

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025

(With Independent Auditor's Report Thereon)

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

KENNETH D. CLAUSON, CPA
SUSAN C. MOUSER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lincoln Trail Area Development District
Elizabethtown, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Trail Area Development District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lincoln Trail Area Development District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Trail Area Development District, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lincoln Trail Area Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lincoln Trail Area Development District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lincoln Trail Area Development District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lincoln Trail Area Development District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison information on page 37, and pension and OPEB schedules and notes on pages 38-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln Trail Area Development District's basic financial statements. The accompanying schedule of shared costs, the combining schedule of operations by program and supporting services and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of shared costs, the combining schedule of operations by program and supporting services, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the Lincoln Trail Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lincoln Trail 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 Lincoln Trail Area Development District's internal control over financial reporting and compliance.

Clauson Mouser & Co.

Certified Public Accountants

December 16, 2025

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BOARD OF DIRECTORS

June 30, 2024

Breckinridge County

Maurice Lucas, County Judge/Executive
Candy Weatherholt, Mayor of Cloverport
Wayne Macy, Mayor of Hardinsburg
David Bollinger, City of Irvington, Designated Representative
Charles Douglas Lucas, Mayor of Irvington
Gwan Bickett, Citizen Member
Ted Brown, Citizen Member

Grayson County

Kevin Henderson, County Judge/Executive
Bonnie Henderson, Mayor of Clarkson
Harold Miller, Mayor of Leitchfield
Becky Miller, Citizen Member, Secretary
Vivian Decker, Citizen Member

Hardin County

Keith Taul, County Judge/Executive
Jeff Gregory, Mayor of Elizabethtown, Treasurer
JJ Duvall, Mayor of Radcliff
Pam Ogden, Mayor of Vine Grove
Richard Ciresi Sr., Mayor of West Point
Scott Alicna, Citizen Member
Debbie Howell, Citizen Member
Darrin Powell, Citizen Member
Kendra Scott, Citizen Member
TW Shortt, Citizen Member
Kyle Souleyrette Citizen Member

LaRue County

Blake Durrett, County Judge/Executive
Jim Phelps, Mayor of Hodgenville, Second Vice Chair
Tom Claycomb, Citizen Member
Tommy Turner, Citizen Member

Marion County

David Daughtery, County Judge/Executive, Chairman
Gary Crenshaw, Mayor of Lebanon
John Thomas, City of Lebanon, Designative Representative
Desmond Spalding, Citizen Member
Stanley Gaddie, Citizen Member
George Spragens, Citizen Member

Meade County

Troy Kok, County Judge/Executive
David Pace, Mayor of Brandenburg
Anthony Lee, Mayor of Muldraugh
Janet Hobbs, Aging Advisory Council Chair
Alex Richardson, Citizen Member

Nelson County

Tim Hutchins, County Judge/Executive
Dick Heaton, Mayor of Bardstown
Chris Dudgeon, Mayor of Bloomfield
Lance Blanford, WDB Chair

Washington County

Timothy Graves, County Judge/Executive, First Vice Chair
Chris Essex, Mayor of Springfield
Dorthy Logsdon, Citizen Member
Annmarie Lloyd, Citizen Member

Fort Knox

Jason Root, Director of Public Works

Legislative Representatives

Representative Samara Heavrin
Senator Stephen Meredith

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

As management of the Lincoln Trail Area Development District (LTADD), we present readers of the LTADD's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's basic financial statements, which begin on page 10.

NATURE OF THE ORGANIZATION AND REPORTING ENTITY

LTADD was created in 1968 through articles of incorporation and Kentucky state law, for the purpose of economic development, planning and public administration services in an eight county region in North Central Kentucky. The agency is a voluntary association of local governmental units funded via contributions from member counties and cities, federal and state grant awards, and contractual arrangements for services.

In evaluating LTADD as a reporting entity, management has addressed its relationship with the local governments and concluded that, in accordance with the criteria set forth in Sections 2100 and 2600 of the Governmental Accounting Standards Codification; LTADD is a separate reporting entity.

FINANCIAL HIGHLIGHTS

The beginning net position for LTADD was (\$659,083). The ending net position for the LTADD was \$600,257. LTADD's total net position increased by \$1,259,340 or 191.1%, from this period last year. In the prior year net position increased by \$468,797. The LTADD is in the eleventh year of implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and the eighth year of implementation of GASB 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", both have become more stable with regards to their effect on reporting.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts (A) management's discussion and analysis (this section), (B) the financial statements and related notes, (C) required supplementary information, and (D) a supplementary information section. The basic financial statements include two kinds of statements that present different views of LTADD:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about LTADD's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of LTADD, reporting LTADD's operations in more detail than the government-wide statements, and reporting the short-term information only.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by sections of required supplementary information and other supplementary information that provide additional information related to the financial statements.

Government-wide Financial Statements

The government-wide statements report information about LTADD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report LTADD's net position and how they have changed. Net position – the result of LTADD's assets and deferred outflows, less liabilities and deferred inflows – is one way to measure LTADD's financial health.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2025

Fund Financial Statements

The fund financial statements provide more detailed information about LTADD's most significant funds – not LTADD as a whole. Funds are accounting devices that LTADD uses to keep track of specific sources of funding and spending for particular purposes.

LTADD has two kinds of funds:

- General Fund – This fund focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the general fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance LTADD's programs.
- Special Revenue fund – Includes all grant programs and services operated by LTADD that are restricted for a special purpose.

FINANCIAL ANALYSIS OF LTADD AS A WHOLE

Table 1: Condensed Statement of Net Position

	2025	2024	Dollar Change	Percent Change
Assets				
Current assets	5,624,289	4,520,895	1,103,394	24.41%
Right-to-use leased assets , net	9,096	4,641,047	(4,631,951)	-99.80%
Capital assets, net	3,834,628	828,724	3,005,904	362.71%
Revolving Loan Funds				
Cash & receivables, net	1,038,825	1,019,816	19,009	1.86%
Other assets	117,044	86,917	30,127	34.66%
Total Assets	<u>10,623,882</u>	<u>11,097,399</u>	<u>(473,517)</u>	-4.27%
Deferred Outflows of Resources	<u>1,665,860</u>	<u>1,949,608</u>	<u>(283,748)</u>	-14.55%
Liabilities				
Current liabilities	2,235,383	2,082,046	153,337	7.36%
Non-current liabilities	6,888,992	8,632,140	(1,743,148)	-20.19%
Total Liabilities	<u>9,124,375</u>	<u>10,714,186</u>	<u>(1,589,811)</u>	-14.84%
Deferred Inflows of Resources	<u>2,565,110</u>	<u>3,117,058</u>	<u>(551,948)</u>	-17.71%
Net Position				
Invested in Capital Assets	1,089,558	828,724	260,834	31.47%
Restricted	1,038,825	1,019,816	19,009	1.86%
Unrestricted	<u>(1,528,126)</u>	<u>(2,507,623)</u>	<u>979,497</u>	39.06%
Total Net Position	<u>\$ 600,257</u>	<u>\$ (659,083)</u>	<u>\$ 1,259,340</u>	191.07%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2025

LTADD's net position increased \$1,259,340, or 191.1%, for the year ended June 30, 2025. The FY25 ending ratio of current assets to current liabilities is 2.5 times. Cash increased by \$1,307,069, grant receivables decreased by \$318,038, accounts payable decreased by \$7,220, funds due to grantor increased by \$7,932 and deferred revenue increased by \$72,174 in comparison to the prior year. Right-to-use leased assets and corresponding lease liabilities decreased \$4,631,951 due primarily to terminating our lease to purchase the office building and land in FY25. The \$3,005,904 net increase in capital assets was primarily due to the property purchase. The General Fund cash account increased by \$681,323 principally due to funds generated from the Participant Directed Services program.

