

***PENNYRILE AREA DEVELOPMENT  
DISTRICT***

***FINANCIAL AND COMPLIANCE AUDIT***

***June 30, 2020***

**PENNYRILE AREA DEVELOPMENT DISTRICT  
300 HAMMOND DRIVE  
HOPKINSVILLE, KENTUCKY 42240**

**FINANCIAL AND COMPLIANCE AUDIT**

**JUNE 30, 2020**

## TABLE OF CONTENTS

	<u>Page</u>
Board of Directors	
Pennyrile Area Development District	1
West Kentucky Workforce Board	2
Pennyrile Housing Corporation	3
Pennyrile Development and Governmental Center	4
Independent Auditor's Report	5
Management's Discussion and Analysis	8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to the Financial Statements	21
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability	48
Schedule of Required Contributions - Pension	49

## TABLE OF CONTENTS, CONTINUED

	<u>Page</u>
Schedule of Proportionate Share of Net Other Post-Employment Benefits Liability	50
Schedule of Required Contributions - Other Post-Employment Benefits	51
Notes to the Required Supplementary Information	52
Supplementary Information	
Schedule of Expenditures of Federal Awards	55
Notes to the Schedule of Expenditures of Federal Awards	57
Statement of Net Position - Between the Rivers Duplex	59
Statement of Revenues, Expenses and Changes in Net Position - Between the Rivers Duplex	60
Statement of Revenues and Expenditures by Program - Statutory Basis	61
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance	69
Schedule of Findings and Questioned Costs	72

**PENNYRILE AREA DEVELOPMENT DISTRICT  
BOARD OF DIRECTORS**

June 30, 2020

Officers

Scott Marshall, Chair  
Judge Perry Newcom, Vice Chair  
Judge Hollis Alexander, Treasurer  
Mayor Jan Yonts, Secretary  
Jason Vincent, Executive Director

Caldwell County

Larry Curling, Judge / Executive  
Charles Baker, Citizen Representative  
Mike Cherry, Citizen Representative  
Dakota Young, Mayor of Princeton

Lyon County

Wade White, Judge / Executive  
John Choat, Mayor of Eddyville  
Denise Sutton, Citizen Representative  
Lee F. Wilson, Citizen Representative

Christian County

Steve Tribble, Judge / Executive  
Lori Harper, Citizen Representative  
Wendell Lynch, Mayor of Hopkinsville  
Rev. Buddy Slaughter, Citizen Representative  
Bernard Standard, Citizen Representative

Muhlenberg County

Curtis McGehee, Judge / Executive  
Tony Armour, Mayor of Central City  
Rajiv Johar, Citizen Representative  
Gary Jones, Citizen Representative  
Jan Yonts, Mayor of Greenville

Crittenden County

Perry Newcom, Judge / Executive  
Robert B. Frazer, Citizen Representative  
Adam Ledford, Mayor's Designee, City of Marion  
Roger Simpson, Citizen Representative

Todd County

Todd Mansfield, Judge / Executive  
Arthur Green, Mayor of Elkton  
Jo Ann Holder, Citizen Representative  
Scott Marshall, Citizen Representative

Hopkins County

Jack Whitfield, Jr., Judge / Executive  
Kevin Cotton, Mayor of Madisonville  
Chris Phelps, Mayor of Mortons Gap  
Jenny Sewell, Citizen Representative

Trigg County

Hollis Alexander, Judge / Executive  
Brian Ahart, Mayor's Designee, City of Cadiz  
Stephanie Perry, Citizen Representative  
John Sumner, Citizen Representative

Livingston County

Garrett Gruber, Judge / Executive  
Crissy Carter, Citizen Representative  
Gary Damron, Mayor of Salem  
William Hesser, Mayor of Smithland  
Terry Stringer, Citizen Representative

**WEST KENTUCKY WORKFORCE BOARD  
BOARD OF DIRECTORS**

June 30, 2020

Officers

Jackie Jones, Chair  
Dennis Courtney, Vice Chair  
Gary Jones, Secretary  
Phillip Bean, Treasurer

**Business**

Justin Puckett, Ballard County  
Jason Redfern, Caldwell County  
Dennis Courtney, Calloway County  
Phillip Bean, Carlisle County  
Jackie Jones, Christian County  
Tim Capps, Crittenden County  
Chris Pane, Fulton County  
Brad Youngblood, Graves County  
Deena Pittman, Hickman County  
Ben Spears, Hopkins County  
Crissy Carter, Livingston County  
Deb Domke, Lyon County  
Justin Nichols, Marshall County  
Terri Lundberg, McCracken County  
Gary Jones, Muhlenberg County  
Wayne W. Belanger, Todd County  
Donnie Hollard, Trigg County  
Laura Thomas, Pennyriple Manufacturing  
Sandra Richey, Pennyriple Manufacturing  
Sasha Grogan, Purchase Manufacturing  
Haleigh Feagin, Purchase Manufacturing

**Workforce**

Vacant, Labor, Pennyriple  
Jim H. Key, Labor, Purchase  
Kyle Henderson, Labor, Training  
Vickie Hutcheson, KY Farmerworkers Program, Inc.  
Jay Stone, 4-H  
Becki Wells, Challenge House  
Leigh Ann Jarvis, J.U. Kevil  
Tim Herring, Veterans Affairs

**Government & Economic Development**

Mark Manning, Econ. Dev, Purchase  
Dan Bozarth, Econ. Dev, Pennyriple  
Jason Vincent, Area Development District  
Jonathon Pendergrass, Career Development Off.  
Jason Cole, Office of Vocational Rehabilitation

**Education & Training**

Chris Wooldridge, Murray State University  
Dr. Alissa Young, Hopkinsville Community Coll.  
Dr. Anton Reece, West KY Community Tech  
Dr. Cindy Kelley, Madisonville Community Coll.  
Anna Larson, Adult Education

**Ex Officio**

Judge Todd Cooper, Purchase CLEO  
Judge Steve Tribble, Pennyriple CLEO

**PENNYRILE HOUSING CORPORATION  
BOARD OF DIRECTORS**

June 30, 2020

Officers

Heath Duncan, Chairman

Caldwell County

Gale Cherry, Director

Larry Curling, Director/Judge Executive

Christian County

Shirley Carter, Director

Gertrude Bullock, Director

Crittenden County

Todd Perryman, Director

Darrin Tabor, Director

Hopkins County

Heath Duncan, Director

Livingston County

Randell O'Bryan, Director

Barkley Gaines, Director

Lyon County

Wade White, Director/Judge Executive

Gerald Board, Director

Muhlenberg County

Gary Jones, Director

Todd County

Todd Mansfield, Director/Judge Executive

Trigg County

Hollis Alexander, Director/Judge Executive

Lucy Miller, Director

**PENNYRILE DEVELOPMENT AND GOVERNMENTAL CENTER  
BOARD OF DIRECTORS**

June 30, 2020

Officers

David Shore, Chair  
Eddie DeArmond, Vice Chair  
Rich Liebe, Secretary / Treasurer

Caldwell County  
Sherman Chaudoin

Christian County  
Rich Liebe

Muhlenberg County  
Eddie DeArmond

Todd County  
John Walton

Trigg County  
David Shore





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Pennyriple Area Development District  
Hopkinsville, Kentucky

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Pennyriple Area Development District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Pennyriple Area Development District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each

To the Board of Directors  
Pennyrile Area Development District  
January 6, 2021  
Page 2 of 3

major fund of the Pennyrile Area Development District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 8 – 13 as well as the Schedule of Proportionate Share of Net Pension Liability, Schedule of Required Contributions – Pension, Schedule of Proportionate Share of Net Other Post-Employment Benefits Liability, Schedule of Required Contributions – Other Post-Employment Benefits, and the notes to the required supplementary information on pages 48 – 53 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 statement 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pennyrile Area Development District's basic financial statements. The Statement of Net Position – Between the Rivers Duplex, Statement of Revenues, Expenses, and Changes in Net Position – Between the Rivers Duplex, and the Statement of Revenues and Expenditures by Program – Statutory Basis on pages 59 – 66 and the Schedule of Expenditures of Federal Awards with the Notes to the Schedule of Expenditures of Federal Awards on pages 55 – 58, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

To the Board of Directors  
Pennyryle Area Development District  
January 6, 2021  
Page 3 of 3

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of the Pennyryle Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pennyryle Area Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pennyryle Area Development District's internal control over financial reporting and compliance.

*Calhoun & Company*

Hopkinsville, Kentucky  
January 6, 2021



# Pennyrile Area Development District

a regional planning and development agency

300 Hammond Drive, Hopkinsville, KY 42240

voice (270) 886-9484 fax (270) 886-3211

www.peadd.org

email peadd@peadd.org

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

The Pennyrile Area Development District ("District") offers this Management's Discussion and Analysis to provide an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2020. To fully understand the entire scope of the District's financial activities, this information should be read in conjunction with the financial statements provided in this report.

### FINANCIAL HIGHLIGHTS

- The liabilities and net position of the District exceeded its assets by \$1,709,460 at June 30, 2020.
- The District's total net position decreased by \$80,111 during the year.
- The Fund Balance, a measure of current financial resources, decreased in the governmental funds by \$217,120 to a fund balance of \$2,788,782 at June 30, 2020. As contract amounts vary from year to year, some of the excess revenues over expenditures have been set aside for administration of future projects. Programs with excess revenues to be used in upcoming fiscal years are listed as follows:
  - Participant Directed Service Programs - \$171,733
  - Relending Programs - \$9,535

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 14 – 15 of this report.

### Fund Financial Statements

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

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

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

- General Fund – This fund is used to account for all financial transactions not reported in another fund.
- Special Revenue Fund – This fund includes all grant programs and services operated by the District that are restricted for a specific purpose.
- Pennyrile Development and Governmental Center Fund – This fund was put into place to account for the building facilities for the District.

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

The basic governmental fund financial statements can be found on pages 16 –20 of this report.

### Notes to the Financial Statements

These notes provide additional information crucial to understanding data provided in the government-wide and fund financial statements. Notes to the financial statements can be found on pages 21 – 46 of this report.

### Required Supplementary Information

In addition to basic financial statements and accompanying notes, GASB 34 requires budgetary comparison schedules for the General Fund that has a legally adopted budget. The District is under no legal requirements to adopt budgets and this information has not been presented.

Required supplementary information and notes to the required supplementary information can be found on pages 48 – 53 of this report.

### Supplementary Information

Supplementary information that is not a required part of the basic financial statements can be found on pages 55 – 66 of this report.

## OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's liabilities and deferred inflows exceeded assets and deferred outflows by \$1,709,460 at June 30, 2020. The District's Net Investment in Capital Assets reflects its investment in capital assets less outstanding related debt used to acquire those assets. These assets are not available for future spending. Although the District's capital investment is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

### Pennyrile Area Development District Net Position

	<b>Governmental Activities</b>		<b>Component Unit Activities</b>		<b>Total</b>	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
<b>Assets</b>						
Current and Other Assets	\$ 4,585,459	4,642,701	\$ 357,632	\$ 378,186	\$ 4,943,091	\$ 5,020,887
Capital Assets	736,574	734,876	332,832	3,186	1,069,406	738,062
Total Assets	<u>5,322,033</u>	<u>5,377,577</u>	<u>690,464</u>	<u>381,372</u>	<u>6,012,497</u>	<u>5,758,949</u>
<b>Deferred Outflows of Resources</b>						
Deferred Pension Outflows	879,588	925,244	-	-	879,588	925,244
Deferred OPEB Outflows	374,146	442,740	-	-	374,146	442,740
Total Deferred Outflows of Resources	<u>1,253,734</u>	<u>1,367,984</u>	<u>-</u>	<u>-</u>	<u>1,253,734</u>	<u>1,367,984</u>
<b>Liabilities</b>						
Current and Other Liabilities	675,313	838,851	291,759	323,656	967,072	1,162,507
Net Pension Liabilities	4,529,786	4,724,096	-	-	4,529,786	4,724,096
Net OPEB Liabilities	1,320,496	1,152,058	-	-	1,320,496	1,152,058
Long-Term Liabilities	1,116,755	638,916	494,638	96,449	1,611,393	735,365
Total Liabilities	<u>7,642,350</u>	<u>7,353,921</u>	<u>786,397</u>	<u>420,105</u>	<u>8,428,747</u>	<u>7,774,026</u>
<b>Deferred Inflows of Resources</b>						
Deferred Revenue	26,216	174,498	7,637	6,637	33,853	181,135
Deferred Pension Inflows	165,932	362,285	-	-	165,932	362,285
Deferred OPEB Inflows	266,983	518,947	-	-	266,983	518,947
Total Deferred Inflows of Resources	<u>459,131</u>	<u>1,055,730</u>	<u>7,637</u>	<u>6,637</u>	<u>466,768</u>	<u>1,062,367</u>
<b>Net Position</b>						
Net Investment in Capital Assets	251,574	269,876	(85,725)	3,186	165,849	273,062
Restricted:						
Revolving Loan Fund	649,157	651,345	-	-	649,157	651,345
Intermediary Relending Program	664,228	671,577	-	-	664,228	671,577
Unrestricted	<u>(3,090,673)</u>	<u>(3,256,888)</u>	<u>(17,845)</u>	<u>(48,556)</u>	<u>(3,108,518)</u>	<u>(3,305,444)</u>
Total Net Position	<u>\$ (1,525,714)</u>	<u>\$ (1,664,090)</u>	<u>\$ (103,570)</u>	<u>\$ (45,370)</u>	<u>\$ (1,629,284)</u>	<u>\$ (1,709,460)</u>

At the end of the fiscal year, the District is able to report positive balances in the Net Investment in Capital Assets and Restricted Net Position for governmental activities. The component unit has a negative total net position balance.

