ (71,183)
Community and Economic Development	954,489	-	1,203,002	248,513	-	248,513
Social Services	41,181,237	-	42,012,556	831,319	-	831,319
Job Training	2,109,518	-	2,109,518	-	-	-
Transportation	478,771	-	478,771	-	-	-
<b>Total Governmental Activities</b>	<b>44,795,198</b>	<b>-</b>	<b>45,803,847</b>	<b>1,008,649</b>	<b>-</b>	<b>1,008,649</b>
<b>Business-Type Activities:</b>						
EDA Revolving Loan Fund	22,067	-	-	-	(22,067)	(22,067)
EDA CARES Revolving Loan Fund	30,897	-	-	-	(30,897)	(30,897)
USDA Intermediary Relending Program	733	-	-	-	(733)	(733)
<b>Total Business-Type Activities</b>	<b>53,697</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,697)</b>	<b>(53,697)</b>
<b>Total</b>	<b>\$ 44,848,895</b>	<b>\$ -</b>	<b>\$ 45,803,847</b>	<b>1,008,649</b>	<b>(53,697)</b>	<b>954,952</b>
<b>General Revenues:</b>						
Goods and Services				67,823	-	67,823
In-Kind Match				52,865	-	52,865
Program Income				108,784	-	108,784
Member Dues				185,059	-	185,059
Interest				231,611	349,891	581,502
Local				73,477	492,552	566,029
Local Applied To				-	(61,742)	(61,742)
<b>Total General Revenues</b>				<b>719,619</b>	<b>780,701</b>	<b>1,500,320</b>
<b>Change in Net Position</b>				<b>1,728,268</b>	<b>727,004</b>	<b>2,455,272</b>
<b>Net Position - Beginning (Restated)</b>				<b>(13,553)</b>	<b>6,741,258</b>	<b>6,727,705</b>
<b>Net Position - Ending</b>				<b>\$ 1,714,715</b>	<b>\$ 7,468,262</b>	<b>\$ 9,182,977</b>

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 TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2025

**Reconciliation to the Statement of Activities:**

Net Change in Governmental Fund Balance	\$ 1,343,308
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Governmental Funds Report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of those Assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	40,218	
Depreciation expense	<u>(154,195)</u>	(113,977)

The issuance of long-term debt provides current financial resources to governmental funds, while payment of the principal and interest consumes current financial resources of governmental funds. This amounts if the net effect of these difference in the treatment of long-term debt and related items.

	54,447
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Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	196,983	
Pension expense	<u>247,507</u>	

Change in Net Position of Governmental Activities	<u><u>\$ 1,728,268</u></u>
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The accompanying notes are an integral part of this financial statement.

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
For the Fiscal Year Ending June 30, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,572,975	\$ 2,803,922	\$ 10,376,897
Grants Receivable	-	1,815,762	1,815,762
Other Receivables	9,316	-	9,316
Due (to) From Other Fund	17,190	-	17,190
Prepays	(10,533)	-	(10,533)
Total Assets	<u>\$ 7,588,948</u>	<u>\$ 4,619,684</u>	<u>\$ 12,208,632</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable - Trade and Contracts	\$ 132,106	\$ 942,905	\$ 1,075,011
Accrued Liabilities	-	2,328,579	2,328,579
Unearned Revenue	2,216,765	-	2,216,765
Accrued Interest Payable	5,488	-	5,488
Total Liabilities	<u>2,354,359</u>	<u>3,271,484</u>	<u>5,625,843</u>
 Fund Balance:			
Restricted	-	1,348,200	1,348,200
Assigned	126,170	-	126,170
Unassigned	5,108,419	-	5,108,419
Total Fund Balance	<u>5,234,589</u>	<u>1,348,200</u>	<u>6,582,789</u>
Total Liabilities and Fund Balances	<u>\$ 7,588,948</u>	<u>\$ 4,619,684</u>	<u>\$ 12,208,632</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, 2025

	General Fund	Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>			
Federal	\$ -	\$ 5,254,848	\$ 5,254,848
State	-	39,386,546	39,386,546
Local	73,477	492,551	566,028
Goods and Services	-	67,824	67,824
In-kind Match	-	52,865	52,865
Program Income	-	108,784	108,784
Member Dues	185,059	-	185,059
Interest	231,611	349,891	581,502
Total Revenues	<u>490,147</u>	<u>45,713,309</u>	<u>46,203,456</u>
<b>EXPENDITURES</b>			
General Government	30,965	-	30,965
Community and Economic Development	-	954,489	954,489
Social Services	-	41,181,237	41,181,237
Workforce Development	-	2,109,518	2,109,518
Transportation	-	478,771	478,771
Capital Outlay	40,218	-	40,218
Debt Service			
Principal	54,447	-	54,447
Interest	10,503	-	10,503
Total Expenditures	<u>136,133</u>	<u>44,724,015</u>	<u>44,860,148</u>
Excess of Revenues over Expenditures	<u>354,014</u>	<u>989,294</u>	<u>1,343,308</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfer in	17,511	-	17,511
Operating Transfer out	-	(17,511)	(17,511)
Total other Financing Sources (uses)	<u>17,511</u>	<u>(17,511)</u>	<u>-</u>
Net Change in Fund Balances	371,525	971,783	1,343,308
Fund Balance - Beginning of Year (Restated)	<u>4,863,064</u>	<u>376,417</u>	<u>5,239,481</u>
Fund Balance - End of Year	<u>\$ 5,234,589</u>	<u>\$ 1,348,200</u>	<u>\$ 6,582,789</u>

The accompanying notes are an integral part of this financial statements

**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, 2025

Reconciliation to the Statement of Activities:

Fund Balance - Total Governmental Funds		\$ 6,582,789
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	3,060,138	
Accumulated Depreciation	<u>(2,217,836)</u>	842,302
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		1,744,866
Deferred inflows of resources		(1,094,215)
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		1,255,893
Deferred inflows of resources		(1,864,181)
Long-term receivables are not due and payable in the current period and, therefore, are not reported as receivables in government funds:		
Long-term receivables		698,982
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	(290,554)	
Compensated absences	(196,983)	
Net other post employment benefits liability	177,831	
Net pension liability	<u>(6,142,015)</u>	(6,451,721)
Net Position of Governmental Activities		<u>\$ 1,714,715</u>

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

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2025**

**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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 granter 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.

#### 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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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.

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. The budget was exceeded within the social services category by \$6,238,145 for FY 2025.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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, 2024, 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 \$5,000. The cost of normal maintenance and repairs that do not add the value of the asset or materially extend assets lives are not capitalized.