Table 2: Condensed Statement of Revenues, Expenses and Change in Net Position

	2025	2024	Dollar Change	Percent Change
Revenues				
Operating grants and contributions	\$ 27,373,593	\$ 20,872,179	\$ 6,501,414	31.15%
Charges for services	153,946	46,100	107,846	233.94%
Member dues	112,119	108,333	3,786	3.49%
Interest	19,318	16,290	3,028	18.59%
Other non-budget revenue	612,565	6,990	605,575	8663.45%
Total Revenues	28,271,541	21,049,892	7,221,649	34.31%
Expenses				
General government	318,977	126,808	192,169	151.54%
Community and economic development	613,415	571,957	41,458	7.25%
Revolving loan funds	9,899	2,419	7,480	309.22%
Employment and training	2,011,163	2,393,940	(382,777)	-15.99%
Social services	23,294,527	17,062,237	6,232,290	36.53%
Transportation	399,622	408,701	(9,079)	-2.22%
Loss on disposal of capital assets	364,598	15,033	349,565	2325.32%
Total Expenses	\$ 27,012,201	\$ 20,581,095	\$ 6,431,106	31.25%
Change in Net Position	\$ 1,259,340	\$ 468,797	\$ 790,543	168.63%

Revenues:

LTADD recognized a \$7,221,649 or 34.31% increase in revenue in FY 2025 when compared to revenue recognized in the FY 2024 period. The current year's increase can be attributed to an increase of \$6,894,916 in Social Services funding mostly due to a \$6,942,486 increase in Participant Directed Services program due to continued growth in client base and from recording a \$500,000 in-kind contribution in the purchase of property. Aging Title III funded services saw a combined increase of \$214,459 over prior year, while Homecare saw an increase of \$127,135 from the prior period. The Expanded Senior Meals Program saw a decrease of \$358,323 from the prior period. An increase in Community Development of \$22,897 offset by a decrease of \$9,329 in Transportation funds due to the underspent funds of the Metropolitan Planning Organization program. General Fund increased \$728,320 due principally to cash and in-kind contributions of \$575,000 and revenue generated by the start-up of the Engineering Department of \$147,340, offset by a decrease in District Contracts of \$62,143. The estimated allowance for loan loss is zero in the RLF Legacy, RLF CARES Act and Local Government RLF programs. At June 30, 2025, all eight RLF Legacy loans, one RLF CARES Act and two Local Government RLF loans were paid through an ACH Authorized direct deposit program.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

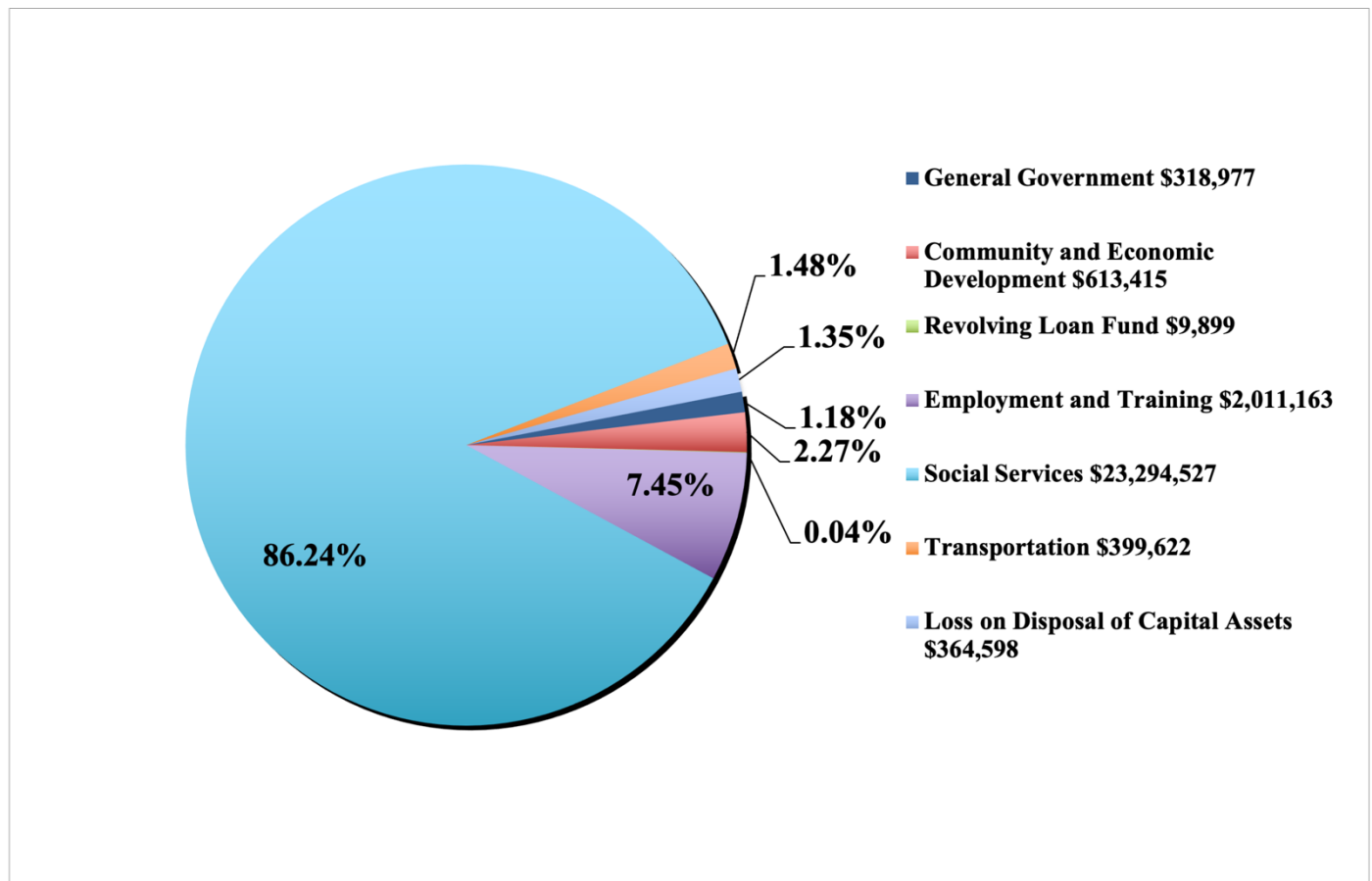
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2025

Expenses:

LTADD recognized an 31.25% increase in expenses in FY 2025 in comparison to the prior period. Social Services expenditures increased \$6,232,290 principally due to a significant increase in Participant Directed Services program for client base services. Transportation expenditures decreased by \$9,079 due the underutilized funds in the Metropolitan Planning Organization program. Workforce expenditures decreased by \$382,777 due to contractual obligations and the completion of a privately funded childcare study.

LTADD expenses cover a range of services. The following pie chart outlines the percentages and amounts expended by activity. Social Services makes up 86.2% of the expenditures; which is a 3.3% increase over last year's percentage. Community Development saw a 0.5% decrease and Transportation 0.5% decrease when compared to the prior period. Employment and Training activities made up 7.4% of expenditures, which is down 4.2% from its FY 2024 share. General Government saw an increase of 0.6% in FY 2025.



LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2025

AGENCY HIGHLIGHTS

LTADD had its best year ever – literally record setting! The agency achieved \$28,271,541 in revenues for FY25. This is an increase of \$7,221,649 or 34% over the prior fiscal year. This increase represents great confidence from the Commonwealth of Kentucky, local governments and stakeholders in the ADD's ability to positively impact the region.

Our key achievement for the fiscal year was creating an engineering department , the first for LTADD and the first for Kentucky ADD Districts! The new division offers a key service to our Team Owners that they cannot afford for themselves. In addition, it's a new revenue stream for the district achieving \$147,340 in revenue in its first ten months! We will continue to build this business line and use the model to build additional revenue streams.

Our aging program revenue grew 37% over the prior fiscal year, which is mainly due to the growth of the aging population in our region. With the over 60 population exceeding 20%, it's estimated to grow to 25% in the near future, which will result in continued growth in our social services programs. Authorized personnel for the Aging and Social Services department is 31 employees, representing an approximate 6% decrease from the prior fiscal year. This reflects the team's commitment to increase their caseloads by approximately ten (10) clients per case manager to maximize our resources. It further reflects their commitment to our values and region as it enables us to offer additional opportunities to our Team Owners!

LTADD grew its net position by \$790,543 or 168.6% from this period last year. This is a significant leap forward. It represents the team effort and commitment to moving the ADD forward and executing our strategic plan. The data proves this by far the best team the ADD has ever fielded!

The ADD continues its ground breaking efforts to sustain business and keep itself on its best financial and operational footing in history. The entire team is rowing in the same direction with a focus on our strategic goals to ensure a better and brighter future for the region.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end 2025, LTADD had invested \$4,282,404 in capital assets, including vehicles, office furniture, office equipment, computers, land and building. Overall, investment in capital assets increased by \$3,087,751 from last year. More detailed information about LTADD's capital assets is presented in Note H to the financial statements.

Long-term Liabilities

Long-term liabilities consisting of compensated absences, lease liabilities, net pension liability and long-term debt decreased \$1,843,937 from the prior year. The most significant decrease was the result from ending our lease and purchasing the property in the current year. More detailed information about LTADD's long-term liabilities is presented in Note K to the financial statements.

CURRENT AND NEXT YEAR'S BUDGETS

LTADD's FY 2025 amended budget was based on actual information received from the federal, state and local government contracts as of May 2025. The District's budget is based on the grant's management basis of accounting for the General Fund and the Special Revenue Fund combined, as approved by the Board of Directors. In the FY25 amended budget, Revenues and Expenditures were projected to be \$29,362,001. FY25 actual revenues of \$28,340,916 were \$1,021,085 or 3.6% below targeted amounts. The most significant variances in actual to budget were due to underutilization of Workforce Innovation and Opportunity Act, Metropolitan Planning Organization and Safe Streets for All program funds, mainly due to staffing changes. The Title III-C1 and Title III-C2 programs were underspent but federal funds will carry-over into FY26. FY25 expenditures of \$27,069,863 were \$1,269,080 or 4.7% under the amended budgeted figures.