**Pennyrile Area Development District Changes in Net Position**

	<b>Governmental Activities</b>		<b>Component Unit Activities</b>	
	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 341,458	\$ 293,919	\$ 49,438	\$ 9,573
Operating Grants and Contributions	6,746,266	8,041,251	3,782,064	4,213,077
Capital Grants and Contributions	-	-	-	-
General Revenues				
Annual Assessments	66,191	98,697	-	-
Interest Earned	43,292	21,690	984	78
Other Revenues	59,368	21,149	-	163,690
<b>Total Revenues</b>	<u>7,256,575</u>	<u>8,476,706</u>	<u>3,832,486</u>	<u>4,386,418</u>
<b>Expenses</b>				
General Government	497,444	404,767	-	-
Community / Economic Development	1,375,079	1,096,595	-	-
Transportation Services	118,779	112,019	-	-
Aging and Independent Living Services	5,512,863	6,929,371	-	-
Revolving Loan Fund	8,394	10,133	-	-
Intermediary Relending Program	5,387	10,922	-	-
Pennyrile Development & Gov't Center	50,998	28,052	-	-
Pennyrile Housing Corporation	-	-	70,836	119,570
West Kentucky Workforce Board	-	-	3,779,555	4,206,239
Interest on Long-Term Debt	22,664	23,156	10,215	2,411
<b>Total Expenses</b>	<u>7,591,608</u>	<u>8,615,015</u>	<u>3,860,606</u>	<u>4,328,220</u>
Change in Net Position	(335,033)	(138,309)	(28,120)	58,198
Net Position - Beginning	(1,190,686)	(1,525,714)	(75,445)	(103,570)
Reclassifications / Adjustment	5	(67)	(5)	2
Net Position - Beginning, as Restated	(1,190,681)	(1,525,781)	(75,450)	(103,568)
<b>Net Position - Ending</b>	<u>\$ (1,525,714)</u>	<u>\$ (1,664,090)</u>	<u>\$ (103,570)</u>	<u>\$ (45,370)</u>

Changes in Net Position – Governmental Activities. The District’s governmental activities decreased net position by \$138,309 in the fiscal year 2020. Key elements of the increase are as follows:

Total revenues were \$8,476,706, an increase of 17% over the prior year. Of this, program revenues represent 98% of total revenues. Major sources of program revenues include various community support funding and grants. General revenues represent 2% of total revenues. Major sources of general revenues include annual assessments and interest income.

Total expenditures were \$8,615,015, an increase of 13% from the previous year. Of this, the major functions include aging services and community and economic development services. Together they comprise 93% of the total program expenditures.

Changes in Net Position – Component Units. The District’s two component units, 1) Pennyriple Housing Corporation (PHC) and 2) West Kentucky Workforce Board (WKWB) are discretely presented within the government-wide financial statements.

1. The PHC’s total revenues were \$180,179, an increase of 240% from the prior year. Of this, program revenues represent 10% of total revenues. Charges for services and operating grants and contributions are the major sources of program revenue. General revenues represent 90% of total revenue. Major sources of general revenue include the gain on sale of the Between the Rivers Apartments.

Expenditures totaled \$121,981, an increase of 50% from the previous year.

2. The WKWB’s total revenues were \$4,206,239, an increase of 11% from the prior year. The WKWB did not have any general revenues during the 2020 or 2019 fiscal years.

Expenditures totaled \$4,206,239, an increase of 11% from the previous year.

### CAPITAL ASSETS

The District’s investment in capital assets as of June 30, 2020 is \$738,062 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

#### Pennyriple Area Development District Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Component Unit Activities		Total	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Land	\$ 9,988	\$ 9,988	\$ -	\$ -	\$ 9,988	\$ 9,988
Buildings and Improvements	1,391,131	1,391,131	647,518	-	2,038,649	1,391,131
Office Furniture and Equipment	235,727	235,727	22,539	21,636	258,266	257,363
Computers and Equipment	223,969	209,961	215,780	87,932	439,749	297,893
Vehicles	103,753	106,484	-	-	103,753	106,484
Construction in Progress	-	-	3,186	3,186	3,186	3,186
	1,964,568	1,953,291	889,023	112,754	2,853,591	2,066,045
Less Accumulated Depreciation	(1,227,994)	(1,218,415)	(556,191)	(109,568)	(1,784,185)	(1,327,983)
Total Net Capital Assets	\$ 736,574	\$ 734,876	\$ 332,832	\$ 3,186	\$ 1,069,406	\$ 738,062

Additional information on the District’s capital assets can be found in Note 3 of this report.

### LONG TERM DEBT

At year-end, the District had \$465,000 in outstanding notes and program debt, compared to \$1,052,070 at June 30, 2019. The PHC had \$96,448 in outstanding notes and program debt, compared to \$536,478 at June 30, 2019.

The Pennyriple Development and Governmental Center had \$465,000 in outstanding notes at June 30, 2020 compared to \$485,000 at June 30, 2019.

During the year, \$20,000 was paid to reduce the debt outstanding related to the building addition, \$567,070 was paid to reduce re-lending program debts, and \$3,366 was paid and \$400,000 of the sale proceeds were used to reduce the loan for the PHC apartment duplex located in Grand Rivers, Kentucky. The remaining \$15,189 was written off by Kentucky Housing Corporation for the PHC apartment duplex with the sale of the duplex.

The Pennyriple Housing Corporation’s payments to the Kentucky Housing Corporation for the Nonprofit Housing Production loans were \$21,474. These loans are drawn down periodically as the money is needed for various



housing projects. There were no borrowings during the fiscal year ended June 30, 2020. Additional information on the District's long-term debt can be found in Note 4 of this report.

### **ECONOMIC FACTORS**

During the 2020 fiscal year, the District completed its 51st year of providing leadership on regional issues. The District is actively involved and partnering with other agencies to provide regional planning, review and technical services in areas of public administration, social services, economic development, workforce development and transportation to the local Pennyriple communities in Caldwell, Christian, Crittenden, Hopkins, Livingston, Lyon, Muhlenberg, Todd and Trigg counties.

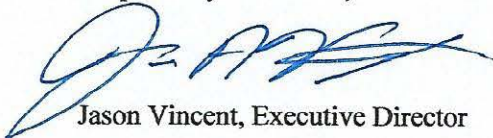
The District has benefited from increased federal and state funding to address issues stemming from the COVID-19 pandemic. However, we believe Congress and the State Legislator will look for areas to reduce future discretionary spending to pay for COVID-19 related programs. In addition, specifically at the State level, future budgets will have to absorb substantial liabilities in the area of pension, healthcare, and continued investment in much needed infrastructure. The District is engaged with Legislative and Cabinet level leaders in order to monitor potential shortfalls impacting programs operated by the District. Management continues to make every effort to minimize any negative impact on future operations.

The Pennyriple Area Development District serves as the Sub-Grant Recipient/Fiscal Agent for the West Kentucky Workforce Board (WKWB). The WKWB's allocation funding is partially based on the employment/economic status of the Pennyriple and Purchase regions (totally 17 counties). As major unemployment events may occur, the WKWB receives additional grant dollars to provide services to dislocated workers beyond these allocations. The WKWB has normally participated in several federal direct funded US Department of Labor grants for special services, but funding availability for these programs are also being reduced with limited funds now being offered in competitive solicitations.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Pennyriple Area Development District for all those with an interest in the finances. Questions or requests for additional information may be addressed to Jason Vincent, Executive Director, Pennyriple Area Development District or Sheila Clark, Director, West Kentucky Workforce Board, 300 Hammond Drive, Hopkinsville, Kentucky, 42240.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'J. Vincent', is written over the printed name.

Jason Vincent, Executive Director

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Pennyrile Area Development District</b>	<b>Pennyrile Housing Corporation</b>	<b>West Kentucky Workforce Board</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,876,285	\$ 14,784	\$ 1,708
Program Receivables	1,747,356	19,394	452,913
Receivables Due (to) from Component Units	153,517	(25,696)	(131,130)
Other Current Assets	5,018	-	-
Non-Current Assets			
Notes Receivable, Due Within One Year	152,428	14,409	-
Notes Receivable, Due in More Than One Year	708,097	31,804	-
Depreciable Capital Assets, Net	724,888	-	-
Non-Depreciable Capital Assets	9,988	3,186	-
<b>Total Assets</b>	<b>5,377,577</b>	<b>57,881</b>	<b>323,491</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows - Pensions	925,244	-	-
Deferred Outflows - Other Post Employment Benefits	442,740	-	-
<b>Total Deferred Outflows of Resources</b>	<b>1,367,984</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Accounts Payable	603,073	165	319,786
Grants Payable	13,221	-	-
Other Current Liabilities	202,557	-	3,705
Non-Current Liabilities			
Accrued Annual Leave	193,916	-	-
Net Pension Liability	4,724,096	-	-
Net Other Post Employment Benefits Liability	1,129,466	-	-
Long-term Liabilities Related to OPEB's Implicit Subsid	22,592	-	-
Due Within One Year	20,000	20,237	-
Due in More Than One Year	445,000	76,212	-
<b>Total Liabilities</b>	<b>7,353,921</b>	<b>96,614</b>	<b>323,491</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	174,498	6,637	-
Deferred Inflows - Pensions	362,285	-	-
Deferred Inflows - Other Post Employment Benefits	518,947	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,055,730</b>	<b>6,637</b>	<b>-</b>
<b>Net Position</b>			
Net Investment in Capital Assets	269,876	3,186	-
Restricted:			
Revolving Loan Fund	651,345	-	-
Intermediary Relending Program	671,577	-	-
Unrestricted	(3,256,888)	(48,556)	-
<b>Total Net Position</b>	<b>\$ (1,664,090)</b>	<b>\$ (45,370)</b>	<b>\$ -</b>

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

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Functions / Programs</b>	<b>Direct Expenses</b>	<b>Shared Costs Allocation</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>
<b>Primary Government</b>							
Governmental Activities							
General Government	\$ 404,372	\$ 395	\$ 3,140	\$ (39,903)	\$ -	\$ (441,530)	\$ -
Community / Economic Development	949,415	147,180	216,662	874,964	-	(4,969)	-
Transportation Services	82,147	29,872	-	112,018	-	(1)	-
Aging and Independent Living Services	6,609,805	319,566	720	7,094,172	-	165,521	-
Revolving Loan Fund	9,278	855	11,919	-	-	1,786	-
Intermediary Relending Program	8,030	2,892	11,591	-	-	669	-
Pennyrile Development & Gov't Center	28,052	-	49,887	-	-	21,835	-
Interest on Long-Term Debt	23,156	-	-	-	-	(23,156)	-
Total Governmental Activities	<u>8,114,255</u>	<u>500,760</u>	<u>293,919</u>	<u>8,041,251</u>	<u>-</u>	<u>(279,845)</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 8,114,255</u>	<u>\$ 500,760</u>	<u>\$ 293,919</u>	<u>\$ 8,041,251</u>	<u>\$ -</u>	<u>(279,845)</u>	<u>-</u>
<b>Component Units</b>							
Pennyrile Housing Corporation	116,595	2,975	9,573	6,838	\$ -	-	(103,159)
West Kentucky Workforce Board	3,859,436	346,803	-	4,206,239	-	-	-
Interest on Long-Term Debt	2,411	-	-	-	-	-	(2,411)
<b>Total Component Units</b>	<u>\$ 3,978,442</u>	<u>\$ 349,778</u>	<u>\$ 9,573</u>	<u>\$ 4,213,077</u>	<u>\$ -</u>	<u>-</u>	<u>(105,570)</u>
<b>General Revenues</b>							
Annual Assessments						98,697	-
Interest Earned						21,690	78
Other Revenues						21,149	163,690
Total General Revenues						<u>141,536</u>	<u>163,768</u>
Change in Net Position						(138,309)	58,198
Net Position - Beginning						(1,525,714)	(103,570)
Reclassification / Adjustment						<u>(67)</u>	<u>2</u>
<b>Net Position - Ending</b>						<u>\$ (1,664,090)</u>	<u>\$ (45,370)</u>