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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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.

### **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:

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **N. FUND BALANCE CLASSIFICATION (CONTINUED)**

- 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 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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **P. DATE OF MANAGEMENT'S REVIEW**

GRADD has evaluated subsequent events through December 10, 2025, the date which the financial statements were available to be issued.

### **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, 2025, the reported amount of GRADD's cash deposits was \$14,566,915 and the bank balance was \$14,953,576. Of the bank balance, \$264,179 was covered by FDIC insurance, and the remaining balance of \$14,689,397 was covered by collateral held by a third-party safekeeping bank in GRADD's name.

### **NOTE 3 - RELATED PARTY TRANSACTIONS**

GRADD provides staff and support services for the administration of programs for the Green River Housing Corporation (GRHC) and Connect GRADD, 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, 2025.

## NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
<b>Governmental Activities</b>				
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	24,059	-	7,219	16,840
Building and Improvements	2,040,137	24,386	18,020	2,046,503
Vehicles and Equipment	420,261	15,832	11,752	424,341
Equipment - Grants	537,679	-	48,425	489,254
Total Other Capital Assets	<u>3,022,136</u>	<u>40,218</u>	<u>85,416</u>	<u>2,976,938</u>
Depreciation				
Land Improvements	(15,234)	(1,014)	(7,219)	(9,029)
Building and Improvements	(1,538,215)	(61,209)	(19,886)	(1,579,538)
Vehicles and Equipment	(254,811)	(39,498)	(11,225)	(283,084)
Equipment - Grants	(341,653)	(52,474)	(47,942)	(346,185)
Total Depreciation	<u>(2,149,913)</u>	<u>(154,195)</u>	<u>(86,272)</u>	<u>(2,217,836)</u>
Net Capital Assets	<u>955,423</u>	<u>(113,977)</u>	<u>(856)</u>	<u>842,302</u>
<b>Business-Type activities</b>				
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	(2,020)	(505)	-	(2,525)
Total Accumulated Depreciation	<u>(2,020)</u>	<u>(505)</u>	<u>-</u>	<u>(2,525)</u>
Business-Type Activities Capital Assets, Net	<u>505</u>	<u>(505)</u>	<u>-</u>	<u>-</u>

## NOTE 5 - 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 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.

**NOTE 5 - REVOLVING LOAN FUNDS (CONTINUED)**

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, 2024	\$ 70,631
Repayment	<u>(6,770)</u>
Balance, June 30, 2025	<u>\$ 63,861</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 \$710 for the year ended June 30, 2025.

The revolving loans receivable at June 30, 2025, are summarized as follows:

	<u>RLF</u>	<u>IRP</u>	<u>Total</u>
Accounts receivables	\$ 3,332,066	\$ (6,756)	\$ 3,325,310
Allowance for doubtful accounts	-	-	-
Net accounts receivable	<u>\$ 3,332,066</u>	<u>\$ (6,756)</u>	<u>\$ 3,325,310</u>

No loans have been extended to related parties. There were no loans approved but not yet disbursed at June 30, 2025.

Income for the revolving loan funds and the composition of cash as of and for the year ended June 30, 2025, was as follows:

	<u>RLF/RLF CARES</u>	<u>IRP</u>	<u>Total</u>
Interest earned on:			
Outstanding loans	\$ 295,899	\$ 6,312	\$ 302,211
Cash accounts	-	-	-
Loan application, processing, and late fees	-	-	-
Total RLF income	<u>\$ 295,899</u>	<u>\$ 6,312</u>	<u>\$ 302,211</u>
Composition of cash	<u>\$ 4,140,983</u>	<u>\$ 49,035</u>	<u>\$ 4,190,018</u>

**NOTE 6 - LONG-TERM DEBT**

In June of 2015, the Daviess County Fiscal Court (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 \$64,950, 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, 2024</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Governmental Activities					
Lease obligation	\$ 382,538	\$ -	\$ 54,447	\$ 328,091	\$ 64,877
Total Debt	<u>\$ 382,538</u>	<u>\$ -</u>	<u>\$ 54,447</u>	<u>\$ 328,091</u>	<u>\$ 64,877</u>

Annual debt service requirements to maturity are as follows:

Year Ending 30-Jun	Principal	Interest	Total
2026	55,982	8,916	64,899
2027	57,561	7,316	64,877
2028	59,183	5,670	64,853
2029	60,853	3,990	64,843
2030	62,569	2,239	64,808
2031	31,943	-	31,943
<b>Total</b>	<u>\$ 328,091</u>	<u>\$ 28,131</u>	<u>\$ 356,222</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. These compensated absences liability represents the value of unused vacation time earned by employees up to a maximum of 225 hours. It is GRADD's policy to allow employees to carry over sick leave from year to year, As of June 30, 2025 the District had an accrued unused leave liability of \$196,982.

## **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 \$1,744,866 and the other post-employment benefit of \$1,255,893 at June 30, 2025. 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 \$1,094,215 and the other post-employment benefit deferred inflow of \$1,864,181 at June 30, 2025. 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.

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, 2025, totaled \$2,216,765.

## **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](http://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.

## NOTE 9 - PENSION PLAN (CONTINUED)

### 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.

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, 2025, was 19.71% of annual creditable compensation, of which 19.71% and 0% was contributed to the pension and insurance funds within CERS, respectively. Contributions to the CERS pension fund by GRADD were \$679,800 for the year ended June 30, 2025.

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

At June 30, 2025 GRADD reported a liability of \$6,142,015 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. 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, 2024 measurement date, GRADD's proportion was 0.098400% a decrease of 0.00904% from its proportion measured as of June 30, 2023, of 0.102804%. For the year ended June 30, 2025, GRADD recognized pension expense of \$388,734. At June 30, 2025, GRADD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net differences between projected and actual expense	\$ 297,285	\$ -
Differences between expected and actual experience	421,818	816,717
Changes in assumptions	-	277,498
Changes in proportion of and differences between employer contributions and proportionate share of plan contributions	345,963	-
Contributions subsequent to the measurement date	679,800	-
<b>Total</b>	<b>\$ 1,744,866</b>	<b>\$ 1,094,215</b>

## NOTE 9 - PENSION PLAN (CONTINUED)

The \$1,744,866 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, 2025. Other amounts reported as deferred outflows or resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Pension Expense</b>
2025	\$ 35,550
2026	175,112
2027	(151,804)
2028	(88,007)
Total	<u>\$ (29,149)</u>

### E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2025, 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	6.50% 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 6.50%, representing no change from the prior year rate of 6.50%. 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.