LTADD's FY26 revenues and expenditures are budgeted at \$29,711,626. Budget amounts reflect an increase of approximately \$349,625 or 1.1% over FY25 amended budgeted figures. FY26 revenue and expenditures budget is \$2,641,763 or 9.8% over FY25 actual expenditures which expected to be in the Social Services programs.

FUTURE OPERATIONS

Federal, state, and local governments fund the majority of all programs and projects administered by LTADD. A significant reduction in federal, state or local funding, if this were to occur, would have a significant, material effect on LTADD's future operation.

REQUEST FOR ADDITIONAL INFORMATION

This report is intended to provide readers with a general overview of LTADD's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in this report or need additional information please contact the Lincoln Trail Area Development District, Attention: Finance Director, 750 Provident Way, Elizabethtown, KY 42701.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

June 30, 2025

ASSETS

Current Assets:

Cash and cash equivalents	\$ 4,051,887
Grant receivables	1,470,442
Other receivables	77,964
Prepaid expenses	23,996
Total current assets	<u>5,624,289</u>

Non-Current Assets:

Right to use leased assets, net of amortization	9,096
Net OPEB asset	117,044
Capital assets, net of depreciation	3,834,628
Total non-current assets:	<u>3,960,768</u>

Restricted Assets:

Cash - Revolving Loan Fund - Legacy	203,684
Cash - Revolving Loan Fund - CARES Act funds	171,251
Cash - Local Government Revolving Loan Fund	88,960
Revolving loan funds receivable, net of allowance - Legacy	292,169
Revolving loan funds receivable, net of allowance - CARES Act	2,897
Revolving loan funds receivable, net of allowance - Local Government	279,864
Total restricted assets	<u>1,038,825</u>

Total Assets

10,623,882

Deferred Outflows of Resources:

Deferred outflows related to pensions	1,246,522
Deferred outflows related to OPEB	419,338
Total deferred outflows of resources	<u>1,665,860</u>

LIABILITIES

Current Liabilities:

Accounts payable	506,502
Advanced from grantors	197,504
Unearned grant revenue due to grantor	55,724
Accrued wages	1,283,555
Payroll withholdings and accruals	102,354
Compensated absences, current	17,773
Lease liabilities	9,096
Note payable, current	62,875
Total current liabilities	<u>2,235,383</u>

Noncurrent liabilities:

Compensated absences, net of current portion	164,210
Net pension liability	4,042,587
Note payable, net of current portion	2,682,195
Total noncurrent liabilities	<u>6,888,992</u>

Total Liabilities

9,124,375

Deferred Inflows of Resources:

Deferred inflows related to pensions	720,197
Deferred inflows related to OPEB	1,256,615
Deferred revenue	588,298
Total deferred inflows of resources	<u>2,565,110</u>

NET POSITION

Net investment in capital assets	1,089,558
Restricted for Revolving Loan Fund	1,038,825
Unrestricted	(1,528,126)

Total Net Position

\$ 600,257

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Direct Expenses	Indirect Cost Allocated	Charges for Services	Operating Grants and Contributions	
Governmental activities:					
General government	\$ 253,738	\$ 65,239	\$ 153,946	\$ 12,085	\$ (152,946)
Community and economic development	459,289	154,126	-	598,026	(15,389)
Revolving loan fund	7,588	2,311	-	-	(9,899)
Employment and training	1,871,191	139,972	-	2,047,021	35,858
Social services	22,670,882	623,645	-	24,299,993	1,005,466
Transportation	339,329	60,293	-	416,468	16,846
Total Governmental Activities	\$25,602,017	\$1,045,586	\$ 153,946	\$ 27,373,593	\$ 879,936

General revenues:

Member dues	112,119
Interest	19,318
Other income	612,565
Total general revenues	744,002

Loss on disposal of fixed assets (364,598)

Change in Net Position 1,259,340

Net position, beginning of year (659,083)

Net position, end of year \$ 600,257

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,010,030	\$ 2,505,752	\$ 4,515,782
Interfund receivables	790,132	346,109	1,136,241
Grant receivables	-	1,470,442	1,470,442
Other receivables	-	77,964	77,964
Prepaid expenses	11,861	12,135	23,996
Total Assets	<u>\$ 2,812,023</u>	<u>\$ 4,412,402</u>	<u>\$ 7,224,425</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts payable	\$ -	\$ 506,502	\$ 506,502
Interfund payables	12,822	1,123,419	1,136,241
Advances from grantors	-	197,504	197,504
Unearned grant revenue due to grantor	-	55,724	55,724
Deferred revenue	-	588,298	588,298
Accrued wages	-	1,283,555	1,283,555
Payroll withholdings and accruals	-	102,354	102,354
Total Liabilities	<u>12,822</u>	<u>3,857,356</u>	<u>3,870,178</u>
Fund Balances:			
Nonspendable	23,996	-	23,996
Restricted	76,137	373,063	449,200
Committed	-	181,983	181,983
Unassigned	2,699,068	-	2,699,068
Total Fund Balances	<u>2,799,201</u>	<u>555,046</u>	<u>3,354,247</u>
Total Liabilities and Fund Balances	<u>\$ 2,812,023</u>	<u>\$ 4,412,402</u>	<u>\$ 7,224,425</u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2025

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total Fund Balances - Total Governmental Funds		\$ 3,354,247
Amounts reported for governmental activities in the statement of net position are different because:		
Net OPEB asset is applicable to future periods, and therefore is not reported as an asset in the governmental funds		117,044
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in the governmental funds:		
Cost	\$4,282,404	
Accumulated depreciation	<u>(447,776)</u>	3,834,628
Right to use leased asset used in governmental activities are financed resources and therefore are not reported in the fund financial statements	<u>9,096</u> <u>(9,096)</u>	-
Long-term restricted assets are not available to pay for current period expenditures:		
Revolving loan fund receivables - Legacy	292,169	
Revolving loan fund receivables - CARES Act	2,897	
Revolving loan fund receivables - Local Government	<u>279,864</u>	574,930
Deferred outflows and inflows of resources related to pensions are applicable to a future period, therefore, are not reported in the fund statements:		
Deferred outflows related to pension	1,246,522	
Deferred inflows related to pension	<u>(720,197)</u>	526,325
Deferred outflows and inflows of resources related to other post employment benefits (OPEB) are applicable to future periods, therefore, are not reported in the fund statements:		
Deferred outflows related to OPEB	419,338	
Deferred inflows related to OPEB	<u>(1,256,615)</u>	(837,277)
Long-term liabilities including net pension liability are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds:		
Compensated absences	(181,983)	
Net pension liability	(4,042,587)	
Note payable	<u>(2,745,070)</u>	<u>(6,969,640)</u>
Net Position of Governmental Activities		<u>\$ 600,257</u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal revenue	\$ 12,070	\$ 4,662,487	\$ 4,674,557
State revenue	-	22,086,604	22,086,604
Local revenue	341,065	58,181	399,246
Transfer of local funds	(27,615)	27,615	-
Cash match	-	337,113	337,113
Program income	-	45,913	45,913
Interest income	6,090	9,972	16,062
Other income	37,580	13,844	51,424
In-kind contributions	500,000	160,622	660,622
Total Revenues	869,190	27,402,351	28,271,541
Expenditures:			
General government	307,628	-	307,628
Community and economic development	-	603,059	603,059
Revolving loan fund	-	10,430	10,430
Employment and training	-	2,039,923	2,039,923
Social services	-	23,415,694	23,415,694
Transportation	-	412,967	412,967
Capital outlay	3,527,858	10,248	3,538,106
Debt Service - principal	4,930	-	4,930
Debt Service - interest	1,165	16,691	17,856
Total Expenditures	3,841,581	26,509,012	30,350,593
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(2,972,391)	893,339	(2,079,052)
Other Financing Sources (Uses)			
RLF principal received/(disbursed), net	67,445	(146,023)	(78,578)
Long term debt proceeds	2,750,000	-	2,750,000
Transfer funds from other funds	847,981	-	847,981
Transfer funds to other funds	-	(847,981)	(847,981)
Total Other Financing Sources (Uses)	3,665,426	(994,004)	2,671,422
Net Change in Fund Balances	693,035	(100,665)	592,370
Fund Balances, beginning of year	2,106,166	655,711	2,761,877
Fund Balances, end of year	\$ 2,799,201	\$ 555,046	\$ 3,354,247

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2025

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - Total Governmental Funds	\$ 592,370
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays and right-to-use leased assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays	\$ 3,538,106	
Depreciation expense	(167,604)	
Loss on disposal of property	<u>(364,598)</u>	3,005,904

Payments received on long-term revolving loan fund receivables are reported as other financing sources in the governmental funds, but reduced the receivable in the government-wide financial statements. Also bad debt allowances are not reported in the governmental funds:

Change in revolving loan fund receivable, net of allowance - Legacy	153,469	
Change in revolving loan fund receivable, net of allowance - RLF CARES Act	(7,446)	
Change in revolving loan fund receivable, net of allowance - Local Government	<u>(67,445)</u>	78,578

Governmental funds report debt service payments as expense. However, in the government-wide statements, they are recorded as reductions to long-term liabilities	4,930
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Certain expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds:

Increase in compensated absences liability	(40,062)
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Long term debt proceeds are reported as revenue in the fund financial statements but are reported as a long-term liability in the government-wide financial statements	(2,750,000)
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Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions are reported as pension expense.	88,364
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Governmental funds report other post employee benefit (OPEB) contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions are reported as OPEB expense.	279,255
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Rounding	<u>1</u>
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Change in net position of governmental activities	<u><u>\$ 1,259,340</u></u>
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LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – REPORTING ENTITY

The Lincoln Trail Area Development District (LTADD) (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 Lincoln Trail Area Development District has entered into various grant agreements, all of which are subject to the financial management policies of the District.