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

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Pennyrile Development &amp; Governmental Center</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 898,723	\$ 934,498	\$ 43,064	\$ 1,876,285
Program Receivables	20,791	1,726,565	-	1,747,356
Due from Component Units	110,942	146,880	-	257,822
Other Current Assets	1,445	3,573	-	5,018
<b>Total Assets</b>	<b>\$ 1,031,901</b>	<b>\$ 2,811,516</b>	<b>\$ 43,064</b>	<b>\$ 3,886,481</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 38,685	\$ 564,063	\$ 325	\$ 603,073
Grants Payable	-	13,221	-	13,221
Due to Component Units	-	-	104,305	104,305
Other Current Liabilities	1,103	201,454	-	202,557
<b>Total Liabilities</b>	<b>39,788</b>	<b>778,738</b>	<b>104,630</b>	<b>923,156</b>
<b>Deferred Inflows of Resources</b>				
Deferred Revenue	8,789	165,709	-	174,498
<b>Total Deferred Inflows of Resources</b>	<b>8,789</b>	<b>165,709</b>	<b>-</b>	<b>174,498</b>
<b>Fund Balances</b>				
Nonspendable:				
Long-term Notes Receivable	-	860,525	-	860,525
Restricted:				
Revolving Loan Fund	-	651,345	-	651,345
Intermediary Relending Program	-	671,577	-	671,577
Assigned:				
Accrued Annual Leave	193,916	-	-	193,916
Unassigned	789,408	(316,378)	(61,566)	411,464
<b>Total Fund Balances</b>	<b>983,324</b>	<b>1,867,069</b>	<b>(61,566)</b>	<b>2,788,827</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,031,901</b>	<b>\$ 2,811,516</b>	<b>\$ 43,064</b>	<b>\$ 3,886,481</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

Total Fund Balances - Total Governmental Funds	\$ 2,788,827
--	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because (See Note 1):

Long-term receivables are not due and receivable in the current period and therefore are not reported in the funds.	860,525
---	---------

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. More specifically, non-depreciable and depreciable assets are reported on the Statement of Net Position.	734,876
---	---------

Some deferred outflows are not due and receivable in the current period and therefore are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	925,244
Deferred Outflows of Resources Related to Other Post Employment Benefits	442,740

Some liabilities, including net pension obligations are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Accrued Annual Leave	(193,916)
Notes Payable	(465,000)
Net Pension Liability	(4,724,096)
Net Other Post Employment Benefits Liability	(1,129,466)
Long-term Liabilities Related to OPEB's Implicit Subsidy	(22,592)

Some deferred inflows are not due and payable in the current period and therefore are not reported in the funds.

Deferred Inflows of Resources Related to Pensions	(362,285)
Deferred Inflows of Resources Related to Other Post Employment Benefits	(518,947)

Net Position of Governmental Activities	<u><u>\$ (1,664,090)</u></u>
---	------------------------------

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Pennyrile Development &amp; Governmental Center</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Charges for Services	\$ 219,802	\$ 24,230	\$ -	\$ 244,032
Rent	-	-	49,887	49,887
Grants	(39,903)	8,081,154	-	8,041,251
Annual Assessments	98,697	-	-	98,697
Interest Income	12,418	8,828	444	21,690
Other Revenues	11,256	5,793	-	17,049
	<u>302,270</u>	<u>8,120,005</u>	<u>50,331</u>	<u>8,472,606</u>
<b>Expenditures</b>				
Current				
General Government	52,214	-	3,137	55,351
Community / Economic Development	210,721	875,231	-	1,085,952
Transportation Services	-	112,275	-	112,275
Aging and Independent Living Services	-	6,903,113	-	6,903,113
Revolving Loan Fund	-	9,975	-	9,975
Intermediary Relending Program	-	10,337	-	10,337
Debt Service				
Principal	-	567,070	20,000	587,070
Interest and Other Charges	-	1,321	21,835	23,156
Capital Outlays	87,102	-	-	87,102
	<u>350,037</u>	<u>8,479,322</u>	<u>44,972</u>	<u>8,874,331</u>
<b>Total Expenditures</b>	<u>350,037</u>	<u>8,479,322</u>	<u>44,972</u>	<u>8,874,331</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(47,767)</u>	<u>(359,317)</u>	<u>5,359</u>	<u>(401,725)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	29,100	-	-	29,100
Payments on Notes Receivable	-	116,810	-	116,810
Issuance of Loan	-	-	-	-
Transfers	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>29,100</u>	<u>116,810</u>	<u>-</u>	<u>145,910</u>
 Net Change in Fund Balances	 (18,667)	 (242,507)	 5,359	 (255,815)
Fund Balances - Beginning	963,251	2,109,576	(66,925)	3,005,902
Transfers - Component Units	38,740	-	-	38,740
	<u>983,324</u>	<u>1,867,069</u>	<u>(61,566)</u>	<u>2,788,827</u>
<b>Fund Balances - Ending</b>	<u>\$ 983,324</u>	<u>\$ 1,867,069</u>	<u>\$ (61,566)</u>	<u>\$ 2,788,827</u>

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

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (255,815)

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

Governmental funds report loans issued as other financing uses and payments received as sources. However, in the Statement of Activities, the loan expenditure is recorded as a note receivable and the payments as a reduction of the receivable.

New Loan Issued	\$	-	
Less: Payments Received		(116,810)	
		<u>(116,810)</u>	
		<u>\$ (116,810)</u>	(116,810)

In the statement of activities, only the *gain* on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Gain on Sale	\$	4,100	
Less: Proceeds from Sale		29,100	
		<u>(25,000)</u>	
		<u>\$ (25,000)</u>	(25,000)

Governmental funds report pension contributions made during the year as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District Pension Contributions	\$	341,676	
Cost of Benefits Earned Net of Employee Contributions		(686,683)	
		<u>(345,007)</u>	
		<u>\$ (345,007)</u>	(345,007)

Governmental funds report other post employment benefit contributions made during the year as expenditures. However, in the Statement of Activities, the cost of other post employment benefits earned net of employee contributions is reported as pension expense.

District Other Post Employment Benefit Contributions	\$	84,268	
Cost of Benefits Earned Net of Employee Contributions		(99,200)	
		<u>(14,932)</u>	
		<u>\$ (14,932)</u>	(14,932)

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. More specifically, this is the amount by which capital outlays exceeded depreciation in the current period.

Fixed Assets Purchased	\$	87,102	
Less: Depreciation		(39,252)	
To Reconciliation		<u>47,850</u>	47,850

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Bond and note proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal (increases) decreases in debt service made during the year.

New Debt Incurred	\$ -	
Retired Debt	<u>587,070</u>	
Net Debt Service	<u><u>\$ 587,070</u></u>	587,070

In the Statement of Activities, the accrued annual leave earned during the current fiscal year is expensed. However, the governmental funds will show only the amount actually taken during the year. Thus, the change in net position differs from the change in fund balance by the net of the amount taken and the amount earned.

(15,665)

Change in Net Position of Governmental Activities

\$ (138,309)



**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. Summary of Significant Accounting Policies**

The financial statements of the Pennyrile Area Development District (the “District”) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

**a. The Reporting Entity**

The Pennyrile Area Development District (the District) was established under the laws of the Commonwealth of Kentucky by KRS 147A.050(4). The Attorney General in OAG 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, the District entered into various agreements, memoranda of agreements and contracts, all of which are subject to the financial management of the District. The District operates under a Board of Directors comprised of a minimum of fifty-one percent elected officials. The County Judge / Executive, at least one mayor and a citizen director from each of the nine counties serve on the Board.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization’s governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based on the application of the criteria set forth by the GASB, the District has determined that there are agencies or entities that should be presented as either discretely presented or blended component units.

Discretely presented component units:

*Pennyrile Housing Corporation* (PHC) was established to assist low- and moderate-income families to secure affordable housing.

*West Kentucky Workforce Board* (WKWB) was established after the implementation of the Workforce Investment Act (WIA) / Workforce Innovation and Opportunity Act (WIOA) under the U.S. Department of Labor. The WKWB supports new business / expansion and assists in the retention of a well-trained workforce in the Western Kentucky region.

Neither PHC nor WKWB issue separate financial statements. The District provides personnel and facilities to PHC and WKWB and is reimbursed by the component units for such services. Salary expenditures are directly expensed. All other shared costs are expensed according to the shared cost plan.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**a. The Reporting Entity, Continued**

Blended component unit:

The *Pennyrile Development and Governmental Center* (PDGC) is considered to be a blended component unit. As such, the activities of the PDGC have been included with the governmental activities of the District. The PDGC was established to provide building facilities for the District.

**b. Basis of Presentation**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**c. Basis of Accounting and Measurement Focus**

**i. Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the District, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are component unit activities. All of the District's activities are governmental and thus the statements reflect no business-type activities.

These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, as applicable, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of cash flows. The types of transactions reported as program revenues for the District are reported in three categories: charges for services, operating grants and contributions, and capital grants and contributions. Other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues; losses on the sale of capital assets are reported as function / program expenses. The effect of interfund activity has been eliminated from the government-wide financial statements.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**c. Basis of Accounting / Measurement Focus, Continued**

**ii. Fund Financial Statements**

Fund financial statements report detailed information about the District. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented, if applicable. 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. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures / expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures / expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The District has the following major governmental funds:

The *General Fund* is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Any unassigned balances are considered as resources available for use.

The *Special Revenue Fund* is used to account for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the specified project period, 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 included in this report.

The *Pennyrile Development & Governmental Center* is used to account for the activities of the building facilities. This is a blended component unit.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that meet those qualifications.

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other

**PENNYRILE AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**c. Basis of Accounting/Measurement Focus, Continued**

**ii. Fund Financial Statements, Continued**

financing uses) in net current assets. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

**d. Use of Estimates**

The preparation of financial statements, in accordance with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**e. Interfund Transfers**

Transfers are used to reimburse the General Fund for costs incurred to support Special Revenue Fund activity, and to reclassify as Unassigned in the General Fund equity which has been released from restricted due to satisfaction of program requirements. Any interfund transfers are reported as other financing sources / uses in the governmental funds. Short-term amounts owed between funds are classified as "Due to / from Component Units".

**f. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. Short-term investments are those investments with an original maturity of 90 days or less.

Kentucky Revised Statute 66.480 permits the District to invest in U.S. Treasury obligations, U.S. Agency Obligations, certain Federal instruments, repurchase agreements, commercial banks' certificates of deposit, savings and loan deposits and the Commonwealth of Kentucky investment pool. As security for deposits of the District, any bank doing such business is required to pledge securities in an amount to exceed funds on deposit by the District. In addition, the District is insured by FDIC for up to \$250,000 (\$500,000 for funds under the District's EIN and PHC's EIN since they are public funds) with their bank.

**g. Capital Assets**

*Government-Wide Statements:* In the government-wide statements, land, buildings, equipment, and vehicles are accounted for as capital assets in the applicable governmental or component unit activity column. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District has established a policy of capitalizing assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year.

**PENNYRILE AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**g. Capital Assets, Continued**

Capital assets of the District, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	7 - 31.5 Years
Vehicles	3 Years
Office Furniture and Fixtures	5 - 15 Years
Computers and Equipment	3 - 7 Years

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life are not capitalized. Land and construction in progress are not depreciated.

The District elects to use the Basic Approach as defined by Statement No. 34 for their capital asset reporting.

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

**h. Notes Receivable**

Notes receivable are stated at the outstanding principal amount net of allowance for uncollectible notes. Management determines the allowance for uncollectible notes based on review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements and are collateralized by promissory notes and security agreements. Management determines when a note receivable is considered delinquent. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower. While management determined that no allowance for uncollectible notes receivable was necessary at June 30, 2020, there was one note receivable that was delinquent. The District is in the process of foreclosing on the personal assets of the business owners. The potential loss on the foreclosure is probable, but the amount of the loss cannot be reasonably estimated.