## NOTE 9 - PENSION PLAN (CONTINUED)

### 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.

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

**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 6.50%, 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 (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
District’s proportionate share of net pension liability	\$7,918,061	\$6,142,015	\$4,668,365

**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, 2025.

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

**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 0% of covered payroll for the fiscal year ended June 30, 2025. GRADD's contributions to the Insurance Fund for the year ending June 30, 2025, was \$0 which equaled the required contributions each year.

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

### C. ACTUARIAL ASSUMPTIONS

The total OPEB liability in the June 30, 2025, 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long - Term Expected Real Rate of Return</u>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	4.45%
Private Equity	10.00%	9.10%
<b>Fixed Income</b>	<b>20.00%</b>	
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
<b>Inflation Protection</b>	<b>20.00%</b>	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
<b>Expected Real Return</b>	<b>100.00%</b>	<hr/> 4.69%
Long Term Inflation Assumption		<hr/> 2.50%
Expected Nominal Return for Portfolio		<hr/> 7.19%

*Discount Rate* - Single discount rates of 5.93% for CERS Nonhazardous, 5.97% 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, 2025. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not

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

C. ACTUARIAL ASSUMPTIONS (CONTINUED)

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.

The following table presents the GRADD's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.99%, 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 (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

	1% Decrease (4.99%)	Current Discount (5.99%)	1% Increase (6.99%)
GRADD's proportionate share of OPEB liability	\$240,447	(\$ 177,831)	(\$ 529,519)

*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	(\$ 427,839)	(\$ 177,831)	\$113,411

*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, 2025, 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, 2025, 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, 2025, 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, 2025, GRADD's proportion was \$ (177,831) (0.102804%). The State's support and total are for disclosure purposes only. At June 30, 2025, GRADD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

### C. ACTUARIAL ASSUMPTIONS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on OPEB	\$ 98,658	\$ 1,399,176
Differences between expected and actual experience	156,318	318,598
Changes in assumptions	161,136	125,478
Changes in proportion of and differences between employer contributions and proportionate share of plan contributions	159,981	20,929
Contributions subsequent to the measurement date	<u>679,800</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,255,893</u>	<u>\$ 1,864,181</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:

<u>Year Ending June 30</u>	<u>OPEB Expense</u>
2025	\$ (533,942)
2026	(401,541)
2027	(345,017)
2028	(7,588)
Total	<u>\$ (1,288,088)</u>

## NOTE 11- DEFERRED COMPENSATION

GRADD offers its employees participation in a deferred compensation program administered 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.

## 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.

## **NOTE 12 – RISK MANAGEMENT (CONTINUED)**

### **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, 2025, 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 2025. 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, 2025, 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 that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**NOTE 15 - PREPAIDS**

The prepaid insurance account is comprised of workers' compensation and other prepaid accounts. The District pays an estimated amount for workers compensation in July of every year. However, in fiscal year 2025 the actual amount owed was greater than estimated thus leading to a credit balance of \$21,263. Combined with the Districts other prepaid accounts the final balance comes out to a credit balance of \$10,533 which is reflected on page ten of the report within the Statement of Net Position. The table below gives a breakdown on how the District arrived at this amount:

Prepaid Insurance as of July 1, 2024	\$ 66,393
Less total monthly Workers Compensation	(62,892)
Prepaid Postage	4,275
Prepaid Other	6,095
Prepaid KARES	360
Less total individual employee insurance payments	<u>(24,764)</u>
Total Prepaid Insurance balance as of June 30, 2025	<u>\$ (10,533)</u>

**NOTE 16 – RESTATEMENT OF BEGINNING BALANCE**

The beginning balance to Business-Type Activities net position was restated by \$248,357 to coincide to GRADD's statement of net position. While also reviewing GRADD's prior audit report it was noted certain transactions meant for the General fund were included in the special revenue fund thus the beginning balance of special revenue fund was restated by \$729,828.

**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, 2025**

	Reporting Fiscal Year										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>County Employees Retirement System:</b>											
District's proportion of the net pension liability	0.098400%	0.089361%	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	\$ 6,142,015	\$ 6,314,935	\$ 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	\$ 3,519,779	\$ 3,224,273	\$ 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	174.50%	195.86%	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 pension liability	52.62%	52.42%	52.42%	51.67%	50.45%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
Contractually required employer contributions	\$ 752,545	\$ 668,495	\$ 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	\$ 752,545	\$ 668,495	\$ 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	\$ 3,519,779	\$ 3,224,273	\$ 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	21.38%	20.73%	23.40%	21.17%	19.30%	19.30%	16.22%	13.73%	13.38%	13.37%	12.15%

**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, 2025**

	Reporting Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
<b>County Employees Retirement System:</b>								
District's proportion of the net OPEB liability	0.102804%	0.098414%	0.089346%	0.091310%	0.089924%	0.089567%	0.093904%	0.100809%
District's proportionate share of the net OPEB liability	\$ (177,831)	\$ (135,877)	\$ 1,763,255	\$ 1,748,084	\$ 2,171,826	\$ 1,506,477	\$ 1,667,247	\$ 2,026,606
District's covered payroll	\$ 3,519,779	\$ 3,224,273	\$ 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	-5.0523%	-4.2142%	61.7209%	74.9337%	94.2420%	66.6631%	67.9277%	89.6902%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	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	\$ 3,519,779	\$ 3,224,273	\$ 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	0.00%	0.00%	3.61%	5.78%	4.76%	4.85%	5.26%	4.60%

**SUPPLEMENTAL INFORMATION**

**GREEN RIVER AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ 31,384,200	\$ 32,474,226	\$45,055,925	\$ (12,581,699)
Local	944,084	922,367	566,028	356,339
Interest	-	-	581,503	(581,503)
Total Revenues	<u>32,328,284</u>	<u>33,396,593</u>	<u>46,203,456</u>	<u>(12,806,863)</u>
<b>Expenses</b>				
General government	261,809	261,809	71,183	190,626
Community and economic development	998,873	1,421,555	954,489	467,066
Social services	28,584,134	34,943,092	41,181,237	(6,238,145)
Job training	1,968,000	2,277,306	2,109,518	167,788
Transportation	516,188	1,421,555	478,771	942,784
Total Expenses	<u>32,329,004</u>	<u>40,325,317</u>	<u>44,795,197</u>	<u>(4,469,880)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(720)</u>	<u>(6,928,724)</u>	<u>1,408,258</u>	<u>(8,336,982)</u>
Net change in fund balance	<u>\$ (720)</u>	<u>\$ (6,928,724)</u>	<u>\$ 1,408,258</u>	<u>\$ (8,336,982)</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025**