The District receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since members of the District’s Board of Directors are elected officials, or are appointed by elected officials, and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lincoln Trail Area Development District have been prepared to conform with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

- (1) Basis of Presentation – Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. All of the District’s activities are governmental and thus the statements reflect no business-type activities.

The government-wide statements are prepared using the economic resources measurements focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service program or department and are, therefore, clearly identifiable to a particular program. Indirect costs are expenses that are not specifically identifiable to a particular program and are therefore allocated to the various programs. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of program expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

LTADD classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes capital assets, net of depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or grant agency) limitations on their use. LTADD typically uses restricted assets first but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Financial Statements – Fund financial statements report detailed information about the District. 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. The District has neither nonmajor funds nor fiduciary funds.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in fund balances.

The District has the following governmental funds:

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. Any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue Fund accounts for proceeds of specific revenue sources that is legally restricted to disbursements for special purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the special project periods, as well as the 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. This is a major fund of the District.

- (2) Basis of Accounting – Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

Non-Exchange Transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations 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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Non-Exchange Transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been earned and eligibility requirements are met would be recorded as deferred revenue.

Unearned Grant Revenue Due to Grantor – Unearned grant revenue due to grantor includes grant revenues received but not earned for District grants, contracts, and MOA's for which expenditure time limitations have expired.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in net position as an expense with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to first apply restricted resources.

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

- (3) Budgetary Principles – The District is not legally required to adopt a budget; however, a budget is prepared using the grants management basis of accounting for each fiscal year and is approved by the Board of Directors.
- (4) Cash Equivalents – For purposes of financial statement presentation, LTADD considers all cash on hand, demand deposits and certificates of deposit as cash equivalents.
- (5) Allowance for Loan Losses – The allowance for loan losses for the revolving loan fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of individual credits, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs.
- (6) Capital Assets – Capital assets are reported in the government-wide financial statements. Capital assets are defined by LTADD as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Description	Estimated Lives
Vehicles and equipment	3 – 7 years
Equipment – grants	5 years
Leasehold improvements	25 years
Building	34 years

- (7) Compensated Absences – The compensated absences liability included in the balance sheet represents earned vacation available to employees, up to a maximum of 200 hours, at current compensation rates.
- (8) Recognition of Revenue – Grant revenue is recognized to the extent that expenditures are incurred in the manner specified by the grants and matching requirements are met.
- (9) Cost Allocation – LTADD is required by the Department of Local Government, to operate under a cost allocation plan (CAP) that conforms with 2 CFR Part 200. LTADD drafts the CAP using 2 CFR 200. A schedule of shared costs for FY25 is on page 46. In management's judgment LTADD is in conformity with 2 CFR 200.
- (10) Pension and OPEB Plans – For purposes of measuring the (1) net pension liability, (2) net OPEB liability, (3) deferred outflows and deferred inflows of resources related to pensions and OPEB, and (4) pension and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

(11) Fund Balance Classification – In accordance with GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, fund balances are reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following are the fund balance categories and the distinctions between each:

- a. Nonspendable – amounts that are not in a spendable form (such as inventory or prepaid expenses) or that are required to be maintained intact.
- b. Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority, such as a Board of Directors. Amounts committed cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- d. Assigned – are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- e. Unassigned – is the residual classification for the government.

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

(13) Subsequent Events – Management has evaluated subsequent events through the date of the independent auditor’s report, which is the date the financial statements were available to be issued.

NOTE C – ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE D – DEPOSITS / CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, a government’s deposits may not be returned to it.

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

The District’s policy is to have all deposits covered by depository insurance or secured by pledged securities. At June 30, 2025, the carrying amounts of the District’s deposits were \$4,515,782 and the bank balances were \$4,716,782. Of the bank balances, \$500,000 was covered by FDIC insurance, \$2,394,138 was covered by collateral held by the pledging financial institution in the District’s name, with remaining deposits covered by an irrevocable, unconditional, non-transferable letter of credit.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025

NOTE E – INTERFUND RECEIVABLES AND PAYABLES

Receivables and payables between funds included on the Balance Sheet – Governmental Funds at June 30, 2025 are as follows:

Due To	Due From	Amount
General Fund	SRF-Operational	\$ 777,455
General Fund	General Fund RLF - Local Government	12,677
GENERAL FUND INTERFUND RECEIVABLES		<u>790,132</u>
Special Revenue Funds:		
Workforce Innovation and Oppor Act	SRF-Operations	685
Operational	General Fund RLF - Local Government	146
Operational	SRF-Participant Directed Services	308,196
Operational	SRF-Workforce Innovation and Opportunity Act	35,210
Operational	SRF-Revolving Loan Fund - Legacy	1,852
Operational	SRF-Revolving Loan Fund - CARES Act	20
SPECIAL REVENUE INTERFUND RECEIVABLES		<u>346,109</u>
TOTAL INTERFUND RECEIVABLES AND PAYABLES		<u>\$ 1,136,241</u>

All routine operating expenditures are paid by the operational account. The due to/from between the various special revenue fund accounts are for routine receivables and payables and are expected to be paid within one year. The special revenue fund borrows from the general fund to finance day to day operations. The amount due from operational to the general fund is not expected to be paid within one year due to the reimbursement nature of grant agreements and the continual corresponding grant receivables.

NOTE F – FEDERAL AND STATE ADMINISTRED GRANT RECEIVABLES

Federal and state administered grant receivables consist of receivables for reimbursements of expenditures under various programs and grants. All amounts are expected but not guaranteed to be collected within the next year. The amount of non-collectible receivables, if any, could be significant. Grant receivables at June 30, 2025 consisted of the following:

FY25		
Cabinet for Health & Family Services - Aging	\$	335,607
Division of Aging Services - Participant Directed Services		750,764
KY Cabinet for Workforce Development		211,564
Ky Department for Local Government - Joint Funding Agreement		98,995
Transportation Cabinet		<u>73,512</u>
TOTAL GRANT RECEIVABLES	\$	<u>1,470,442</u>

NOTE G – REVOLVING LOAN FUND RECEIVABLES

The Revolving Loan - Legacy program was established in 1987 with 75% or \$500,000 of the funding coming from a Special Economic Development and Assistance grant from the Economic Development Administration (EDA) and a 25% or \$166,667 match provided by the LTADD. As of June 30, 2025, there were eight active loans with an outstanding principal balance of \$292,169. In October 2021, these funds were de-federalized.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025

NOTE G – REVOLVING LOAN FUND RECEIVABLES, Continued

In FY 2021 LTADD received a direct federal award from the Economic Development Administration for Revolving Loan CARES Act funds for \$550,000. \$500,000 to be loaned out to small business and \$50,000 for administration of the loans. As of June 30, 2025, there is one RLF CARES Act loan with an outstanding balance of \$2,897, this loan was current at June 30, 2025. Of the \$500,000 awarded, \$169,300 was loaned and \$330,700 was de-obligated by the Economic Development Administration.

All loans for RLF Legacy were current, RLF CARES Act loan was current and both Local Government RLF loans were current at June 30, 2025. LTADD has met with Economic Development Administration about returning RLF CARES Act funds back to their agency.

The revolving loan fund receivables at June 30, 2025, are summarized as follows:

	RLF Legacy	RLF CARES Act	RLF Local Government
Principal balance of loans outstanding	\$ 292,169	\$ 2,897	\$ 279,864
Allowance for loan losses	-	-	-
Revolving loan fund receivables, net of allowance	<u>\$ 292,169</u>	<u>\$ 2,897</u>	<u>\$ 279,864</u>

Recoveries and provisions are recorded in the statement of activities. In management's opinion, all known and anticipated loan losses have been previously written off, and there are no anticipated loan losses requiring provision.