**i. Compensated Absences**

All full-time employees are entitled to annual leave at the rate of one to five years of service, twelve days per year; six to ten years of service, fifteen days per year; eleven to fifteen years of service, eighteen days per year; sixteen to twenty years of service, twenty-one days per year; and twenty-one or more years of service, twenty-four days per year. Annual leave accrues from the anniversary date of hire on a pro-rated basis. Accrued annual leave is limited to forty days on February 1<sup>st</sup> of each year. An employee who resigns will be paid for all accumulated annual leave, up to the legal maximum they are permitted to carry over from year to year, provided the employee gives at least fourteen calendar days written notice of their final workday.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**i. Compensated Absences, Continued**

Accumulated unpaid annual leave amounts are accrued when incurred in the governmental funds if significant at year-end. At June 30, 2020, these liabilities included \$193,916 in annual leave pay.

**j. Deferred Outflows / Inflows of Resources**

In addition to assets, the Statement of Financial Position and Balance Sheet may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until that time. As of June 30, 2020, the District has \$925,244 that relates to pensions as required by GASB Statement No. 68 and \$442,740 that relates to other post-employment benefits as required by GASB Statement No. 75 in deferred outflows of resources.

In addition to liabilities, the Statement of Financial Position and Balance Sheet may 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. The District has \$181,135 in deferred inflows of resources for fiscal year ended June 30, 2020 that relates to funds received that relate to a future time period. Additionally, as of June 30, 2020, the District also has \$362,285 related to pensions as required by GASB Statement No. 68 and \$518,947 related to other post-employment benefits as required by GASB Statement No. 75 in deferred inflows of resources.

**k. Payables and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In the governmental fund financial statements, payables, accrued liabilities and long-term obligations are recognized as a liability when due. Only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund.

**l. Pensions**

For purposes of measuring the net pension liability deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System in the Kentucky Retirement System (KRS) and additions to / deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the KRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms of the County Employees Retirement System. Investments are reported as fair value.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**m. Government-Wide Net Position**

Government-wide net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is displayed in three components:

*Net Investment in Capital Assets, Net of Related Debt* – consists of capital assets net of accumulated depreciation and is reduced by any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

*Restricted Net Position* – consists of net assets that have a third-party (statutory or granting agency) limitation on their use. The District uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project. The District has a restricted net position in the Revolving Loan Fund, Intermediary Relending Program in the amounts of \$651,345, and \$671,577, respectively.

*Unrestricted Net Position* – consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”. The Board of Directors has the authority to revisit or alter this designation. As of June 30, 2020, the District had a deficit unrestricted net position in the amount of (\$3,256,888). This deficit is due mostly to compliance with GASB Statement No. 68 and GASB Statement No. 75 in recording the deferred outflows of resources, net liabilities associated with pensions and other post-employment benefits, and deferred inflows of resources. The net deficit amount related to these transactions is (\$5,876,154).

**n. Governmental Fund Equity**

Governmental fund equity is classified as fund balance and is displayed in five components:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. For fiscal year ended June 30, 2020, \$860,525 related to the long-term notes receivable for the Revolving Loan Fund and Intermediary Relending Program is nonspendable.

*Restricted* – amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors. For fiscal year ended June 30, 2020, \$651,345 has been grantor restricted for the Revolving Loan Fund and \$671,577 has been grantor restricted for the Intermediary Relending Program.

*Committed* – amounts that can only be spent for specific purposes determined by the District’s Board of Directors through formal action.

*Assigned* – amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The amounts may be assigned by the Board or management. For the fiscal year ended June 30, 2020, \$193,916 has been assigned for future use related to compensated absences.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**n. Governmental Fund Equity, Continued**

*Unassigned* – all other amounts not included in other spendable classifications. As of June 30, 2020, Pennyrile Development & Governmental Center had a deficit fund balance in the amount of (\$61,566) and the Special Revenue Fund had a deficit fund balance in the amount of (\$316,378).

**o. Prioritization and Use of Available Resources**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**p. Non-exchange Transactions**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, donations and other gifts. Revenue from grants, entitlements and donations are 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 or the year when use is first permitted, and, matching requirements, in which the District must provide local resources to be used for a specified purpose. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**q. Cost Allocation Plan**

The District is required by the Department of Local Government to operate under a cost allocation plan that conforms with 2 CFR Part 225. A summary of the cost allocation plan begins in Note 8. The District is in conformity with 2 CFR Part 225.

**r. Fair Value of Financial Instruments**

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and the principal or most advantageous market for that asset or liability.

The fair value should be calculated based on assumptions that market participants would use on pricing the asset or liability, not on assumptions specific to the entity.

*Cash and cash equivalents, certificates of deposit, receivables, other current assets, other non-current assets, accounts and grant payables, other current liabilities, and non-current liabilities* – The carrying amounts reported in the balance sheets for these items are a reasonable estimate of the fair value.



**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**1. Summary of Significant Accounting Policies, Continued**

**s. Subsequent Events**

Subsequent events have been evaluated by management through the date of the independent auditor's report, the date the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

**t. Related Company Transactions**

The District handles transfers between the primary government and component units as revenues when received and expenses when paid. Short-term amounts owed between units are classified as "Due (to) from Component Units". Outside of related-party transactions between the primary government and the component units, there are no material related party transactions that require disclosure.

**u. Budgetary Information**

The District is not required to adopt a legally binding budget for its various funds. The District follows the general practice of adopting program budgets; however, any combining of such budgets to present a comparison of the District's overall operations would not be meaningful and would be unduly complex.

The WKWB is required to adopt a legally binding contract budget.

**v. Concentrations**

The District operates in a heavily regulated environment and approximately 78% of its revenues are derived from federal and state funds.

**2. Deposits and Investments**

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Kentucky or its agencies and instrumentalities that have a market value of not less than the principal amount of deposits. The District's deposits, including certificates of deposit, were insured or collateralized as required by State statutes at their highest daily balance during the fiscal year.

The District is exposed to custodial credit risk at various points throughout the year. The District's deposits not covered by depository insurance are collateralized by pledged securities held by the financial institution.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**2. Deposits and Investments, Continued**

As of the high cash day for the fiscal year ended June 30, 2020, the amount of deposits collateralized by depository insurance and pledged securities is as follows:

	Bank Balance	Depository Insurance	Pledged Securities	(Over) / Under Collateralized
Governmental Activities	\$ 2,410,371	\$ 500,000	\$ 2,900,000	\$ (989,629)
Blended Component Unit - PDGC	\$ 49,164	\$ 250,000	\$ -	\$ (200,836)
Component Unit - PHC	\$ 79,871	\$ 500,000	\$ 625,000	\$ (1,045,129)
Component Unit - WKWB	\$ 252,127	\$ 250,000	\$ 685,000	\$ (682,873)

**3. Capital Assets**

In accordance with GASB Statement No. 34, the District has reported all capital assets in the Government-Wide Statement of Net Position. Capital asset activity of the governmental activities for the year ended June 30, 2020, consisted of the following:

	Balance June 30, 2019	Additions / Reclassifications	Deletions / Reclassifications	Balance June 30, 2020
<b>Governmental Activities</b>				
Land	\$ 9,988	\$ -	\$ -	\$ 9,988
Buildings and Improvements	1,391,131	-	-	1,391,131
Office Furniture and Equipment	235,727	-	-	235,727
Computers and Equipment	223,969	6,617	20,625	209,961
Vehicles	103,753	80,485	77,754	106,484
Total	1,964,568	87,102	98,379	1,953,291
Less Accumulated Depreciation	(1,227,994)			(1,218,415)
<b>Total Governmental Activities</b>	<u>\$ 736,574</u>			<u>\$ 734,876</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**3. Capital Assets, Continued**

A summary of the component units fixed asset transactions for the year ended June 30, 2020, follows:

	Balance June 30, 2019	Additions / Reclassifications	Deletions / Reclassifications	Balance June 30, 2020
<b>Component Unit Activities</b>				
Buildings and Improvements	\$ 647,518	\$ -	\$ 647,518	\$ -
Office Furniture and Equipment	22,539	-	903	21,636
Computers and Equipment	215,780	-	127,848	87,932
Construction in Progress	3,186	-	-	3,186
Total	889,023	-	776,269	112,754
Less Accumulated Depreciation	(556,191)			(109,568)
<b>Total Component Unit Activities</b>	<b>\$ 332,832</b>			<b>\$ 3,186</b>

For the year ended June 30, 2020, depreciation on capital assets, including assets associated with capital leases was charged to the government functions as follows:

General	\$ 11
Community / Economic Development	4,229
Transportation Services	816
Aging Services	9,145
Revolving Loan Fund	27
Intermediary Relending Program	108
Pennyrile Development and Gov't Center	24,916
West Kentucky Workforce Board	9,980
Pennyrile Housing Corporation	3,989
<b>Total Depreciation Expense</b>	<b>\$ 53,221</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**4. Non-Current Liabilities**

The District's non-current liabilities include compensated absences and notes and leases payable. The following is a summary of non-current liability transactions for the year ended June 30, 2020:

	Balance July 01, 2019	Transfers, Issues, or Additions	Transfers, Payments, or Expenditures	Balance June 30, 2020	Due Within One Year
<b>Governmental Activities</b>					
Notes from Direct Borrowings	\$ 567,070	\$ -	\$ 567,070	\$ -	\$ -
Leases Payable	485,000	-	20,000	465,000	20,000
Compensated Absences	163,992	129,178	99,254	193,916	-
Net Pension Liability	4,529,786	194,310	-	4,724,096	-
Net OPEB Liability	1,320,496	-	168,438	1,152,058	-
<b>Total Governmental Activities</b>	<u>7,066,344</u>	<u>323,488</u>	<u>854,762</u>	<u>6,535,070</u>	<u>20,000</u>
<b>Component Unit Activities</b>					
Notes from Direct Borrowings	<u>536,478</u>	<u>-</u>	<u>440,029</u>	<u>96,449</u>	<u>20,237</u>
<b>Total Component Unit Activities</b>	<u>536,478</u>	<u>-</u>	<u>440,029</u>	<u>96,449</u>	<u>20,237</u>
<b>Total Non-Current Liabilities</b>	<u>\$ 7,602,822</u>	<u>\$ 323,488</u>	<u>\$ 1,294,791</u>	<u>\$ 6,631,519</u>	<u>\$ 40,237</u>

The District has extinguished the outstanding notes from direct borrowings related to governmental activities.

The District's outstanding note from direct borrowings related to the component unit activities in the amount of \$96,449 is unsecured. The outstanding note from direct borrowings related to the component unit activities in the amount of \$96,449 contains no default provisions.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**4. Non-Current Liabilities, Continued**

Non-current liabilities at June 30, 2020, are comprised of the following:

<b>Governmental Activities</b>			
<u>Notes from Leases Payable</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance End of Year</u>
Kentucky Association of Counties	3.57%	2037	\$ 465,000
Total Governmental Activities			<u>465,000</u>
<b>Component Units</b>			
<u>Notes from Direct Borrowings</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance End of Year</u>
Kentucky Housing Corporation	1.00%	2021	\$ 1,896
Kentucky Housing Corporation	1.00%	2022	7,032
Kentucky Housing Corporation	1.00%	2023	9,619
Kentucky Housing Corporation	1.00%	2024	13,070
Kentucky Housing Corporation	1.00%	2026	14,537
Kentucky Housing Corporation	1.00%	2026	12,298
Kentucky Housing Corporation	1.00%	2027	3,947
Kentucky Housing Corporation	1.00%	2028	3,769
Kentucky Housing Corporation	1.00%	2029	10,639
Kentucky Housing Corporation	1.00%	2031	19,642
Total Component Units			<u>96,449</u>
Total Long-Term Debt			<u>\$ 561,449</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**4. Non-Current Liabilities, Continued**

The annual requirements to retire debt are as follows:

<b>Governmental Activities</b>			
<b>Leases Payable</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payable</u>
2021	\$ 20,000	\$ 21,129	\$ 41,129
2022	20,000	20,079	40,079
2023	20,000	19,029	39,029
2024	22,500	17,979	40,479
2025	25,000	16,798	41,798
2026-2030	132,500	66,122	198,622
2031-2035	167,500	34,406	201,906
2036-2040	<u>57,500</u>	<u>3,940</u>	<u>61,440</u>
Total Leases Payable	<u>\$ 465,000</u>	<u>\$ 199,482</u>	<u>\$ 664,482</u>

<b>Component Units</b>			
<b>Notes from Direct Borrowings</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 20,237	\$ 954	\$ 21,191
2022	18,370	751	19,121
2023	14,883	567	15,450
2024	11,706	419	12,125
2025	8,468	246	8,714
2026-2030	21,789	499	22,288
2031-2035	<u>996</u>	<u>4</u>	<u>1,000</u>
Total Notes from Direct Borrowings	<u>\$ 96,449</u>	<u>\$ 3,440</u>	<u>\$ 99,889</u>
Total Governmental and Component Activities	<u>\$ 561,449</u>	<u>\$ 202,922</u>	<u>\$ 764,371</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**4. Non-Current Liabilities, Continued**

Of the three funds the District maintains, the General Fund and the Pennyrile Development and Governmental Center are the funds used to meet the obligations of the general debt activities.