	<u><b>CDBG Administration</b></u>	<u><b>Cleaner Water (SB36) Administration</b></u>	<u><b>KIA Water Resource Planning</b></u>	<u><b>EPA Project Administration</b></u>	<u><b>KOHS Cybersecurity</b></u>	<u><b>BRIC Admin</b></u>	<u><b>Hazard Mitigation</b></u>
Revenues							
Federal	\$ 18,482	\$ 4,306	\$ -	\$ 58,706	\$ 177,168	\$ -	\$ 36,372
State	-	-	109,740	-	-	3,581	-
Local	95	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	-	-	-	-	-	-	-
Total Revenues	<u>18,577</u>	<u>4,306</u>	<u>109,740</u>	<u>58,706</u>	<u>177,168</u>	<u>3,581</u>	<u>36,372</u>
Expenditures							
Direct Costs							
Personnel	\$ 8,421	\$ 2,405	\$ 49,024	\$ -	\$ -	\$ 1,483	\$ 15,414
Employee benefits	5,629	1,597	29,984	-	-	1,372	12,309
Professional services	-	-	-	-	-	-	-
Travel	185	-	3,188	506	-	-	639
Occupancy	-	-	-	-	-	-	-
Supplies	-	-	4,424	-	-	-	-
Communications	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	509	-	550	-	-	-	50
Capital equipment	-	-	-	-	-	-	-
Program Services	-	-	-	-	-	-	-
Contractual services	-	-	-	58,200	177,168	-	-
In-kind match	-	-	-	-	-	-	-
Total Direct Costs	<u>14,744</u>	<u>4,002</u>	<u>87,170</u>	<u>58,706</u>	<u>177,168</u>	<u>2,855</u>	<u>28,412</u>
Shared Costs							
Shared costs applied	<u>3,833</u>	<u>304</u>	<u>22,570</u>	<u>-</u>	<u>-</u>	<u>726</u>	<u>7,960</u>
Total Expenditures	<u>18,577</u>	<u>4,306</u>	<u>109,740</u>	<u>58,706</u>	<u>177,168</u>	<u>3,581</u>	<u>36,372</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>Local Projects Administration</u>	<u>Planning &amp; Zoning Administration</u>	<u>DRA LDD Community Supports</u>	<u>IT Technical Assistance</u>	<u>JFA</u>	<u>EDA Revolving Loan Funds</u>	<u>EDA CARES Revolving Loan Funds</u>
Revenues							
Federal	\$ -	\$ -	\$ 44,628	\$ -	\$ 114,091	\$ -	\$ -
State	-	-	-	-	327,674	-	-
Local	922	4,946	-	82	-	-	-
In-kind match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	170,107	125,792
Other	-	-	-	-	-	-	-
Local applied to grants	-	-	-	-	-	-	-
Total Revenues	<u>922</u>	<u>4,946</u>	<u>44,628</u>	<u>82</u>	<u>441,765</u>	<u>170,107</u>	<u>125,792</u>
Expenditures							
Direct Costs							
Personnel	436	3,530	23,245	-	205,615	9,516	13,833
Employee benefits	260	288	11,145	-	120,431	6,368	8,736
Professional services	-	-	-	-	-	10	730
Travel	31	-	-	82	15,766	307	104
Occupancy	-	-	-	-	780	-	-
Supplies	-	-	-	-	4,929	1,234	1,134
Communications	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	-	-	-	-	634	150	-
Capital equipment	-	-	-	-	-	-	-
Program Services	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-	-
Total Direct Costs	<u>727</u>	<u>3,818</u>	<u>34,390</u>	<u>82</u>	<u>348,155</u>	<u>17,585</u>	<u>24,537</u>
Shared Costs							
Shared costs applied	195	1,128	10,238	-	93,610	4,483	6,361
Total Expenditures	<u>922</u>	<u>4,946</u>	<u>44,628</u>	<u>82</u>	<u>441,765</u>	<u>22,068</u>	<u>30,898</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,039</u>	<u>\$ 94,894</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>Intermediary Relending Program</u>	<u>Title III B Administration</u>	<u>Title III B Supportive Services</u>	<u>Title III B ARPA Supportive Services</u>	<u>Title III B Ombudsman</u>	<u>Title III C1 Administration</u>	<u>Title III C1 Congregate</u>
Revenues							
Federal	\$ -	\$ 23,412	\$ 310,131	\$ 33,503	\$ 40,100	\$ 33,081	\$ 285,074
State	-	10,642	119,525	-	-	11,027	37,000
Local	-	-	99,574	-	-	-	43,106
In-kind match	-	-	-	-	-	-	1,202
Program income	-	-	19,372	-	-	-	52,981
Member dues	-	-	-	-	-	-	-
Interest	6,312	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	-	9,118	-	-	1,173	4,674	-
Total Revenues	<u>6,312</u>	<u>43,172</u>	<u>548,602</u>	<u>33,503</u>	<u>41,273</u>	<u>48,782</u>	<u>419,363</u>
Expenditures							
Direct Costs							
Personnel	-	16,264	91,619	14,587	20,711	21,290	-
Employee benefits	-	10,791	44,341	6,403	9,906	16,175	-
Professional services	-	-	-	-	-	-	-
Travel	-	720	5,813	7,163	1,806	812	-
Occupancy	708	1,236	-	-	-	-	-
Supplies	25	-	3,156	75	21	32	4,917
Communications	-	-	334	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	-	6,557	-	-	25	-	-
Capital equipment	-	-	-	-	-	-	-
Program Services	-	-	325	-	-	-	-
Contractual services	-	-	364,186	-	-	-	414,446
In-kind match	-	-	-	-	-	-	-
Total Direct Costs	<u>733</u>	<u>35,568</u>	<u>509,774</u>	<u>28,228</u>	<u>32,469</u>	<u>38,309</u>	<u>419,363</u>
Shared Costs							
Shared costs applied	-	7,604	38,828	5,275	8,804	10,473	-
Total Expenditures	<u>733</u>	<u>43,172</u>	<u>548,602</u>	<u>33,503</u>	<u>41,273</u>	<u>48,782</u>	<u>419,363</u>
Revenues over Expenditures	<u>\$ 5,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
 COMBINING SCHEDULE OF OPERATIONS  
 BY PROGRAM AND SUPPORTING SERVICES  
 For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>Title III C1 ARPA</u> <u>Congregate</u>	<u>Title III C2</u> <u>Administration</u>	<u>Title III C2</u> <u>Home Delivered</u>	<u>Title III C2 ARPA</u> <u>Home Delivered</u>	<u>Title III D</u> <u>Disease</u> <u>Prevention</u>	<u>Title III E</u> <u>Family Caregiver</u> <u>Admin</u>	<u>Title III E</u> <u>Family Caregiver</u>
Revenues							
Federal	\$ 119,607	\$ 22,537	\$ 271,646	\$ 202,203	\$ 17,152	\$ 11,460	\$ 109,848
State	-	7,512	37,342	-	-	-	15,000
Local	-	-	55,683	-	-	-	-
In-kind match	-	-	258	-	-	-	16,489
Program income	-	-	11,906	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	-	10,284	-	-	-	8,586	5,127
Total Revenues	<u>119,607</u>	<u>40,333</u>	<u>376,834</u>	<u>202,203</u>	<u>17,152</u>	<u>20,046</u>	<u>146,464</u>
Expenditures							
Direct Costs							
Personnel	-	17,679	-	-	-	8,936	35,063
Employee benefits	-	13,169	-	-	-	6,699	23,289
Professional services	-	-	-	-	-	-	-
Travel	-	839	-	-	-	-	3,021
Occupancy	-	-	-	-	-	-	-
Supplies	-	-	4,983	-	-	-	13,652
Communications	-	-	-	-	-	-	192
Depreciation expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Capital equipment	-	-	-	-	-	-	-
Program Services	-	-	-	-	1,500	-	93
Contractual services	119,607	-	371,852	202,203	15,652	-	38,387
In-kind match	-	-	-	-	-	-	16,489
Total Direct Costs	<u>119,607</u>	<u>31,687</u>	<u>376,834</u>	<u>202,203</u>	<u>17,152</u>	<u>15,635</u>	<u>130,186</u>
Shared Costs							
Shared costs applied	-	8,646	-	-	-	4,411	16,278
Total Expenditures	<u>119,607</u>	<u>40,333</u>	<u>376,834</u>	<u>202,203</u>	<u>17,152</u>	<u>20,046</u>	<u>146,464</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>Title III E ARPA Family Caregiver</u>	<u>KY Caregiver Administration</u>	<u>KY Caregiver Services</u>	<u>Title VII Elder Abuse</u>	<u>Title VII Ombudsman</u>	<u>Homecare Administration</u>	<u>Homecare Supportive Services</u>
Revenues							
Federal	\$ 35,186	\$ -	\$ -	\$ 3,440	\$ 14,157	\$ -	\$ -
State	-	7,738	115,697	-	-	85,818	484,612
Local	-	-	-	-	-	-	41,351
In-kind match	-	-	-	3,667	14,668	-	-
Program income	-	-	-	-	-	-	2,820
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	-	-	-	-	-	2,694	3,690
Total Revenues	<u>35,186</u>	<u>7,738</u>	<u>115,697</u>	<u>7,107</u>	<u>28,825</u>	<u>88,512</u>	<u>532,473</u>
Expenditures							
Direct Costs							
Personnel	15,912	3,523	34,386	1,573	6,823	42,117	127,582
Employee benefits	11,247	2,530	22,538	1,050	4,079	26,610	59,712
Professional services	-	-	-	-	-	-	-
Travel	-	-	436	-	-	415	6,463
Occupancy	-	-	-	-	-	-	-
Supplies	-	-	884	-	-	-	6,733
Communications	142	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	-	-	27	-	-	-	3,018
Capital equipment	-	-	-	-	-	-	-
Program Services	-	-	-	-	-	-	-
Contractual services	-	-	41,036	-	-	-	275,670
In-kind match	-	-	-	3,667	14,668	-	-
Total Direct Costs	<u>27,301</u>	<u>6,053</u>	<u>99,307</u>	<u>6,290</u>	<u>25,570</u>	<u>69,142</u>	<u>479,178</u>
Shared Costs							
Shared costs applied	7,885	1,685	16,390	817	3,255	19,370	53,295
Total Expenditures	<u>35,186</u>	<u>7,738</u>	<u>115,697</u>	<u>7,107</u>	<u>28,825</u>	<u>88,512</u>	<u>532,473</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
 COMBINING SCHEDULE OF OPERATIONS  
 BY PROGRAM AND SUPPORTING SERVICES  
 For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>ESMP</u> <u>Administration</u>	<u>ESMP</u> <u>Supportive</u> <u>Services</u>	<u>ESMP</u> <u>Home Delivered</u> <u>Meals</u>	<u>SHIP</u>	<u>NSIP</u>	<u>State LTC</u> <u>Ombudsman</u>	<u>INNU</u>
Revenues							
Federal	\$ -	\$ -	\$ -	\$ 41,167	\$ 86,981	\$ -	\$ 4,657
State	65,190	104,797	598,323	-	-	98,554	-
Local	-	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-	-
Program income	-	-	21,706	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	6,285	-	-	-	-	5,545	-
Total Revenues	<u>71,475</u>	<u>104,797</u>	<u>620,029</u>	<u>41,167</u>	<u>86,981</u>	<u>104,099</u>	<u>4,657</u>
Expenditures							
Direct Costs							
Personnel	33,581	47,044	-	19,956	-	42,541	1,670
Employee benefits	21,819	26,084	-	11,913	-	28,970	970
Professional services	-	-	-	-	-	-	-
Travel	440	2,887	-	59	-	1,395	966
Occupancy	-	-	-	-	-	-	-
Supplies	-	7,285	-	62	-	4,152	-
Communications	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	-	-	-	123.00	-	6,721	-
Capital equipment	-	-	-	-	-	-	-
Program Services	-	-	-	-	-	-	286
Contractual services	-	-	620,029	-	86,981	-	-
In-kind match	-	-	-	-	-	-	-
Total Direct Costs	<u>55,840</u>	<u>83,300</u>	<u>620,029</u>	<u>32,113</u>	<u>86,981</u>	<u>83,779</u>	<u>3,892</u>
Shared Costs							
Shared costs applied	15,635	21,497	-	9,054	-	20,320	765
Total Expenditures	<u>71,475</u>	<u>104,797</u>	<u>620,029</u>	<u>41,167</u>	<u>86,981</u>	<u>104,099</u>	<u>4,657</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>Disaster Preparedness</u>	<u>MIPPA SHIP</u>	<u>MIPPA AAAIL</u>	<u>MIPPA ADRC</u>	<u>Senior Medicare Patrol</u>	<u>Medicaid ADRC</u>	<u>SAMS Administration</u>
Revenues							
Federal	\$ 5,861	\$ 25,622	\$ 12,807	\$ 7,330	\$ 30,517	\$ 38,375	\$ -
State	-	-	-	-	-	33,705	111,946
Local	-	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	-	-	-	-	-	-	-
Total Revenues	<u>5,861</u>	<u>25,622</u>	<u>12,807</u>	<u>7,330</u>	<u>30,517</u>	<u>72,080</u>	<u>111,946</u>
Expenditures							
Direct Costs							
Personnel	-	12,941	6,689	3,659	14,172	36,687	52,658
Employee benefits	-	7,197	3,203	2,122	9,456	18,602	34,481
Professional services	-	-	-	-	-	-	-
Travel	-	-	90	(80)	237	831	525
Occupancy	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	21	63
Communications	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Capital equipment	-	-	-	-	-	-	-
Program Services	5,861	-	-	-	-	174	-
Contractual services	-	-	-	-	-	-	-
In-kind match	-	-	-	-	-	-	-
Total Direct Costs	<u>5,861</u>	<u>20,138</u>	<u>9,982</u>	<u>5,701</u>	<u>23,865</u>	<u>56,315</u>	<u>87,727</u>
Shared Costs							
Shared costs applied	-	5,484	2,825	1,629	6,652	15,765	24,219
Total Expenditures	<u>5,861</u>	<u>25,622</u>	<u>12,807</u>	<u>7,330</u>	<u>30,517</u>	<u>72,080</u>	<u>111,946</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>Misc.</u> <u>Aging Services</u>	<u>Comm</u> <u>Collaboration</u> <u>for Children</u>	<u>Parent</u> <u>Engagement</u> <u>Expansion (PEM)</u>	<u>CCC</u> <u>Parent</u> <u>Involvement</u>	<u>Educational</u> <u>Neglect Program</u>	<u>AmeriCorps</u> <u>Senior Conn</u>	<u>Medicaid Waiver</u> <u>Program</u>
Revenues							
Federal	\$ -	\$ 159,781	\$ 126,965	\$ 1,183	\$ 50,000	\$ 538,598	\$ -
State	-	-	-	-	-	-	36,637,962
Local	5,825	159	-	-	-	203,059	75
In-kind match	-	16,581	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	47,681
Other	-	-	-	-	-	-	-
Local applied to grants	-	-	-	-	-	-	-
Total Revenues	<u>5,825</u>	<u>176,521</u>	<u>126,965</u>	<u>1,183</u>	<u>50,000</u>	<u>741,657</u>	<u>36,685,718</u>
Expenditures							
Direct Costs							
Personnel	-	15,178	56,616	-	23,877	98,120	1,115,802
Employee benefits	-	9,839	36,806	-	14,724	55,325	665,599
Professional services	-	-	-	-	-	-	-
Travel	22	1,278	1,581	-	221	1,258	43,004
Occupancy	-	-	-	-	-	-	1,236
Supplies	-	-	55	27	-	6,549	358,795
Communications	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	328	-	-	-	-	-	353
Capital equipment	-	-	-	-	-	-	-
Program Services	5,475	6,937	5,145	1,156	-	536,664	33,198,376
Contractual services	-	119,758	-	-	-	-	-
In-kind match	-	16,581	-	-	-	-	-
Total Direct Costs	<u>5,825</u>	<u>169,571</u>	<u>100,203</u>	<u>1,183</u>	<u>38,822</u>	<u>697,916</u>	<u>35,383,165</u>
Shared Costs							
Shared costs applied	-	6,950	26,762	-	11,178	43,741	505,004
Total Expenditures	<u>5,825</u>	<u>176,521</u>	<u>126,965</u>	<u>1,183</u>	<u>50,000</u>	<u>741,657</u>	<u>35,888,169</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 797,549</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>Aetna Program</u>	<u>Veterans Directed Care</u>	<u>OTS</u>	<u>Safe Streets for All</u>	<u>MPO</u>	<u>KYTC</u>	<u>FHWA</u>
Revenues							
Federal	\$ -	\$ 48,652	\$ 13,323	\$ 89,586	\$ -	\$ -	\$ 128,000
State	3,797	-	-	22,397	-	96,454	8,000
Local	-	-	3,331	-	10,283	7,125	28,455
In-kind match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	-	-	-	-	-	4,567	-
Total Revenues	<u>3,797</u>	<u>48,652</u>	<u>16,654</u>	<u>111,983</u>	<u>10,283</u>	<u>108,146</u>	<u>164,455</u>
Expenditures							
Direct Costs							
Personnel	1,950	5,955	8,840	30,570	5,697	46,857	82,292
Employee benefits	837	4,819	3,871	18,377	2,308	29,258	40,768
Professional services	-	-	-	-	-	-	-
Travel	235	892	500	2,035	20	3,314	3,586
Occupancy	-	-	-	-	-	-	-
Supplies	-	-	-	379	-	7,114	2,461
Communications	-	-	-	963	-	-	132
Depreciation expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	259	543
Capital equipment	-	-	-	-	-	-	-
Program Services	-	200	-	-	-	-	-
Contractual services	-	-	-	47,173	-	-	-
In-kind match	-	-	-	-	-	-	-
Total Direct Costs	<u>3,022</u>	<u>11,866</u>	<u>13,211</u>	<u>99,497</u>	<u>8,025</u>	<u>86,802</u>	<u>129,782</u>
Shared Costs							
Shared costs applied	775	3,015	3,443	12,486	2,258	21,344	34,673
Total Expenditures	<u>3,797</u>	<u>14,881</u>	<u>16,654</u>	<u>111,983</u>	<u>10,283</u>	<u>108,146</u>	<u>164,455</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ 33,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
COMBINING SCHEDULE OF OPERATIONS  
BY PROGRAM AND SUPPORTING SERVICES  
For the Fiscal Year Ended June 30, 2025 (CONTINUED)**