NOTE H – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ -	\$ 490,000	\$ -	\$ 490,000
Building	-	2,773,886	-	2,773,886
Vehicles and equipment	386,826	167,197	49,423	504,600
Equipment - grant purchased	442,271	80,840	35,594	487,517
Leasehold improvements	365,556	26,183	365,338	26,401
Total cost	<u>1,194,653</u>	<u>3,538,106</u>	<u>450,355</u>	<u>4,282,404</u>
Less accumulated depreciation				
Building	-	13,598	-	13,598
Vehicles and equipment	180,888	52,441	49,423	183,906
Equipment - grant purchased	184,761	98,228	35,594	247,395
Leasehold improvements	280	3,337	740	2,877
Total accumulated depreciation	<u>365,929</u>	<u>167,604</u>	<u>85,757</u>	<u>447,776</u>
Net capital assets	<u>\$ 828,724</u>	<u>\$ 3,370,502</u>	<u>\$ 364,598</u>	<u>\$ 3,834,628</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025

NOTE H – CAPITAL ASSETS, Continued

Depreciation expense was charged to governmental functions as follows:

General government	\$ 31,555
Community and economic development	55,229
Revolving loan fund	153
Employment and training	12,700
Social services	63,456
Transportation	4,511
Total depreciation expense	<u>\$ 167,604</u>

NOTE I – UNEARNED GRANT REVENUE DUE TO GRANTOR

At June 30, 2025 unearned grant revenue of \$55,724 includes revenues received but not earned, from District grant agreements, and is as follows:

Contract/Billing Name	FY25 Revenue Received	FY25 Expenditures	Amount Due to Grantor
FY09 and prior - all sources	\$ -	\$ -	\$ 10,908
FY10			
DOE-JAG	-	-	56
Participant Directed Services	-	-	18,550
FY12			
Workforce Innovation & Opportunity Act	-	-	1,970
FY18			
Cumberlands WD Board Support - KY Health	-	-	385
FY22			
Title III-C2 Home Delivered Meals	-	-	100
FY23			
Aging - ADRC	-	-	1,300
Participant Directed Services	-	-	5,738
Prescription Assistance Program	-	-	3,814
FY24			
Aging - Title III-E Admin	-	-	15
Participant Directed Services	-	-	2,078
FY25			
Regional Transportation	-	-	3,676
ACA MIPPA/ADRC	9,826	9,716	110
Participant Directed Services	-	-	5,571
Workforce Innovation & Opportunity Act	-	-	1,453
			<u>\$ 55,724</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE J – LONG TERM DEBT- NOTE PAYABLE

On April 30, 2025, the District executed a promissory note in the amount of \$2,750,000 to purchase the building it had previously been leasing, to continue serving as LTADD's headquarters. This promissory note has been authorized to be issued by the District pursuant to the provisions of KRS 65.210 to 65.300 and a resolution of the Board of Directors of the District adopted February 7, 2025. The loan is structured to be repaid over a 25-year term with monthly principal and interest payments. An initial interest-only payment of \$7,792 was made in April 2025, covering interest for the month of May. Regular monthly payments of \$14,995, which include both principal and interest, began on June 15, 2025, and will continue on the 15th of each month through May 15, 2050. The promissory note constitutes a revenue bond for purposes of KRS 65.270 and for purposes of section 103 of the Internal Revenue Code of 1986, as amended. The promissory note is payable solely from the revenues of the district.

Long-term debt activity for governmental activities for the year ended June 30, 2025:

	<u>Notes Payable</u>
Beginning balance	\$ -
Additions	2,750,000
Reductions	<u>4,930</u>
Ending balance	2,745,070
Less current portion	<u>(62,875)</u>
Long-term debt	<u>\$ 2,682,195</u>

The annual requirements to retire the District's long-term debt for the note payable are as follows:

Fiscal Year	Annual		
Ending	Interest	Principal	Total
June 30			
2026	117,060	62,875	179,935
2027	114,296	65,639	179,935
2028	111,718	68,217	179,935
2029	108,413	71,522	179,935
2030	109,417	73,258	182,675
2031 - 2035	709,777	354,272	1,064,049
2036 - 2040	578,361	485,688	1,064,049
2041 - 2045	397,331	666,718	1,064,049
2046 - 2050	149,436	896,881	1,046,317
	<u>\$ 2,395,809</u>	<u>\$ 2,745,070</u>	<u>\$ 5,140,879</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025

NOTE K – CHANGES IN LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2025 is as follows:

	Beginning		Payments/	Ending	Amount Due
	Balance	Additions	Reductions	Balance	Within
					One Year
Compensated absences	\$ 141,921	\$ 40,062	\$ -	\$ 181,983	\$ 17,773
Lease liabilities	4,641,047	-	\$ 4,631,951	9,096	9,096
Net pension liability	4,039,705	2,882	-	4,042,587	-
Note Payable	-	2,750,000	4,930	2,745,070	62,875
Total long-term liabilities	<u>\$ 8,822,673</u>	<u>\$ 2,792,944</u>	<u>\$ 4,636,881</u>	<u>\$ 6,978,736</u>	<u>\$ 89,744</u>

Additions to compensated absences represent the net change in compensated absences for the fiscal year.

The District has entered into three lease agreements to lease land, office space and certain equipment that meet the requirements of other than short term leases under GASB Statement 87; and therefore, have been recorded at the present value of the future minimum payments as of the date of the lease agreement. The leases are further described in Note Q to the financial statements.

An increase to long-term debt of \$2,882 for net pension liability is a result of the reporting requirements, of GASB 68, *Accounting and Financial Reporting for Pensions*. GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* resulted in a net OPEB asset.

The District purchased the property it was leasing on April 30, 2025 for \$2,750,000. More information on the purchase of property and related long-term debt is above in Note J.

NOTE L – DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. LTADD has two items that qualify for reporting in this category: The pension deferred outflows of \$1,246,522 and the other post-employment benefit deferred outflows of \$419,338 at June 30, 2025. The pension deferred outflows are described in Note M to the financial statements. The other post-employment benefit deferred outflows are described in Note N.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LTADD has three items that qualify for reporting in this category: the pension deferred inflows of \$720,197, other post-employment benefit deferred inflows of \$1,256,615, and deferred revenue of \$588,298 at June 30, 2025. The pension deferred inflows are described in Note M to the financial statements. The other post-employment benefit deferred outflows are described in Note N.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been earned and eligibility requirements are met would be recorded as deferred revenue. LTADD reports deferred revenue in its financial statements as deferred inflows of resources.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025

NOTE L – DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, Continued

Deferred revenue at June 30, 2025 is as follows:

Funding Source	Amount
ADRC - Medicaid Federal Funds	\$ 75,102
Thomas P Miller Study	3,500
Washington Co Match	52
Participant Directed Services	415,424
Safe Streets for All Match	23,432
Service Providers	10,604
Workforce Investment and Opportunity Act	2,813
Putting Young Kentuckians to Work	57,371
	<u>\$ 588,298</u>

NOTE M – PENSION PLAN**General Information about the Pension Plan**

Plan description. Employees of Lincoln Trail Area Development District are provided a defined benefit pension plan through the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA). The CERS pension plan has two categories: non-hazardous and hazardous. Lincoln Trail Area Development District employees participate in non-hazardous. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and the Kentucky Retirement System. The KPPA CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (800) 928-4646.

Benefits provided. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, there are currently three benefit Tiers. Tier 1 members are those participating in the plan before 9/1/2008, Tier 2 are those that began participation 9/1/2008 through 12/31/2013, and Tier 3 are those members that began participation on or after 1/1/2014.

Benefits provided – Non-hazardous. Tier 1 Non-hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service-related disability benefits are provided after five years of service. Tier 2 Non-hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57, and age plus earned service must equal 87 years at retirement, or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the KPPA Board based on a members accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE M – PENSION PLAN, Continued

General Information about the Pension Plan

the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living-adjustments if, in its judgement, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Contributions. Contributions for employees are established in the statutes governing the KPPA and may only be changed by the Kentucky General Assembly. Non-hazardous employees contribute 5% of salary if they were plan members prior to September 1, 2008. Non-hazardous employees that entered the plan after September 1, 2008 are required to contribute 6% of their annual creditable compensation. The additional 1% is deposited into to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, total employer contributions for the District were \$474,687 based on a rate of 19.71% for non-hazardous members through covered payroll. The contribution rate of 19.71% for non-hazardous was applied to pensions. The contribution rate for insurance benefits was zero percent in FY25.

By law, employer contributions are required to be paid. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. The District's proportion of the collective net pension liability and pension expense was determined using the employer's actual contributions for Fiscal Year 2024. This method is expected to be reflective of the employers' long term contribution effort. For the plan year ended June 30, 2024, the District's proportion was .067597 percent, which was an increase of .004639 percent from its proportion measured at June 30, 2023.

Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2024 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date as of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 20, 2022", and included a change in the investment return assumption from 6.25% to 6.50%. The Total Pension Liability as of June 30, 2024, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial payment lump-sum options, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a relatively small change for future retirees under non-hazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The Total Pension Liability as of June 30, 2024, for the non-hazardous plan is determined using these update benefits provisions.

There have been no other plan provision changes that would materially impact the Total Pension Liability since June 30, 2022.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE M – PENSION PLAN, Continued**Net Pension Liability**

Actuarial Assumptions. The Total Pension Liability as of the measurement date of June 30, 2024 was determined using the following actuarial assumptions, applied to all periods included in the measurement.

The assumptions are:

- Inflation – 2.30%
- Payroll growth rate – 2.00%
- Salary increases – 3.30% to 10.30%, varies by service
- Investment return – 6.50%

The mortality table used 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 long-term expected return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.85%
Specility Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected	20.00%	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE M – PENSION PLAN, Continued**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Discount rate. The projection of cash flows used to determine the discount rate of 6.50% for CERS non-hazardous assumes the local employers would contribute with required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018), over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KPPA Annual Comprehensive Financial Report (ACFR).

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the District calculated using the discount rate of 6.50 percent, as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
<u>\$ 5,211,555</u>	<u>\$ 4,042,587</u>	<u>\$ 3,072,651</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued KPPA financial report.

Pension expense (income). For the year ended June 30, 2025, the District recognized pension expense (income) of \$386,323 (calculated).

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability experience	\$ 195,669	\$ -
Changes of assumptions	-	182,646
Difference between projected and actual earnings on pension plan investments	277,635	537,551
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	298,531	-
Contributions subsequent to the measurement date of June 30, 2024	474,687	-
Total	<u>\$ 1,246,522</u>	<u>\$ 720,197</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE M – PENSION PLAN, Continued

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2024” 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 to pensions will be recognized in pension expense as follows:

Year ending June 30,	Pension Expense
2026	\$ 64,697
2027	144,780
2028	(99,915)
2029	(57,924)
	<u>\$ 51,638</u>

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

NOTE N - OTHER POST-EMPLOYMENT BENEFIT PLANS

General Information about the OPEB Plan

Plan description. Employees of the District are provided hospital and medical insurance through the Kentucky Public Pension Authority’s County Employees’ Retirement Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KPPA was created by State statute under Kentucky Revised Statute Section 61.645. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (800) 928-4646.

Benefits Provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contributions for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member’s eligibility requirements. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicaid retirees. It is only payable when the members applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

Senate Bill 10 passed in March 2025 increases the non-hazardous members health subsidy to \$40 per service year for members participating in the system on or after July 1, 2003. Effective date is January 1, 2026.

Contributions. Contribution requirements of the participating employers are established and may be amended by the CERS Board of Trustees. The District’s contractually required contribution rate for the year ended June 30, 2025, was zero percent of annual creditable compensation. Contributions to the Insurance Fund from the District was zero for the year ended June 30, 2025. Employees that entered the plan prior to September 1, 2008, are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008, are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE N – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

The District's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for Plan Year 2024. This method is expected to be reflective of the employers' long-term contribution effort. For the plan year ended June 30, 2024 the District's proportion was .067663 percent, which is an increase of .00471 percent from its proportion measured as of June 30, 2023.

Net OPEB Liability (Asset)

For financial reporting, the actuarial valuation as of June 30, 2024 was performed by Gabriel Roeder Smith (GRS). The total OPEB liability (asset), net OPEB liability (asset), and sensitivity information as of June 30, 2024 were based on an actuarial valuation date as of June 30, 2022. The total OPEB liability (asset) was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

Actuarial Assumptions. The total OPEB liability (asset) as of June 30, 2024 was determined using the updated assumptions as follows:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement
Post-65	Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement

The mortality table used 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 CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability (asset) within the retirement plan changed since the prior year. Additional information regarding the single discount rates is provided below. The total OPEB liability (asset) as of June 30, 2024 is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability (asset) as of June 30, 2024 is determined using these updated benefit provisions.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE N – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued**Changes in the Net OPEB Liability (Asset)**

There have been no other plan provision changes that would materially impact the total OPEB liability (asset) since June 30, 2022.

The long-term expected return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00%	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.85%
Speciality Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protection	20.00%	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

Discount rate. The discount rate used to measure the total OPEB liability (asset) was 5.99% for the non-hazardous employees. The discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance future benefit payments of current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system.

However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any costs associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KPPA financial report.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE N – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued**Changes in the Net OPEB Liability (Asset)**

Sensitivity of the District's proportionate share of the collective net OPEB liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the collective net OPEB liability (asset) as well as what the District's proportionate share of the collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

<u>1% Decrease (4.99%)</u>	<u>Current Discount Rate (5.99%)</u>	<u>1% Increase (6.99%)</u>
<u>\$ 158,256</u>	<u>\$ (117,044)</u>	<u>\$ (348,516)</u>

Sensitivity of the District's proportionate share of the collective net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the collective net OPEB liability (asset), as well as what the District's proportionate share of the collective net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
<u>\$ (281,593)</u>	<u>\$ (117,044)</u>	<u>\$ 74,644</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KPPA financial report.

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense (income). For the year ended June 30, 2025, the District recognized pension expense (income) of \$(279,255) (calculated).

Deferred outflows of resources and deferred inflows of resources. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources on the following table:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ 64,934	\$ 920,902
Changes of assumptions	106,056	82,587
Difference between projected and actual earnings on OPEB plan investments	102,884	209,693
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>145,464</u>	<u>43,433</u>
Total	<u>\$ 419,338</u>	<u>\$ 1,256,615</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE N – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued
OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

<u>Year Ending June 30</u>	<u>OPEB Expense</u>
2026	\$ (344,571)
2027	(270,081)
2028	(221,610)
2029	(1,015)
	<u>\$ (837,277)</u>

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

DEFERRED COMPENSTATION

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457, 401(k) and 403(b). The Plans, available to all employees, permit employees to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements. LTADD makes no contributions to these plans.

NOTE O – DISAGGREGATION OF ACCOUNTS PAYABLE

At June 30, 2025, the District has an accounts payable balance of \$506,502. The majority of payable were related to program or operational expenses. The breakdown of payables is as follows:

<u>Current Accounts Payable</u>	<u>Governmental Activities</u>
Community/Economic Development	\$ 14,908
Aging and Independent Living Services	272,627
Cost Pool and Miscellaneous	71,439
Workforce Innovation and Opportunity Act	147,528
	<u>\$ 506,502</u>

NOTE P – FUND BALANCES

Fund balances at June 30, 2025 are classified as follows: Nonspendable in the amount of \$23,996 represents amounts that cannot be spent due to form and correspond to prepaid expenses; Restricted by contractual provisions for the Revolving Loan Funds in the amount of \$373,063; Restricted by action of the Board of Directors for the Local Government Revolving Loan Fund in the amount of \$76,137; Committed for the purpose of funding compensated absences in the amount of \$181,983. Committed fund balance classifications are determined by action of the Board of Directors.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE Q – LONG TERM LEASES and OTHER RENTAL COMMITMENTS

LONG TERM LEASES

On March 27, 2023, the District entered into a 25-year lease for land and office space located at 750 S. Provident Way, Elizabethtown, KY 42701. The commencement date of the lease was August 1, 2023. Annual rent expense was \$137,150 for FY 25. No interest is imputed on the operating lease, annual payments are charged to rent expense. On April 2025, the District purchased the property it was leasing. See Note J for more information on the purchase of the property.

The District has two additional long term leases for office equipment described as follows:

The first agreement was executed on August 10, 2021, to lease copiers and requires 48 monthly payments of \$607. There are no variable payment components of the lease. The lease liability is measured as a discount rate of 3.25%, which is the prime rate as of the agreement date. The lease period ended on June 30, 2025, therefore no unamortized net book value is recorded.

The District executed a new agreement on July 10, 2025, to lease copiers and requires 48 monthly payments of \$610. The lease liability is measured as a discount rate of 7.5%, which is the prime rate as of the agreement date. The unamortized net book value of the lease is \$23,790 at July 10, 2025. No unamortized net book value is recorded at June 30, 2025.

The second agreement was executed November 22, 2023, to lease a postage meter and requires 20 quarterly payments of \$1,117. There are no variable payment components of the lease. The lease liability is calculated at an annual percentage rate of 8.5% which is the prime rate as of the agreement date. As a result of the lease, the District recorded a right to use leased asset with an initial book value of \$12,505. The unamortized net book value of the lease is \$9,096 at June 30, 2025.