The lease payable is considered to be a capital lease. The lease was to fund the construction of a building addition to the District's facilities. The original purchase price was \$803,027 with accumulated depreciation of \$260,812 and the present value of the minimum lease payments is \$465,000 at June 30, 2020.

**5. Employee Benefits**

**General Information about the Employee Benefits**

**Plan Descriptions:** In connection with the District's agreements with Kentucky Retirement System (KRS) – County Employee Retirement System (CERS) and the Insurance Trust Fund (ITF), the District participates with other Agencies in the State in a cost sharing multiple-employer defined benefit pension plan and post-employment benefits plan administered by the KRS. The KRS was created by state statute under Kentucky Revised Statute Chapter 61. The KRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the KRS. The Kentucky Department of Revenue, an agency in the legislative branch of state government, administers the plans of KRS. The KRS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov)

**Benefits Provided:** Kentucky Revised Statute Chapter 61 established the benefit terms and can be amended only by the Kentucky General Assembly.

*Pension Plan:*

Members of the CERS (nonhazardous), participating prior to September 21, 2008 (Tier 1), are eligible to retire with an unreduced benefit at age 65 or any age with over 27 years of service credit. Benefits are determined by a formula using the member's five highest annual compensation and the member's years of service. A reduced early retirement benefit is available at age 65 with at least 25 years, but less than 27 years of service credit, or at age 55 with 5 years of service credit.

Members of the CERS (nonhazardous), participating after September 1, 2008 but before January 1, 2014 (Tier 2), are eligible to retire with an unreduced benefit at age 57 if age plus service credits equal 87 years at retirement or after age 65 with 5 years of service credit. Benefits are determined by a formula using the member's last five consecutive year's compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 with at least 10 years of service credit.

Members of the CERS (nonhazardous), participating after January 1, 2014 (Tier 3), are eligible to retire with an unreduced benefit at age 57 and if age plus service credits equal 87 years at retirement or after age 65 with 5 years of service credit. Service-related disability benefits are provided for all three tiers regardless of length of service. A variety of death benefits are available under various eligibility criteria. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**5. Employee Benefits, Continued**

*Other Post-Employment Benefits:*

KRS contributes toward the monthly insurance premium upon retirement based on years of service and type of service.

For participants beginning prior to July 1, 2003, KRS will pay a percentage of the monthly contribution rate for medical insurance coverage.

For participants beginning between July 1, 2003 and August 31, 2008, eligibility for insurance benefits shall not be provided until the member has earned at least 120 months of service. For non-hazardous members, KRS will contribute \$10 per month for insurance for each year of earned service. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. The COLA has increased annually by 1.5% since July 1, 2003.

For participants beginning on or after September 1, 2008, eligibility for insurance benefits shall not be provided until the member has earned at least 180 months of service. For non-hazardous members, KRS will contribute \$10 per month for insurance for each year of earned service. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. The COLA has increased annually by 1.5% since July 1, 2003.

The percentage of the District's contributions to total employers' contribution in the insurance plan for the fiscal year ended June 30, 2020 is not known. For the fiscal year ended June 30, 2019, the District provided less than 1% of the total contributions to the plan.

**Contributions:** Contributions for members are established in the statutes governing the KRS and may only be changed by the Kentucky general Assembly. CERS and ITF covered employees are required to contribute 5% of gross pay and all employees that began participating after September 1, 2008 are required to contribute an additional 1% for health coverage. The agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the CERS and ITF are required to be paid. Employer contributions by the District for the year ended June 30, 2020 to KRS were \$425,945 which is 24.06% of covered payroll and any additional required payments. The contribution rate of 24.06% is comprised of amounts for pension and insurance benefits, 19.30% or \$341,676 was allocated to pensions, 4.76% or \$84,268 was allocated to insurance. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the costs of administration, as well as an amortized portion of any unfunded liability.

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

**Pension Liability:** At June 30, 2020, the District reported a liability of \$4,724,096 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the



**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**5. Employee Benefits, Continued**

pension plan during the year ended June 30, 2019, relative to the contributions of all members for the year ended June 30, 2019. At the June 30, 2019 measurement date, District's proportion was 0.067170%. The District's proportionate share decreased 0.007207% from the prior year.

**Other Post-Employment Benefits Liability:** At June 30, 2020, the District reported a liability of \$1,129,466 for its proportionate share of net liability associated with the other post-employment benefits. The net other post-employment benefits liability was measured as of June 30, 2019, and the total other post-employment benefits liability used to calculate the net other post-employment benefits asset was determined by an actuarial valuation as of that date. The District's portion of the net other post-employment benefits liability was based on the District's contributions to the other post-employment benefits plan during the year ended June 30, 2019, relative to the contributions of all members for the year ended June 30, 2019. At the June 30, 2019 measurement date, the District's proportion was 0.067152%. The District's proportionate share decreased 0.007222% from the prior year.

**Pension expense:** For the year ended June 30, 2020, the District recognized a pension expense of \$686,683.

**Other Post-Employment Benefits Expense:** For the year ended June 30, 2020, the District recognized other post-employment benefits expenses of \$99,200.

***Deferred outflows of resources and deferred inflows of resources:***

**Pension Plan:** For the year ended June 30, 2020, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 100,659	\$ -
Change of assumptions	478,132	-
Net difference between projected and actual earnings on plan investments	-	76,155
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,777	286,130
Employer contributions subsequent to the measurement date	<u>341,676</u>	<u>-</u>
	<u><u>\$ 925,244</u></u>	<u><u>\$ 362,285</u></u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**5. Employee Benefits, Continued**

The amount shown above for “Employer contributions subsequent to the measurement date” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related pensions will be recognized in pension expense as follows:

<u>June 30</u>	<u>Amount</u>
2021	\$ 211,835
2022	1,260
2023	2,786
2024	5,402
2025	-
Thereafter	-
	<u>\$ 221,283</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Other Post-Employment Benefits:* For the year ended June 30, 2020, District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ -	\$ 340,786
Change of assumptions	334,220	2,235
Net difference between projected and actual earnings on plan investments	-	50,166
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	125,760
Employer contributions subsequent to the measurement date	<u>108,520</u>	<u>-</u>
	<u>\$ 442,740</u>	<u>\$ 518,947</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**5. Employee Benefits, Continued**

The amount shown above for “Employer contributions subsequent to the measurement date” will be recognized as a reduction (increase) to net other post-employment benefits liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related pensions will be recognized in pension expense as follows:

<u>June 30</u>	<u>Amount</u>
2021	\$ (33,082)
2022	(33,082)
2023	(17,132)
2024	(47,631)
2025	(44,224)
Thereafter	(9,573)
	<u>\$ (184,724)</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

**Actuarial assumptions:** The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

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

The total other post-employment benefits liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increases	3.30% - 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**5. Employee Benefits, Continued**

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality 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.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 2013 to June 30, 2018. For financial reporting, the actuarial valuation as of June 30, 2019, was performed by Gabriel Roeder Smith (GRS). The total pension and other post-employment benefit liabilities, net pension and OPEB liabilities, and sensitivity information as of June 30, 2019, were based on an actuarial valuation date of June 30, 2018. The total pension and OPEB liabilities were rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2029, using the general accepted actuarial principals.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. 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 a long-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.

The target asset allocation is the same for both the pension plan and the other post-employment benefits plan as of June 30, 2019.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**5. Employee Benefits, Continued**

The target asset allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation
U.S Equity	18.75%
Non-U.S. Equity	18.75%
Private Equity	10.00%
Special Credit/High Yield	15.00%
Liquidity	14.50%
Real Estate	5.00%
Opportunistic	3.00%
Real Return	15.00%
Total	<u>100.00%</u>

**Discount Rate:** The discount rate determination does not use a municipal bond rate for the pension benefits.

The discount rate determination used an expected rate of return of 6.25% for the total other post-employment benefits, and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS's 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 CAFR.

**Projected cash flows:** The projection of cash flows used to determine the discount rate of 6.25% for the total pension liability for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018).

The projection of cash flows used to determine the discount rate of 5.68% for the total other post-employment benefits liability assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability.

**Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate:** The following presents the net pension liability of the District, calculated using a discount rate of percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (5.25%) or 1-percent-point higher (7.25%) than the current rate for non-hazardous:

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**5. Employee Benefits, Continued**

	<u>1% Decrease</u> <u>(5.25%)</u>	<u>Discount Rate</u> <u>(6.25%)</u>	<u>1% Increase</u> <u>(7.25%)</u>
Pennyrile Area Development District's net pension liability	\$ 5,908,504	\$ 4,724,096	\$ 3,736,903

***Sensitivity of the proportionate share of net other post-employment benefits liability (asset) to changes in the discount rate:*** The following presents the net other post-employment benefits liability of the District, calculated using a discount rate of percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (4.68%) or 1-percent-point higher (6.68%) than the current rate for non-hazardous:

	<u>1% Decrease</u> <u>(4.68%)</u>	<u>Discount Rate</u> <u>(5.68%)</u>	<u>1% Increase</u> <u>(6.68%)</u>
Pennyrile Area Development District's net other post-employment benefits liability	\$ 1,513,020	\$ 1,129,466	\$ 813,443

***Sensitivity of the proportionate share of net other post-employment benefits liability (asset) to changes in the Healthcare Cost Trend Rate:*** The following presents the net other post-employment benefits liability of the District, calculated using a the current healthcare cost trend rate, as well as what the District's net pension liability would be if it were calculated at a 1% decrease and a 1% increase:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Pennyrile Area Development District's net other post-employment benefits liability	\$ 839,990	\$ 1,129,466	\$ 1,480,491

***Fiduciary net pension:*** Detailed information about the pension plan and the other post-employment benefits plan fiduciary net position are available in separately issued financial reports and can be found at [www.kyret.ky.gov](http://www.kyret.ky.gov). The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. The other post-employment fiduciary net position has been determined on the same basis used by the other post-employment benefit plan. The aforementioned reports disclose the plans basis of accounting, policies and valuation methods of the plans' assets.

**PENNYRILE AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2020**

**6. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured under a public entity risk pool for these types of risk, including workers' compensation. In accordance with Kentucky Revised Statute 304.48-250, if the assets of the liability insurance group (pool) are at any time insufficient to enable the group to discharge its legal liabilities, other obligations, and to maintain the required reserves, the pool shall immediately levy an additional assessment upon all members of the pool for the amount necessary to make up the deficiency.

The District reduces the risk of loss by purchasing commercial liability insurance. No additional assessments have resulted for the liability insurance or workers' compensation insurance in any of the past three fiscal years.

**7. Contingencies**

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. To the extent that the District has not complied with the rules and regulations governing these grants, refunds of any money received may be impaired. Based on prior experience, management believes the District will not incur significant losses from possible grant disallowances. Amounts that management anticipates will be refunded are included in grants payable.

The District passes a significant portion of the state and federal grant funds it receives through to subrecipients. The District monitors the activities of the subrecipients and requires that applicable subrecipients have financial and compliance audits performed. To the extent that audits of subrecipients indicate failures to comply with applicable grant requirements, the District assesses the likelihood of grant refunds payable as a result of such noncompliance, and records a liability for amounts management deems to be in excess of amounts recoverable from the subrecipient. Management also assesses the likelihood of noncompliance by subrecipients that have not yet submitted audited results and, to the extent material amounts are believed by management to be refundable, amounts in excess of what management deems recoverable from the subrecipient, is recognized as a liability of the District. Continuation of the District's programs is predicated by the grantor's satisfaction that the funds are being spent as intended and the grantors' intent to continue their programs.