	<u>FTA</u>	<u>Youth Summit</u>	<u>Putting Young KY to Work</u>	<u>WIOA DRA</u>	<u>WIOA</u>	<u>Skills 2 Succeed</u>	<u>Trade</u>
Revenues							
Federal	\$ 53,000	\$ -	\$ -	\$ 125,266	\$ 1,636,625	\$ 43,659	\$ 6,222
State	-	-	294,718	-	-	-	-
Local	14,251	3,028	-	-	-	-	-
In-kind match	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-
Member dues	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Local applied to grants	-	-	-	-	-	-	-
Total Revenues	<u>67,251</u>	<u>3,028</u>	<u>294,718</u>	<u>125,266</u>	<u>1,636,625</u>	<u>43,659</u>	<u>6,222</u>
Expenditures							
Direct Costs							
Personnel	34,020	-	41,129	3,601	173,456	13,552	-
Employee benefits	16,021	-	26,540	2,333	92,950	8,694	-
Professional services	-	-	-	-	-	-	-
Travel	738	-	1,152	-	10,706	-	-
Occupancy	-	-	-	-	44,007	-	-
Supplies	2,147	-	2,287	-	2,926	-	-
Communications	131	-	-	-	5,241	-	-
Depreciation expense	-	-	-	-	-	-	-
Other	-	-	176	-	6,554	-	-
Capital equipment	-	-	-	-	-	-	-
Program Services	-	3,028	207,678	117,641	500,563	15,580	6,222
Contractual services	-	-	-	-	720,455	1,500	-
In-kind match	-	-	-	-	-	-	-
Total Direct Costs	<u>53,057</u>	<u>3,028</u>	<u>278,962</u>	<u>123,575</u>	<u>1,556,858</u>	<u>39,326</u>	<u>6,222</u>
Shared Costs							
Shared costs applied	14,194	-	15,756	1,691	79,767	4,333	-
Total Expenditures	<u>67,251</u>	<u>3,028</u>	<u>294,718</u>	<u>125,266</u>	<u>1,636,625</u>	<u>43,659</u>	<u>6,222</u>
Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN RIVER AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2025**