OTHER RENTAL COMMITMENTS

The District has two other rental agreements for career centers for the WIOA program. The agreements are cancelable operating lease agreements, renewable on an annual basis and correlated to the District's fiscal year. The rental charge for facility use is \$12,057 per quarter for one location and \$1,420 per month for the second location. The annual rental cost for the two agreements is \$65,268 for the year ended June 30, 2025. The operating leases are short-term in nature and are therefore not capitalized as right to use leased assets.

NOTE R – BUDGET BASIS REVENUES AND EXPENDITURES

The District maintains accounting records utilizing the grants management (budget) basis of accounting for grant and financial reporting purposes. Certain differences exist between the grants management (budget) basis of accounting and the governmental fund basis of accounting reported in the fund financial statements. The amounts reported are reconciled in the table on the following page:

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025

NOTE R – BUDGET BASIS REVENUES AND EXPENDITURES, Continued

Grants Management (Budget) Basis Revenues	\$ 28,340,916
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Agency depreciation allocation	(69,375)
Fund Financial Statement Revenues	<u>\$ 28,271,541</u>
Grants Management (Budget) Basis Expenditures	\$ 27,069,863
Change in compensated absences liability	(40,062)
Agency depreciation expense - vehicles	(15,132)
Other depreciation expenses:	
Agency depreciation allocation	\$ (69,375)
Agency depreciation expense - building & equipment	(54,244)
Loss on disposal of agency owned assets	<u>(2,653)</u>
	(126,272)
Debt service principal	4,930
Agency purchased capital assets	3,457,266
Fund Financial Statement Expenses	<u>\$ 30,350,593</u>

Required Individual Budget Line-Item Disclosures

Expenditures may not legally exceed the total budgeted amounts. Any revisions to the budget that would alter total revenues and expenditures of the funds adopting budgets must be approved by the board of directors. All appropriations lapse at year-end. For the year ended June 30, 2025, grants management basis, expenditures exceeded budget in the amount of \$28,555, for the line item "Other Costs" and \$1,856 for the line item "Debt service-interest". The over budget expenditure was funded by under budget expenditures in other line items. Overall, total expenditures were under budget in the amount of \$1,269,080.

NOTE S – RISK MANAGEMENT

LTADD 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. LTADD participates in the Kentucky Association of Counties All Lines Fund (KALF), a public entity risk pool currently operating as a common risk management and insurance program for the Counties of Kentucky and their sub agencies. LTADD pays an annual premium to KALF for insurance coverage for certain risks of loss, including workers' compensation and general liability. The Coverage Agreement provides that KALF will be self-sustaining through member contributions, premiums and assessments and will reinsure through commercial companies for property related claims in excess of \$500,000 for each insured event.

NOTE T – CONCENTRATION OF RISK

During the year ended June 30, 2025, the District received 97.1% of its revenue from federal, state and local grants, and the related in-kind match and program income. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, it is determined that funds have not been used for the intended purpose, the grantor may request a refund of monies advanced, or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, could be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE U – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

(1) SBITA – ESRI

In July 2024, the District entered into a subscription-based technology arrangement for the GIS mapping software in the Community and Economic Development department. The District paid \$7,068 for a one-year subscription for the right to use the software (intangible asset). As of June 30, 2025, the value of the subscription liability was \$0.

(2) SBITA – GRANTS MANAGEMENT SYSTEMS (GMS)

In July 2024, the District entered into a subscription-based technology arrangement for accounting software for the finance department. The District paid \$6,661 for a one-year subscription for the right to use the software (intangible asset). As of June 30, 2025, the value of the subscription liability was \$0.

(3) SBITA – TRANSFER INC.

In July 2024, the District entered into a subscription-based technology arrangement for virtual based career exploration for the Workforce Innovation and Opportunity Act department. The District paid \$35,000 for a one-year subscription for the right to use the software (intangible asset). As of June 30, 2025, the value of the subscription liability was \$0.

NOTE V – IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Standards that Become Effective for FY 2025 and Later Year Financial Statements

Statement No. 101, *Compensated Absences*, aligns recognition and measurement guidance for all types of compensated absences under a unified model, resulting in greater consistency and improved comparability. (FY 2025)

Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the government reporting unit that reports a liability for revenue debt vulnerable to the risk of a substantial impact. The statement focuses on certain risk disclosures in financial statements. (FY 2025)

Statement No. 103, *Financial Reporting Model Improvements*, provides clarity on what information should be presented in Management's Discussion and Analysis and changes in budgetary comparison information. (FY 2026).

Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. In addition, it establishes requirements for capital assets held for sale. (FY 2026)

The District has not yet determined the effect, if any, that the adoption of these Statements may have on its financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE

GOVERNMENTAL FUNDS - GRANTS MANAGEMENT BASIS

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable Unfavorable
Revenues:				
Federal revenue	\$ 5,441,154	\$ 5,642,020	\$ 4,674,556	\$ (967,464)
State revenue	17,197,710	22,205,754	22,086,604	(119,150)
Local revenues	236,398	411,233	399,247	(11,986)
Cash match	284,151	357,635	337,113	(20,522)
Program income	38,700	48,708	45,913	(2,795)
In-kind contributions	123,529	603,510	660,622	57,112
Interest income	15,079	15,079	16,062	983
Other income	75,062	78,062	120,799	42,737
Total Revenue	23,411,783	29,362,001	28,340,916	(1,021,085)
Expenditures:				
Salaries	2,344,898	2,596,953	2,505,216	91,737
Fringe	1,231,422	1,365,343	1,187,211	178,132
Contractual services	5,635,784	5,825,840	5,306,339	519,501
Client services/program costs	13,426,593	17,571,249	17,238,385	332,864
Travel	54,255	95,766	74,770	20,996
Training	19,252	13,817	6,333	7,484
Ads, printing, publishing and copies	28,465	42,000	32,695	9,305
Lease, maintenance & software licensing	42,191	89,766	63,652	26,114
Capital outlay (equipment)	23,900	88,460	80,840	7,620
Supplies and postage	82,687	72,469	40,714	31,755
Phone and internet	20,600	28,450	23,038	5,412
Dues and registrations	70,318	76,608	65,348	11,260
Other costs	97,788	117,395	145,950	(28,555)
Building expenses	79,500	79,500	48,394	31,106
Rent	232,930	215,377	202,418	12,959
Insurance	21,200	43,950	30,704	13,246
Debt services - Interest	-	16,000	17,856	(1,856)
Total Expenditures	23,411,783	28,338,943	27,069,863	1,269,080
Excess Revenue over Expenditures	\$ -	\$ 1,023,058	1,271,053	\$ 247,995
Fund balance, beginning of year			3,215,394	
Fund balance, end of year			\$ 4,486,447	

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

June 30, 2025

Last 10 Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of net pension liability	0.067597%	0.062958%	0.057265%	0.061908%	0.055363%
Proportionate share of the net pension liability	\$ 4,042,587	\$ 4,039,705	\$ 4,139,695	\$ 3,947,121	\$ 4,246,296
Covered employee payroll	\$ 2,408,355	\$ 2,122,147	\$ 1,814,709	\$ 1,588,418	\$ 1,586,048
Proportionate share of the net pension liability as a percentage of covered payroll	167.86%	190.36%	228.12%	248.49%	267.73%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of net pension liability	0.051568%	0.061190%	0.064250%	0.069540%	0.070682%
Proportionate share of the net pension liability	\$ 3,626,800	\$ 3,726,658	\$ 3,760,750	\$ 3,423,862	\$ 3,038,979
Covered employee payroll	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807	\$ 1,562,646	\$ 1,658,723
Proportionate share of the net pension liability as a percentage of covered payroll	255.73%	286.50%	247.94%	219.11%	183.21%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.32%	55.50%	59.97%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**

June 30, 2025

Last 10 Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Proportion of net OPEB liability	0.067663%	0.062953%	0.057308%	0.061893%
Proportionate share of the net OPEB liability (asset)	\$ (117,044)	\$ (86,917)	\$ 1,130,981	\$ 1,184,911
Covered employee payroll	\$ 2,408,355	\$ 2,122,147	\$ 1,814,709	\$ 1,588,418
Proportionate share of the net OPEB liability as a percentage of covered payroll	-4.86%	-4.10%	62.32%	74.60%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of net OPEB liability	0.055355%	0.051555%	0.061196%	0.064250%
Proportionate share of the net OPEB liability	\$ 1,336,655	\$ 867,132	\$ 1,086,523	\$ 1,291,645
Covered employee payroll	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Proportionate share of the net OPEB liability as a percentage of covered payroll	84.28%	61.14%	83.53%	85.16%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.39%

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF CONTRIBUTIONS TO PENSION**