**8. Cost Allocation Plan**

The District allocates shared costs according to the cost allocation plan. The plan is calculated according to a monthly salary allocation ratio that is calculated for each applicable program. The shared costs are made up of the costs determined to be indirect costs incurred on behalf of all programs.

Operating expenses of the Pennyrile Area Development District are charged as either direct program costs or indirect costs on behalf of all programs. Direct charges to a particular program are as defined in 2 CFR Part 200, Uniform Guidance, which can be identified specifically with a particular program objective. The criteria as used by the District in determining direct and indirect costs are as follows:

**A. Salaries and Wages**

- a. Direct Costs – The majority of the employees direct charge their salary costs since their work is specifically identifiable to specific grants, contracts, or other activities of the organization.

**PENNYRILE AREA DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2020**

**8. Cost Allocation Plan, Continued**

The charges are supported by auditable labor distribution reports which reflect the actual activities of the employees.

- b. Mixed Charges – The following employees may charge their salary costs to both direct and indirect activities:
  - i. Executive Director
  - ii. Administrative Officer
  - iii. Executive Assistant
  - iv. Accounting Clerks
  - v. Website Developer
  - vi. Computer Manager
  - vii. Receptionist

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs, they are indirect. When functions are specific to one or more programs they are direct because they do not benefit all programs. Auditable labor distribution records which reflect the actual activities of employees are maintained to support the mix of direct / indirect charges.

- c. Release time costs (vacation leave earned, sick leave used, and paid holidays) are considered part of salary costs. Since such costs are part of salary, the recipient does not claim release time as separate charges. Pennyrile ADD's records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is treated as a cost incurred during the period the leave is earned.

**B. Fringe Benefits**

The District contributes the following fringe benefits for its employees:

- Federal Insurance Contributions Act (Social Security and Medicare)
- Unemployment Insurance
- Health, Dental and Vision Insurance
- Disability Insurance
- Employee Discretionary Insurance Coverage
- Kentucky Retirement System
- Worker's Compensation Insurance
- Life Insurance
- Annual Leave

Since the district's accounting system tracks fringe benefits costs by individual employee and charges those costs directly or indirectly in the same manner as salary and wage costs are recorded, the district does not need to have a fringe benefit rate established.

In accordance with the 2 CFR Part 200, Uniform Guidance, payments to separating employees for unused leave are treated as indirect costs when computing the indirect cost rate. Payments to separating employees for unused leave are not charged as direct costs to any federal awards.



**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**8. Cost Allocation Plan, Continued**

C. Travel

Travel costs are charged either as direct or indirect depending upon the predominant purpose of the trip. Auditable travel vouchers support all claimed travel costs. Travel costs are normally limited to those allowable under the Federal Travel Regulations. The District identifies unallowable travel costs (e.g., most first class airfare, excessive lodging costs, and alcoholic beverages) and does not charge them as direct to federal awards or as indirect to any indirect cost pool.

D. Consultant Contracts

All consultant contracts whose content is directly attributed to specific work elements are to be charged as a direct cost of the program(s) in which they apply.

E. Printing and Duplicating

All printing and duplicating costs which are directly attributable to documents within a specific work element are to be charged as a direct cost. This specifically applies to any printing, which is necessary on required plans and reports. All miscellaneous printing costs are to be charged as indirect service costs.

F. Postage

All postage costs, which are directly attributable to a specific work element, are to be charged as a direct cost. All postage not identifiable with a specific program is considered an indirect cost.

G. Audit Fees

The Pennyrile Area Development District's audit cost for the Agency's annual overall audit with details by specific program are to be charged as a shared administrative cost; except in the case of a specific program or grant requiring a special audit report in which case these fees should be charged against that specific program or grant.

H. Building Rental

All building rental or depreciation and the associated utilities costs is to be charged as a shared service cost.

I. Equipment Rental / Purchases

Depreciation charges, rentals, and usage costs of equipment are generally charged as shared service costs. In some instances, if allowable, depreciation charges, rentals, and usage costs may be charged as a direct cost to the applicable program element. Equipment purchases are not charged as shared costs.

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2020**

**8. Cost Allocation Plan, Continued**

For fiscal year ended June 30, 2020, the shared cost categories that were allocated to all of the programs are as follows:

Salaries	\$ 319,924
Employee Benefits	196,084
Annual Leave	23,536
Travel	36,565
Duplicating	4,370
Postage	3,768
Depreciation	24,380
Other Indirect Costs	<u>241,911</u>
Total Shared Cost	<u><u>\$ 850,538</u></u>

**9. COVID-19**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In March 2020, the Kentucky Governor ordered the closure of the physical location of “non-essential” businesses for an extended period, but this did not affect the District since the Department of Homeland Security considered Area Development Districts “essential” during the pandemic. The District adopted a COVID-19 Healthy-At-Work plan detailing the changes implemented to remain open safely during the outbreak. Even though the District was “essential”, as a part of the COVID-19 Health-At-Work plan, employees worked from home on a rotating basis to reduce in-person interaction. Management continues to carefully monitor the ongoing situation. While Management does not feel that there has been or will be a long-term adverse effect from COVID-19 on the District, the Pennyrile Senior Centers were temporarily closed on March 16, 2020. Nutrition and supportive services continued to be provided to consumers in their homes, or by curbside pickup. Title III B transportation experienced a decrease in units as transportation was not utilized as often due to the closures of the senior centers and a decrease in travel overall.

**10. Subsequent Events**

After June 30, 2020, the District was informed that they could possibly be reimbursed by the Commonwealth of Kentucky for their assistance with the unemployment outreach during the pandemic. The amount of the reimbursement has not been finalized yet but has the potential to reach \$131,000. As this amount is an estimate only, it has not been recorded as a receivable as of June 30, 2020.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**COUNTY EMPLOYEE RETIREMENT SYSTEM**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Net Pension Liability (Asset) for County Employee Retirement System	\$7,033,044,552	\$6,090,304,793	\$5,853,307,463	\$4,923,618,237	\$4,299,525,565	\$3,244,376,263
Pennyrrile Area Development District's Proportion of the Net Pension Liability (Asset)	0.067170%	0.074377%	0.075167%	0.074476%	0.078550%	0.081091%
Pennyrrile Area Development District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,724,096	\$ 4,529,786	\$ 4,399,756	\$ 3,666,933	\$ 3,377,279	\$ 2,630,890
Pennyrrile Area Development District's Covered Payroll	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305	\$ 1,809,114	\$ 1,832,682
Pennyrrile Area Development District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	266.85%	267.35%	238.89%	198.50%	186.68%	143.55%
Plan Fidicuary Net Position as a Percentage of the Total Net Position	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

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

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

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.  
SCHEDULE OF REQUIRED CONTRIBUTIONS - PENSION  
COUNTY EMPLOYEE RETIREMENT SYSTEM  
FOR THE YEARS ENDED JUNE 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Pension Contribution	\$ 341,676	\$ 274,816	\$ 266,689	\$ 257,699	\$ 224,692	\$ 233,667	\$ 255,613
Contribution in Relation to the Contractually Required Pension Contribution	<u>(341,676)</u>	<u>(274,816)</u>	<u>(266,689)</u>	<u>(257,699)</u>	<u>(224,692)</u>	<u>(233,667)</u>	<u>(255,613)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pennyrile Area Development District's Covered Payroll	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305	\$ 1,809,114	\$ 1,832,682	\$ 1,860,357
Pension Contributions as a Percentage of Pennyrile Area Development District's Covered Payroll	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%

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

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.  
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER  
POST-EMPLOYMENT BENEFITS LIABILITY  
COUNTY EMPLOYEE RETIREMENT SYSTEM  
FOR THE YEARS ENDED JUNE 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Net Other Post-Employment Benefits Liability (Asset) for County Employee Retirement System	\$ 1,681,954,950	\$ 1,775,480,122	\$ 2,010,342,058
Pennyrile Area Development District's Proportion of the Net Other Post-Employment Benefits Liability (Asset)	0.067152%	0.074374%	0.075167%
Pennyrile Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability (Asset)	\$ 1,129,466	\$ 1,320,496	\$ 1,511,114
Pennyrile Area Development District's Covered Payroll	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775
Pennyrile Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability as a Percentage of Its Covered Payroll	63.80%	77.94%	82.05%
Plan Fiduciary Net Position as a Percentage of the Total Net Position	60.44%	57.62%	52.40%

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

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

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**SCHEDULE OF REQUIRED CONTRIBUTIONS - OTHER**  
**POST-EMPLOYMENT BENEFITS**  
**COUNTY EMPLOYEE RETIREMENT SYSTEM**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Other Post-Employment Benefits Contribution (Implicit Subsidy Omitted)	\$ 84,268	\$ 89,121	\$ 86,564	\$ 87,378
Contribution in Relation to the Contractually Required Other Post-Employment Benefits Contribution	<u>\$ (84,268)</u>	<u>\$ (89,121)</u>	<u>(86,564)</u>	<u>(87,378)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Pennyrile Area Development District's Covered Payroll	\$ 1,770,342	\$ 1,694,303	\$ 1,841,775	\$ 1,847,305
Contributions as a Percentage of Pennyrile Area Development District's Covered Payroll	4.76%	5.26%	4.70%	4.73%

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

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**County Employee Retirement System**

*Changes of benefit terms* – The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below for the total pension liability:

2009:

A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates.
2. New retirement eligibility requirements.
3. Different rules for the computation of final average compensation.

2014:

A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

*Changes of assumption* – The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below for both the total pension and other post-employment benefit liabilities:

2018:

- The assumed investment rate of return was decreased from 7.50% to 6.25%
- The assumed rate of inflation was reduced from 3.25% to 2.30%
- Salary increase changed from 3.05%, average to a range of 3.30% to 11.55%
- Payroll growth assumption was reduced from 4.00% to 2.00%
- Pre-retirement mortality: PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
- Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019.
- Post retirement mortality (disabled): PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.
- The annual rates of retirement, disability, withdrawal, and mortality were updated based on the 2018 Experience Study.



**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED**  
**JUNE 30, 2020**

**Pension Trust Fund**

*Method and assumption used in calculation of actuarially determined contributions* – The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

**Insurance Trust Fund**

*Method and assumption used in calculation of actuarially determined contributions* – The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years

## **SUPPLEMENTARY INFORMATION**

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Grantor / Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>				
Passed-Through Rural Development Intermediary Relending Program (Note 5)	10.767	DO-94-213	\$ -	\$ 586,662
<b>Total U.S. Department of Agriculture</b>			-	586,662
<b><u>U. S. Department of Commerce</u></b>				
Passed-Through Department for Local Government Joint Funding Administration	11.302	MOA*	-	103,853
Passed-Through Economic Development Administration Economic Adjustment Assistance (RLF) (Note 5)	11.307	04-79-06079	-	518,564
<b>Total U.S. Department of Commerce</b>			-	622,417
<b><u>U.S. Department of Defense</u></b>				
Passed-Through Office of Economic Adjustment Community Economic Adjustment Assistance for Realignment and Closure of a Military Installatio	12.607	HQ0005170038	-	355,934
<b>Total U.S. Department of Defense</b>			-	355,934
<b><u>U. S. Department of Health and Human Services</u></b>				
Passed-Through Kentucky Cabinet for Health and Family Services Aging Cluster				
Title III Part B - Support Services	93.044	PON2 725 2000000214	83,111	236,425
COVID-19 Title III Part B - Support Services	93.044	PON2 725 2000000214	-	568
Total Title III Part B - Support Services			83,111	236,993
Title III Part C - Nutrition Services	93.045	PON2 725 2000000214	495,144	537,287
COVID-19 Title III Part C - Nutrition Services	93.045	PON2 725 2000000214	301,561	318,495
Total Title III Part C - Nutrition Services			796,705	855,782
Nutrition Services Incentive	93.053	PON2 725 1900000884	142,302	142,302
Total Aging Cluster			1,022,118	1,235,077
Title III Part D - Disease Prevention	93.043	PON2 725 2000000214	17,787	17,787
Title III Part E - Caregiver Support	93.052	PON2 725 2000000214	-	114,973
COVID-19 Title III Part E - Caregiver Support	93.052	PON2 725 2000000214	-	9,387
Total Title III Part E - Caregiver Support	93.052		-	124,360
Centers for Medicare and Medicaid Service - Research, Demonstrations, and Evaluations	93.324	PON2 725 1900001119	20,856	22,443
Medical Assistance Program	93.778	PON2 725 1900000816	-	19,332
Title VII - Ombudsman	93.042	PON2 725 1900004491	-	5,223
COVID-19 Title VII - Ombudsman	93.042	PON2 725 1900004491	-	442
Total Title VII - Ombudsman	93.042		-	5,665
Title VII - Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	PON2 725 1900004491	-	3,201
Public Health Emergency Preparedness	93.069	PON2 725 1900000533	-	1,000
Medicare Enrollment Assistance Program	93.071	PON2 725 2000000094	13,014	27,588
<b>Total U.S. Department of Health and Human Services</b>			1,073,775	1,456,453
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed-Through Kentucky Department for Local Government Neighborhood Stabilization Program	14.228	14N-019	-	838
<b>Total U.S. Department of Housing and Urban Development</b>			-	838
<b><u>U.S. Department of Labor</u></b>				
Passed-Through Kentucky Cabinet for Health and Family Services Senior Community Service Employment Title V Aging	17.235	PON2 725 1900001139	166,057	178,300
Workforce Innovation and Opportunity National Dislocated Worker Grants/Workforce Investment Act National Emergency Grant	17.277	DW-34024-19-60-A-21	-	391,525