Federal Agency/Pass - Through Entity	Federal ALN Number	Pass - Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed through Rural Business Cooperative Service: Intermediary Relending Program	10.767	N/A	\$ 143,063	\$ -
Passed through delta Regional Authority Delta Workforce H20 Program	10.773	RW-400	125,266	-
<b>Total Direct Funds from U.S. Department of Agriculture</b>			<u>\$ 268,329</u>	<u>\$ -</u>
<b>U.S. Department of Commerce</b>				
Economic Adjustment Assistance Coronavirus Aid, Relief, and Economic Security (CARES) Act Revolving Loan Fund Supplemental Disaster Recover and Resiliency	11.307	04-79-07524 *	\$ 3,486,789	\$ -
Passed through Department of Local Government Economic Development Support for Planning Organizations	11.302	2400004762	92,847	-
<b>Total Direct Funds from U.S. Department of Commerce</b>			<u>\$ 3,579,636</u>	<u>\$ -</u>
<b>US Department of Housing and Urban Development Community Development Block Grants - State's Program</b>				
Passed through local sources: Daviness County ORR Henderson WARM	14.228	23-041 24-0004	\$ 9,482 9,000	\$ - -
Total Pass through local sources:			<u>\$ 18,482</u>	<u>\$ -</u>
Passed through Department for Local Government: Community Development Block Grants - State's Program-JFA	14.228	2400004762	\$ 21,244	\$ -
<b>Total Direct Funds from U.S. Department of Housing and Urban Development</b>			<u>\$ 39,726</u>	<u>\$ -</u>
<b>U.S. Department of Labor Workforce Investment and Opportunity Act WIA/WIOA Cluster</b>				
Passed through Kentucky Education and Workforce WIA/WIOA Adult Program	17.258	270AD24 270AD25 273AD24 273AD25	\$ 24,018 53,200 165,887 16,572	\$ - 46,412 78,944 5,746
Total WIA/WIOA Adult Program			<u>\$ 259,677</u>	<u>\$ 131,102</u>
WIA/WIOA Youth Activities	17.259	274YT24 274YT25	\$ 178,565 81,566	\$ 66,156 38,330
Total WIA/WIOA Youth Activities			<u>\$ 260,132</u>	<u>\$ 104,486</u>
WIA/WIOA Dislocated Workers	17.278	271DW24 271DW25 272DW24 272DW25	\$ 333,876 10,535 61,410 45,956	\$ 167,200 - 42,296 18,780
Total WIA/WIOA Dislocated Workers			<u>\$ 451,777</u>	<u>\$ 228,276</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grant	17.277	DW39369PL1 258QT23	\$ 43,659 665,039	\$ 1,500 295,279
			<u>\$ 708,699</u>	<u>\$ 296,779</u>
Total WIA/WIOA Cluster			<u>1,680,285</u>	<u>760,643</u>
Trade Adjustment Assistance	17.245	205BE22 205CM22	\$ 7,026 803	\$ - 803
Total Trade Adjustment Assistance			<u>\$ 7,829.00</u>	<u>\$ 803</u>
<b>Total Direct Funds from Department of Labor</b>			<u>\$ 1,688,114</u>	<u>\$ 761,446</u>