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<u>Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<b><u>U.S. Department of Labor, Continued</u></b>				
Passed-Through Northern Middle Tennessee Local Workforce Development Board Workforce Innovation and Opportunity National Dislocated Worker Grants/Workforce Investment Act National Emergency Grants	17.277	WIOA-KY-CSWP	-	342,654
WIOA Cluster				
Passed-Through Kentucky Education and Workforce Development Cabinet, Department of Workforce, Office of Employment and Training				
Workforce Innovation and Opportunity Act Adult Program	17.258	27319	50,481	71,508
Workforce Innovation and Opportunity Act Adult Program	17.258	27020	27,583	142,535
Workforce Innovation and Opportunity Act Adult Program	17.258	27320	195,482	497,797
Workforce Innovation and Opportunity Act Youth Activities	17.259	274SRA8	-	75,000
Workforce Innovation and Opportunity Act Youth Activities	17.259	27419	37,658	155,082
Workforce Innovation and Opportunity Act Youth Activities	17.259	274R9	-	2,611
Workforce Innovation and Opportunity Act Youth Activities	17.259	27420	36,957	634,983
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grant	17.278	27118	35,195	100,935
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grant	17.278	27218	1,014	57,326
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grant	17.278	27119	229,641	976,813
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grant	17.278	27219	17,039	29,854
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grant	17.278	27120	108,038	337,676
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grant	17.278	27220	59,655	183,487
Total WIOA Cluster			798,743	3,265,607
Passed-Through Kentucky Education and Workforce Development Cabinet, Department of Workforce, Office of Employment and Training				
Trade Adjustment Assistance	17.245	20517	-	13,228
Trade Adjustment Assistance	17.245	20518	-	184,000
Trade Adjustment Assistance	17.245	20519	-	9,225
<b>Total U.S. Department of Labor</b>			964,800	4,384,539
<b><u>Delta Regional Authority</u></b>				
Passed-Through Department for Local Government Delta Regional Authority Act - Technical Assistance	90.200	SF424	-	18,000
<b>Total Delta Regional Authority</b>			-	18,000
<b>Total Federal Award Expenditures</b>			<u>\$ 2,038,575</u>	<u>\$ 7,424,843</u>
* Memorandum of Agreement (MOA)				
Schedule of Expenditures of Federal Awards Calculation for Revolving Loan (RLF) and Intermediary Programs (IRP)				
(RLF) Grant				
Balance of RLF loans outstanding at June 30, 2020			\$	612,767
Cash and investment balance in RLF at June 30, 2020				68,518
Administrative expenses paid out of RLF in year ended June 30, 2020				10,133
Total			-	691,418
Federal share of RLF				0.750
Total amount reported on SEFA for RLF			-	\$ 518,564
(IRP) Grant				
Balance of IRP notes payable outstanding at June 30, 2019			\$	567,070
Interest revenue as of June 30, 2020				19,592
Total amount reported on SEFA for IRP			-	\$ 586,662

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2020**

**1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020 and is presented on the statutory basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not represent the financial position, changes in net assets, or cash flows for the District.

**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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3. Indirect Cost Rate**

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The District uses a Cost Allocation Plan methodology as defined in Appendix VII, Part 200, Section F3.

**4. Loan Balance**

The loan payable related to loan programs was paid off during fiscal year ended at June 30, 2020.

**5. Federal Expenditure Reconciliation**

The District participates in certain federal programs that involve the loaning of monies to third parties. In accordance with Uniform Guidance, federal expenditures reflected in this schedule include the value of new loans made during the year plus: the federal share of loans outstanding, cash, and administrative costs incurred during the fiscal year.

Federal Expenditures	\$ 6,319,617
Intermediary Relending Program	586,662
RLF Project Funds	518,564
Total Federal Expenditures	<u>\$ 7,424,843</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**JUNE 30, 2020**

**6. Subrecipients**

Of the federal expenditures presented in the schedule, Pennyrile Area Development District provided federal awards to the following subrecipients:

<u>Subrecipient</u>	<u>Program Title</u>	<u>Amount Provided</u>
Pennyrile Allied Community Services, Inc.	Title III	\$ 886,078
	SHIP	20,856
	Title V - Senior Community Service	
	Employment Program	166,057
	USDA	142,302
	Medicare Enrollment Assistance Program	<u>13,014</u>
	Subrecipient Total	<u>\$ 1,228,307</u>
Kentucky Legal Aid	Title III	<u>\$ 11,525</u>
	Subrecipient Total	<u>\$ 11,525</u>
Purchase Area Development District	WIOA Funds	<u>\$ 798,743</u>
	Subrecipient Total	<u>\$ 798,743</u>

**7. WKWB Reconciliation**

Kentucky Education and Workforce Development Cabinet	\$ 3,471,980
Increases (Decreases)	
Direct Funding from Workforce Innovation and Opportunity National Dislocated Worker Grants /	
Workforce Investment Act National Emergency Grant	734,179
Deferred Revenue 06/30/20	<u>80</u>
Workforce Board Expenditures	<u>\$ 4,206,239</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF NET POSITION**  
**BETWEEN THE RIVERS DUPLEX**  
**JUNE 30, 2020**

**Assets**

Accounts Receivable	
Non-Current Assets	
Depreciable Capital Assets, Net	-
	<hr/>
<b>Total Assets</b>	<b>-</b>
	<hr/>

**Liabilities**

Accounts Payable	
Other Current Liabilities	86,382
Non-Current Liabilities	
Due Within One Year	
Due in More Than One Year	-
	<hr/>
<b>Total Liabilities</b>	<b>86,382</b>
	<hr/>

**Net Position**

Net Investment in Capital Assets	-
Unrestricted	(86,382)
Restricted	-
	<hr/>
<b>Total Net Position</b>	<b>\$ (86,382)</b>
	<hr/> <hr/>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BETWEEN THE RIVERS DUPLEX**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Operating Revenues**

Rent	\$ 7,206
Other Revenues	450
	<hr/>
<b>Total Operating Revenues</b>	<b>7,656</b>
	<hr/>

**Operating Expenses**

Salaries	2,097
Annual Leave	211
Employee Benefits	867
Travel	125
Postage	7
Depreciation	3,924
Write-Off Expense	1,550
Other Direct Costs	27,701
Indirect Costs Applied	1,264
	<hr/>
<b>Total Operating Expenses</b>	<b>37,746</b>
	<hr/>
<b>Operating Income</b>	<b>(30,090)</b>
	<hr/>

**Non-Operating Revenues (Expenses)**

Gain on Sale of Assets	89,403
Interest Expense	(1,423)
	<hr/>
<b>Total Non-Operating Revenues (Expenses)</b>	<b>87,980</b>
	<hr/>

<b>Change in Net Position</b>	<b>57,890</b>
-------------------------------	---------------