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, 2025 (CONTINUED)**

<b>Federal Agency/Pass - Through Entity</b>	<b>Federal ALN Number</b>	<b>Pass - Through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>U.S. Department of Transportation</b>				
Passed through Kentucky Transportation Cabinet Highway Planning and Construction: FHWA - Owensboro Transportation Planning	20.205	2400001171	\$ 128,000	\$ -
Metropolitan Transportation Planning: FTA - Owensboro Transportation Planning	20.505	SC 619 2400001893	53,000	-
Passed through City of Owensboro FTA - OTS Transit Management	20.507	2024/2025	13,323	-
Passed through Federal Highway Administration Safe Streets for All	20.939	693JJ32340473	<u>89,586</u>	<u>47,173</u>
<b>Total Direct Funds from U.S Department of Transportation</b>			<u>\$ 283,909</u>	<u>\$ 47,173</u>
<b>U.S. Department of Treasury</b>				
Passed through Kentucky Infrastructure Authority (KIA): Coronavirus State and Local Fiscal Recovery Funds	21.027			
Owensboro Municipal Utilities		21CWW050	1,411	-
Webster County Fiscal Court		22CWS063	597	-
City of Morganfield		22CWW113	1,750	-
City of Fordsville		21CWW175	547	-
			<u>\$ 4,305</u>	<u>\$ -</u>
Passed through Kentucky Cabinet for Health and Family Services: Disaster Preparedness	21.027	NA	\$ 5,861	\$ -
<b>Total Direct Funds from U.S Department of Treasury</b>			<u>\$ 10,166</u>	<u>\$ -</u>
<b>U.S. Department of Veterans Affairs</b>				
Passed through Pennyridge Area Development District VHA Home Care	64.044	VA2016-01 G	\$ 14,881	\$ -
<b>Total Direct Funds from U.S Department of Veterans Affairs</b>			<u>\$ 14,881</u>	<u>\$ -</u>
<b>U.S. Department of Environmental Protection</b>				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF02D62123	\$ 58,706	\$ -
<b>Total Direct Funds from U.S Department of Environmental Protection Agency</b>			<u>\$ 58,706</u>	<u>\$ -</u>
<b>Delta Regional Authority</b>				
Direct Program Delta Local Development District Assistance	90.200	KY-18823	44,628	-
<b>Total Direct Funds from Delta Regional Authority</b>			<u>\$ 44,628</u>	<u>\$ -</u>

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, 2025 (CONTINUED)**

Federal Agency/Pass - Through Entity	Federal ALN Number	Pass - Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
<b>U.S Department of Health and Human Services</b>				
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	2400000102	\$ 373,643	\$ 185,815
ARPA for Title III, Part B			33,503	-
Special Programs for the Aging Title III Part C, Nutrition Services	93.045	2400000102	612,338	546,820
Nutrition Services			321,810	321,810
ARPA for Title III, Part C				
Nutrition Services Incentive Program	93.053	2400000006	44,885	44,885
Nutrition Services Incentive Program		2400000082	42,096	42,096
			<u>1,428,274</u>	<u>1,141,426</u>
Aging Cluster Total				
Special Programs for the Aging Title VII Chapter 3 Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	2400000100	\$ 3,440	\$ -
Special Programs for the Aging Title VII Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	2400000100	\$ 14,157	\$ -
			<u>14,157</u>	<u>-</u>
Special Programs for the Aging Title III Disease Prevention and Health Promotions Services	93.043	2400000102	\$ 17,152	\$ 15,652
ARPA for Title III Disease Prevention and Health Promotion Services		2400000102	-	-
			<u>17,152</u>	<u>15,652</u>
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects				
INNU - Suicide Prevention	93.048	2400000103	4,657	-
			<u>4,657</u>	<u>-</u>
Passed through Louisville/Jefferson County Metro Government				
Metro Government:				
Title IV and Title II, Discretionary Projects	93.048	90MPPG0020	\$ 30,517	\$ -
National Family Caregiver Support, Title III, Part E	93.052	2400000102	121,308	8,880
National Family Caregiver Support, Title III, Part E ARPA	93.052	2400000102	35,186	-
Medicare Enrollment Assistance Program	93.071	2400000007	\$ 9,044	\$ -
	93.071	2400000081	36,716	-
			<u>45,760</u>	<u>-</u>
Promoting Safe and Stable Families	93.556	2400002911	\$ 63,514	\$ 47,420
Community-Based Child Abuse Prevention Grants	93.590	2400002911	273,233	72,338
Community-Based Child Abuse Prevention Grants - Parent Involvement	93.590	2400002911	1,183	-
			<u>337,930</u>	<u>119,758</u>
Medical Assistance Program	93.778	2400000066	\$ 38,375	\$ -
Center for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	2400000094	\$ 41,167	\$ -
			<u>41,167</u>	<u>-</u>
<b>Total Direct Funds from U.S Department of Health and Human Services</b>			<u>\$ 2,117,923</u>	<u>\$ 1,285,716</u>

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, 2025 (CONTIUNED)**

<b>Federal Agency/Pass - Through Entity</b>	<b>Federal ALN Number</b>	<b>Pass - Through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>Corporation for National and Community Service</b>				
Passed through the Kentucky Commission and Community Volunteerism and Service: AmeriCorps - Senior Connections	94.006	22FXCKY001	\$ 538,598	\$ -
<b>Total Direct Funds from Corporation for National and Community Service</b>			<u>\$ 538,598</u>	<u>\$ -</u>
<b>Department of Homeland Security</b>				
Passed through Local Sources Hazard Mitigation Grant Program	97.039			
City of Morganfield		DR-4358-0024	\$ 13,955	\$ -
City of Clay		DR-4358-0023	3,190	-
Daviness County Fiscal Court		N/A	19,227	-
Passed through Kentucky Office of Homeland Security FFY 2022 State and Local Cybersecurity Grant Program (SLCGP)	97.137	SC 094 2400000046	177,168	177,168.00
<b>Total Direct Funds from Department of Homeland Security</b>			<u>\$ 213,540</u>	<u>\$ 177,168.00</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,858,157</u>	<u>\$ 2,271,503</u>

\* Major Program as defined by 2CFR Part 200

See Notes to Schedule of Expenditures of Federal Awards.

**Green River Area Development District**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2025**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of GRADD under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of operations of GRADD, it is not intended to, and does not, present the financial position, changes in net assets or cash flows 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note -3 - Indirect Costs**

GRADD did use the 10% de minimis cost rate allowed by the Uniform Guidance.

**Note 4 - Revolving Loan Federal Expenditures Calculation**

	<u>04-79-07524</u>
Balance of RLF CARES Loans Outstanding at year end	\$ 2,709,989
Cash and investment balance at year end	745,903
Administrative expenses paid out of RLF CARES income	30,897
Unpaid Principal of loans written off during the year	-
<b>Total</b>	<u><u>\$ 3,486,789</u></u>

**Note 5 – Subrecipients**

GRADD Passed funds through to numerous subrecipients during the fiscal year ended June 30, 2025. This amount totaled to \$2,271,503



**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, 2025, and the related notes to the financial statements, which collectively comprise GRADD'S basic financial statements, and have issued our report thereon dated December 10, 2025

**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.

1700 Eastpoint Parkway, Suite 270 Louisville, KY 40223  
Phone: 502.245.0775  
Fax: 502.245.0725  
dhesse@tichenorassociates.com  
www.tichenorassociates.com

## **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 is 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  
December 10, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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**

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

We have audited GRADD's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GRADD's major federal programs for the year ended June 30, 2025. GRADD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, GRADD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of GRADD and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of GRADD's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to GRADD's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GRADD's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GRADD's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GRADD's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstance
- Obtain an understanding of GRADD's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GRADD's internal control over compliance. Accordingly, no such opinion is expressed.

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

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.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

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

## **Report on Internal Control over Compliance**

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

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

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

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

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP  
Louisville, Kentucky  
December 10, 2025

## 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	<input checked="" type="checkbox"/>	no
Are any significant deficiencies identified that are not considered to be material weaknesses?	yes	<input checked="" type="checkbox"/>	none reported

Noncompliance material to financial statements noted?

yes	<input checked="" type="checkbox"/>	no
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### Federal Awards

Internal control over major programs:

Are any material weakness identified?	yes	<input checked="" type="checkbox"/>	no
Are any significant deficiencies identified that are not considered to be material weaknesses?	yes	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	no
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Programs tested as major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
11.307	Coronavirus Aid Relief

Dollar threshold used to distinguish between Type A and B Programs: \$750,000

Auditee qualified as low - risk auditee?

<input checked="" type="checkbox"/>	yes	no
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### 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.