<b>Net Position - Beginning</b>	<b>(144,272)</b>
	<hr/>

<b>Net Position - Ending</b>	<b>\$ (86,382)</b>
	<hr/> <hr/>



**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Unrestricted Local Operations	Aging						
		Title III B Administration	Title III C1 Administration	Title III C2 Administration	Title III E Administration	Title III Supportive Services	Title III Ombudsman	Title III Congregate Meals
<b>Revenues</b>								
Federal	\$ -	\$ 24,490	\$ 29,929	\$ 29,149	\$ 13,944	\$ 198,551	\$ 13,952	\$ 286,843
State	-	8,127	10,749	5,460	3,088	203,033	2,965	24,338
Local								
Annual Assessments	98,697	-	-	-	-	-	-	-
Interest Income	12,418	-	-	-	-	-	-	-
Local Match	(19,970)	-	-	-	-	-	-	-
Local Applied to Grants	(19,933)	36	-	4,256	1,692	-	-	-
Other Revenues	15,356	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	1,594	-	105,145
<b>Total Revenues</b>	<b>86,568</b>	<b>32,653</b>	<b>40,678</b>	<b>38,865</b>	<b>18,724</b>	<b>403,178</b>	<b>16,917</b>	<b>416,326</b>
<b>Expenditures</b>								
Direct Expenditures								
Salaries	-	11,799	14,924	14,865	7,068	49,871	6,521	-
Employee Benefits	-	6,784	8,932	8,557	4,525	27,882	3,265	-
Annual Leave	-	907	1,190	1,173	570	3,267	415	-
Travel	4,914	1,304	567	580	-	2,456	229	-
Contracted Services	-	-	-	-	-	284,705	-	311,181
Duplicating	-	300	300	300	300	20	245	-
Postage	-	230	230	230	230	24	124	-
Depreciation	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Direct Costs	38,136	3,788	5,023	3,826	1,353	2,369	2,081	-
In-Kind Expenditures	-	-	-	-	-	1,594	-	105,145
<b>Total Direct Expenditures</b>	<b>43,050</b>	<b>25,112</b>	<b>31,166</b>	<b>29,531</b>	<b>14,046</b>	<b>372,188</b>	<b>12,880</b>	<b>416,326</b>
Shared Costs Applied	-	7,541	9,512	9,334	4,678	30,990	4,037	-
<b>Total Expenditures</b>	<b>43,050</b>	<b>32,653</b>	<b>40,678</b>	<b>38,865</b>	<b>18,724</b>	<b>403,178</b>	<b>16,917</b>	<b>416,326</b>
<b>Excess of Revenues Over (Under)</b>								
<b>Expenditures</b>	<b>\$ 43,518</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Aging</b>						
	<b>Title III Home Delivered Meals</b>	<b>Title III Disease Prevention</b>	<b>Federal Caregiver Services</b>	<b>Elder Abuse</b>	<b>Title VII Ombudsman</b>	<b>NSIP</b>	<b>Title V Senior Employment</b>
<b>Revenues</b>							
Federal	\$ 509,861	\$ 17,787	\$ 110,416	\$ 3,201	\$ 5,665	\$ 142,302	\$ 178,300
State	31,003	-	37,973	-	-	-	-
Local							
Annual Assessments	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Local Match	-	-	-	565	925	-	-
Local Applied to Grants	-	-	-	-	-	-	115
Other Revenues	-	-	-	-	-	-	-
In-Kind Revenue	18,535	1,548	-	-	-	-	19,936
<b>Total Revenues</b>	<b>559,399</b>	<b>19,335</b>	<b>148,389</b>	<b>3,766</b>	<b>6,590</b>	<b>142,302</b>	<b>198,351</b>
<b>Expenditures</b>							
Direct Expenditures							
Salaries	-	-	35,898	1,451	2,539	-	4,768
Employee Benefits	-	-	18,328	727	1,271	-	3,113
Annual Leave	-	-	1,762	92	162	-	370
Travel	-	-	1,928	51	89	-	2
Contracted Services	540,864	17,787	64,770	-	-	142,302	166,058
Duplicating	-	-	678	55	96	-	-
Postage	-	-	526	28	48	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other Direct Costs	-	-	2,472	463	813	-	1,026
In-Kind Expenditures	18,535	1,548	-	-	-	-	19,936
<b>Total Direct Expenditures</b>	<b>559,399</b>	<b>19,335</b>	<b>126,362</b>	<b>2,867</b>	<b>5,018</b>	<b>142,302</b>	<b>195,273</b>
Shared Costs Applied	-	-	22,027	899	1,572	-	3,078
<b>Total Expenditures</b>	<b>559,399</b>	<b>19,335</b>	<b>148,389</b>	<b>3,766</b>	<b>6,590</b>	<b>142,302</b>	<b>198,351</b>
<b>Excess of Revenues Over (Under)</b>							
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Aging							
	MIPPA ADRC	Disability Resource Center	MIPPA SHIP	MIPPA AAA	Veterans Directed Services	Participant Directed Services	Functional Assessment Services Team	Mental Health & Aging Coalition
<b>Revenues</b>								
Federal	\$ 5,175	\$ 19,332	\$ 13,015	\$ 9,398	\$ -	\$ -	\$ 1,000	\$ -
State	-	19,332	-	-	-	2,067,612	-	-
Local								
Annual Assessments	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	348	79	-	-
Local Match	-	-	-	-	-	-	-	-
Local Applied to Grants	693	2,304	-	156	-	-	-	-
Other Revenues	-	-	-	-	2,100,184	720	-	346
In-Kind Revenue	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>5,868</b>	<b>40,968</b>	<b>13,015</b>	<b>9,554</b>	<b>2,100,532</b>	<b>2,068,411</b>	<b>1,000</b>	<b>346</b>
<b>Expenditures</b>								
Direct Expenditures								
Salaries	2,222	15,225	-	3,911	64,295	175,989	-	22
Employee Benefits	1,649	10,862	-	2,254	46,061	102,215	-	12
Annual Leave	133	929	-	278	4,066	9,570	-	2
Travel	65	140	-	258	4,353	13,325	-	-
Contracted Services	-	-	13,015	-	1,797,321	1,594,975	-	-
Duplicating	39	44	-	39	265	1,566	-	-
Postage	-	50	-	10	1,450	3,725	-	-
Depreciation	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Direct Costs	180	2,733	-	222	5,651	15,205	1,000	297
In-Kind Expenditures	-	-	-	-	-	-	-	-
<b>Total Direct Expenditures</b>	<b>4,288</b>	<b>29,983</b>	<b>13,015</b>	<b>6,972</b>	<b>1,923,462</b>	<b>1,916,570</b>	<b>1,000</b>	<b>333</b>
Shared Costs Applied	1,580	10,985	-	2,582	44,785	112,392	-	13
<b>Total Expenditures</b>	<b>5,868</b>	<b>40,968</b>	<b>13,015</b>	<b>9,554</b>	<b>1,968,247</b>	<b>2,028,962</b>	<b>1,000</b>	<b>346</b>
<b>Excess of Revenues Over (Under)</b>								
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,285</u>	<u>\$ 39,449</u>	<u>\$ -</u>	<u>\$ -</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Aging</b>					<b>Joint</b>	<b>Delta</b>	<b>Local</b>
	<b>State Long- Term Care Ombudsman</b>	<b>SHIP</b>	<b>Humana Excess Food Program</b>	<b>Emergency Meals Program</b>	<b>Homecare Services</b>	<b>Funding Administration</b>	<b>Regional Authority</b>	<b>Economic Development</b>
<b>Revenues</b>								
Federal	\$ -	\$ 22,443	\$ -	\$ -	\$ -	\$ 103,853	\$ 18,000	\$ -
State	62,275	-	-	-	665,855	97,444	-	-
Local								
Annual Assessments	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Local Match	-	-	-	-	9,807	-	-	-
Local Applied to Grants	-	202	-	-	-	2,326	74	-
Other Revenues	-	-	1,567	3,880	-	-	-	216,662
In-Kind Revenue	-	-	-	-	49,916	-	-	-
<b>Total Revenues</b>	<b>62,275</b>	<b>22,645</b>	<b>1,567</b>	<b>3,880</b>	<b>725,578</b>	<b>203,623</b>	<b>18,074</b>	<b>216,662</b>
<b>Expenditures</b>								
Direct Expenditures								
Salaries	27,010	670	-	-	57,805	83,928	7,467	97,085
Employee Benefits	13,348	371	-	-	31,554	50,746	4,433	51,995
Annual Leave	1,697	53	-	-	4,205	5,606	509	7,036
Travel	869	-	-	-	3,785	4,966	244	4,460
Contracted Services	-	20,856	1,567	3,876	532,546	-	-	-
Duplicating	689	-	-	-	808	907	277	35
Postage	464	-	-	-	625	337	84	21
Depreciation	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Direct Costs	1,961	278	-	-	7,419	2,230	413	1,220
In-Kind Expenditures	-	-	-	-	49,916	-	-	-
<b>Total Direct Expenditures</b>	<b>46,038</b>	<b>22,228</b>	<b>1,567</b>	<b>3,876</b>	<b>688,663</b>	<b>148,720</b>	<b>13,427</b>	<b>161,852</b>
Shared Costs Applied	16,237	417	-	-	36,912	54,903	4,647	59,779
<b>Total Expenditures</b>	<b>62,275</b>	<b>22,645</b>	<b>1,567</b>	<b>3,876</b>	<b>725,575</b>	<b>203,623</b>	<b>18,074</b>	<b>221,631</b>
<b>Excess of Revenues Over (Under)</b>								
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,969)</u>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Campbell Strong</b>	<b>Fort Campbell Foundation</b>	<b>Water Management/ Resources</b>	<b>Revolving Loan Fund</b>	<b>Intermediary Relending Program</b>	<b>Between the Rivers Duplex</b>	<b>Neighborhood Stabilization Program</b>	<b>Pennyrile Housing Corporation</b>
<b>Revenues</b>								
Federal	\$ 355,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 838	\$ -
State	-	-	70,192	-	-	-	-	-
Local								
Annual Assessments	-	-	-	-	-	-	-	-
Interest Income	-	2	-	12,319	19,592	-	-	1,995
Local Match	-	613	-	-	-	-	-	-
Local Applied to Grants	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	97,059	74,287	6,000
In-Kind Revenue	226,526	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>582,460</b>	<b>615</b>	<b>70,192</b>	<b>12,319</b>	<b>19,592</b>	<b>97,059</b>	<b>75,125</b>	<b>7,995</b>
<b>Expenditures</b>								
Direct Expenditures								
Salaries	15,577	-	30,424	1,332	4,841	2,098	-	2,689
Employee Benefits	8,153	-	14,890	768	2,513	867	-	1,576
Annual Leave	1,347	-	1,799	115	424	211	-	187
Travel	13,101	-	2,914	-	44	125	-	31
Contracted Services	261,789	-	-	-	-	-	75,230	-
Duplicating	-	-	185	-	-	-	-	3
Postage	4	-	202	-	-	7	-	30
Depreciation	-	-	-	-	-	3,924	-	-
Interest	-	-	-	-	1,321	1,423	-	988
Other Direct Costs	46,407	615	1,485	7,063	208	29,250	-	366
In-Kind Expenditures	226,526	-	-	-	-	-	-	-
<b>Total Direct Expenditures</b>	<b>572,904</b>	<b>615</b>	<b>51,899</b>	<b>9,278</b>	<b>9,351</b>	<b>37,905</b>	<b>75,230</b>	<b>5,870</b>
Shared Costs Applied	9,556	-	18,293	854	2,892	1,264	-	1,711
<b>Total Expenditures</b>	<b>582,460</b>	<b>615</b>	<b>70,192</b>	<b>10,132</b>	<b>12,243</b>	<b>39,169</b>	<b>75,230</b>	<b>7,581</b>
<b>Excess of Revenues Over (Under)</b>								
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,187</b>	<b>\$ 7,349</b>	<b>\$ 57,890</b>	<b>\$ (105)</b>	<b>\$ 414</b>

**PENNYRILE AREA DEVELOPMENT DISTRICT, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - STATUTORY BASIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Pennyrile Dev. &amp; Gov't Center</b>	<b>Computer Services</b>	<b>Regional Transportation</b>	<b>Local Road Updates</b>	<b>West Kentucky Workforce Board</b>	<b>Shared Cost Allocation</b>	<b>Total</b>
<b>Revenues</b>							
Federal	\$ -	\$ -	\$ -	\$ -	\$ 4,206,239	\$ -	\$ 6,319,617
State	-	-	78,065	17,200	-	-	3,404,711
Local	-	-	-	-	-	-	-
Annual Assessments	-	-	-	-	-	-	98,697
Interest Income	444	-	-	-	-	-	47,197
Local Match	-	-	8,674	-	-	-	614
Local Applied to Grants	-	-	2,275	5,803	-	-	(1)
Other Revenues	49,887	3,140	-	-	-	-	2,569,088
In-Kind Revenue	-	-	-	-	-	-	423,200
<b>Total Revenues</b>	<b>50,331</b>	<b>3,140</b>	<b>89,014</b>	<b>23,003</b>	<b>4,206,239</b>	<b>-</b>	<b>12,863,123</b>
<b>Expenditures</b>							
Direct Expenditures:							
Salaries	-	601	40,098	9,122	588,683	319,924	1,700,722
Employee Benefits	-	350	16,967	6,507	277,557	196,084	925,116
Annual Leave	-	28	3,991	463	47,905	23,536	123,998
Travel	-	182	1,224	335	43,178	36,565	142,284
Contracted Services	-	-	-	-	2,540,581	-	8,369,423
Duplicating	-	-	319	-	8,973	4,370	20,813
Postage	-	19	86	-	1,117	3,768	13,669
Depreciation	24,916	-	-	-	-	24,380	53,220
Interest	21,835	-	-	-	-	-	25,567
Other Direct Costs	3,136	203	2,786	248	351,442	241,911	785,429
In-Kind Expenditures	-	-	-	-	-	-	423,200
<b>Total Direct Expenditures</b>	<b>49,887</b>	<b>1,383</b>	<b>65,471</b>	<b>16,675</b>	<b>3,859,436</b>	<b>850,538</b>	<b>12,583,441</b>
Shared Costs Applied	-	394	23,543	6,328	346,803	(850,538)	-
<b>Total Expenditures</b>	<b>49,887</b>	<b>1,777</b>	<b>89,014</b>	<b>23,003</b>	<b>4,206,239</b>	<b>-</b>	<b>12,583,441</b>
<b>Excess of Revenues Over (Under)</b>							
<b>Expenditures</b>	<b>\$ 444</b>	<b>\$ 1,363</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 279,682</b>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Pennyriple Area Development District  
Hopkinsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of Pennyriple Area Development District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pennyriple Area Development District's basic financial statements and have issued our report thereon dated January 6, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pennyriple Area Development District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pennyriple Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pennyriple Area Development District's internal control.

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

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

**Compliance and Other Matters**

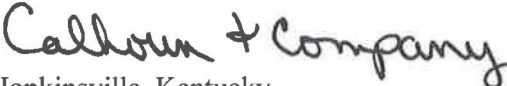
As part of obtaining reasonable assurance about whether Pennyriple Area Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on

To the Board of Directors  
Pennyrile Area Development District  
January 6, 2021  
Page 2 of 2

the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

  
Hopkinsville, Kentucky  
January 6, 2021





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH UNIFORM GUIDANCE**

To the Board of Directors of  
Pennyryle Area Development District  
Hopkinsville, Kentucky

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

We have audited Pennyryle Area Development District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pennyryle Area Development District's major federal programs for the year ended June 30, 2020. Pennyryle Area Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Pennyryle Area Development District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pennyryle Area Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Pennyryle Area Development District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

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

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

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

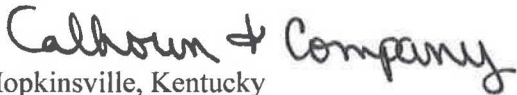
## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units and each major fund of Pennyryle Area Development District as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Pennyryle Area Development District's basic financial statements. We issued our report thereon dated January 6, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is 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 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

To the Board of Directors  
Pennyrile Area Development District  
January 6, 2021  
Page 3 of 3

with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

  
Hopkinsville, Kentucky  
January 6, 2021

**PENNYRILE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Financial Statements**

Type of Auditor’s Report Issued	Unmodified
Internal Control Over Financial Report:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified That are not Considered to be Material Weaknesses?	None Reported
Noncompliance Material to Financial Statements Noted?	No

**Federal Awards**

Internal Control Over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified That are not Considered to be Material Weaknesses?	None Reported
Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified
Audit Findings Disclosed that are Required to be Reported in Accordance with Section 2 CFR 200.516(a)?	None Reported
Identification of Major Programs:	
CFDA #10.767 – Intermediary Relending Program Aging Cluster CFDA #93.044 – Title III Part B – Support Services CFDA #93.045 – Title III Part C – Nutrition Services CFDA #93.053 – Nutrition Services Incentive	
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	Yes

**PENNYRILE AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section II – Financial Statement Findings**

No Matters Were Reported.

**Section III – Federal Award Findings and Questioned Costs**

No Matters Were Reported.