June 30, 2025

Last 10 Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution (actuarially determined)	\$ 474,687	\$ 495,309	\$ 424,493	\$ 336,256	\$ 306,122
Contributions in relation to the actuarially determined contribution	<u>(474,687)</u>	<u>(495,309)</u>	<u>(424,493)</u>	<u>(336,256)</u>	<u>(306,122)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,408,355	\$ 2,122,147	\$ 1,814,709	\$ 1,588,418	\$ 1,586,048
Contributions as a percentage of covered employee payroll	19.71%	23.34%	23.40%	21.17%	19.30%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 273,732	\$ 210,978	\$ 219,624	\$ 217,963	\$ 206,015
Contributions in relation to the actuarially determined contribution	<u>(273,732)</u>	<u>(210,978)</u>	<u>(219,624)</u>	<u>(217,963)</u>	<u>(206,015)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807	\$ 1,562,646	\$ 1,658,723
Contributions as a percentage of covered employee payroll	19.30%	16.22%	14.48%	13.95%	12.42%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF CONTRIBUTIONS TO OPEB**

June 30, 2025

Last 10 Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ 61,497	\$ 91,823
Contributions in relation to the actuarially determined contribution	-	-	(61,497)	(91,823)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,408,355	\$ 2,122,147	\$ 1,814,709	\$ 1,588,418
Contributions as a percentage of covered employee payroll	0.00%	0.00%	3.39%	5.78%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 75,481	\$ 67,494	\$ 68,426	\$ 71,287
Contributions in relation to the actuarially determined contribution	(75,481)	(67,494)	(68,426)	(71,287)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765	\$ 1,516,807
Contributions as a percentage of covered employee payroll	4.76%	4.76%	5.26%	4.70%

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

June 30, 2025

CERS PENSION

Changes of benefit terms: There were no changes in benefit terms for plan years 2014 through 2023

Changes of assumptions (as of June 30 for the year of the measurement date):

2014:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016:

- No changes

2017:

- The assumed investment return was changed from 7.50% to 6.25%
- The price inflation assumption was changed from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
- The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%

2018:

- No changes

2019:

- Salary increase was changed from 3.05% to a range from 3.30% to 11.55% which varies by service

2020:

- Salary increase was changed from a range of 3.3% to 11.55% to a range from 3.30% to 10.30% which varies by service year
- Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization basis. This change does not impact the calculation of the total pension liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020

2021 and 2022:

- No changes

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION**

June 30, 2025

CERS PENSION, Continued

Changes of assumptions (as of June 30 for the year of the measurement date) continued:

2023:

- The single discount rate increased from 6.25% to 6.50%

2024:

- The investment rate of return increased from 6.25% to 6.50%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

June 30, 2025

CERS OPEB

Changes of benefit terms : There were no changes in benefit terms for plan years 2017 to 2021

Changes of assumptions (as of June 30 for the year of the measurement date):

2017:

- The assumed investment return was changed from 7.50% to 6.25%
- The price inflation assumption was changed from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption at all years of service
- The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%
- For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%
- For the Hazardous Plan, the single discount rate changed from 7.37% to 5.96%

2018:

- No changes

2019:

- Salary increase was changed from 3.05% to a range from 3.30% to 11.55% which varies by service
- Health care trends for Pre-65 initial trend changed from 7.00% to 7.25% on January 1, 2019, the period was increased by 1 year to 13 years
- Health care trends for Post-65 initial trend changed from 5.00% to 5.10% on January 1, 2019, the period was increased by 1 year to 11 years

2020:

- For the Non-Hazardous Plan, the single discount rate changed from 5.68% to 5.24%
- Salary increase was changed from a range of 3.30% to 11.55% to a range of 3.30% to 10.30% which varies by service
- Health care trends for Pre-65 initial trend changed from 7.25% to 6.40% on January 1, 2022, the period was decreased by 1 year to 14 years
- Health care trends for Post-65 initial trend changed from 5.10% to 2.9% on January 1, 2022 and Increasing to 6.30% in 2023. The period was increased by 1 year to 14 years.
- Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization basis. This change does not impact the calculation of the total OPEB liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020
- The assumption load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee

2021:

- For the Non-Hazardous Plan, the single discount rate changed from 5.34% to 5.20%
- For the Non-Hazardous Plan, the municipal bond rate changed from 2.45% to 1.92%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

June 30, 2024

CERS OPEB, Continued

Changes of assumptions (as of June 30 for the year of the measurement date) continued:

2022:

- The single discount rate increased from 5.20% to 5.70%
- The municipal bond rate increased from 1.92% to 3.69%

2023:

- The single discount rate increased from 5.70% to 5.93%
- The municipal bond rate increased from 3.69% to 3.86%
- Health care trends for Pre-65 initial trend changed from 6.40% to 6.30% at January 1, 2023, the period was decreased by 1 year to 13 years
- Health care trends for Post-64 initial trend remained unchanged at 6.30% at January 1, 2023, the period was decreased by 1 year to 13 years

2024:

- The discount rate increased from 5.93% to 5.99%
- The municipal bond rate increased from 3.86% to 3.97%
- Health care trends for Pre-65 initial trend changed from 6.30% to 6.20% at January 1, 2024, the period was decreased by 1 year to 12 years
- Health care trends for Post-64 initial trend changed from 6.30% to 9.00% at January 1, 2024, the period was decreased by 1 year to 12 years

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF SHARED COSTS**

Year Ended June 30, 2025

	Operational	Indirect	Common	Total
Salaries	\$ 177,661	\$ 182,966	\$ 62,998	\$ 423,625
Fringe benefits	81,260	85,950	29,638	196,848
Contractual services	10,488	45,112	-	55,600
Travel	13,451	52	30	13,533
Training	1,137	1,653	-	2,790
Ads, printing, publications & copies	6,268	1,785	4,770	12,823
Leases, maintenance & software license	2,288	3,637	2,062	7,987
Supplies and postage	5,815	2,915	5,039	13,769
Phone	11,724	477	5,189	17,390
Dues and registrations	13,896	149	21	14,066
Other costs	776	2,189	54,383	57,348
Building expenses	3,140	3,991	41,263	48,394
Rent	12,541	15,049	109,560	137,150
Insurance & bond expenses	24,906	1,501	-	26,407
Interest expense	1,157	1,404	15,295	17,856
	<u>\$ 366,508</u>	<u>\$ 348,830</u>	<u>\$ 330,248</u>	<u>\$ 1,045,586</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2025

	Joint Funding Agreement	Kentucky Infrastructure Authority	OLDCC - Compatible Use Plan	Building Resilient Infrastructure & Communities (BRIC)	Hazard Mitigation West Point RiverBank Stabilization	COMMUNITY & ECONOMIC DEVELOPMENT TOTAL	KTC Regional Transportation	KTC Metropolitan Planning Organization	KTC MPO Transportation Study	Federal Transit Administration	Safe Streets for All (SS4A)	KTC Local Road Updates Centerline
Revenues												
Federal revenue	\$ 103,262	\$ -	\$ 111,548	\$ 960	\$ 646	\$ 216,416	\$ -	\$ 111,569	\$ 70,232	\$ 3,951	\$ 77,553	\$ -
Federal revenue - ARPA (other)	-	-	-	-	-	-	-	-	-	-	-	-
Federal revenue - ARPA (aging)	-	-	-	-	-	-	-	-	-	-	-	-
State revenue	262,480	119,130	-	-	-	381,610	79,778	6,973	-	-	19,389	16,250
Local revenue	-	-	-	-	-	-	8,865	20,919	-	989	-	-
Transfer of local cash	3,549	1,243	12,389	-	-	17,181	-	-	-	-	-	-
Contractor cash match	-	-	-	-	-	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	369,291	120,373	123,937	960	646	615,207	88,643	139,461	70,232	4,940	96,942	16,250
Expenditures												
Personnel	183,544	58,644	59,774	463	328	302,753	42,172	65,879	-	2,506	1,607	8,239
Fringe benefits	86,442	27,673	27,852	228	154	142,349	19,864	31,034	-	1,180	757	3,878
Contractual services	-	-	-	-	-	-	-	-	70,232	-	93,774	-
Client services / program costs	-	-	-	-	-	-	-	-	-	-	-	-
Travel	2,774	849	118	-	-	3,741	525	-	-	-	-	-
Training	-	-	-	-	-	-	-	1,500	-	-	-	-
Ads, printing, publications & copies	737	109	3,705	8	-	4,559	135	188	-	-	-	-
Lease, maintenance & software licensing	1,850	2,564	-	-	-	4,414	2,657	3,549	-	-	-	-
Grant purchased equipment	-	-	-	-	-	-	-	3,351	-	-	-	-
Supplies and postage	62	5	-	-	-	67	1,050	211	-	-	-	-
Phone and internet	-	-	-	-	-	-	-	-	-	-	-	-
Dues and registrations	1,642	1,150	60	-	-	2,852	1,125	762	-	-	-	-
Other costs	346	-	-	-	-	346	-	-	-	-	-	-
Building expenses	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-	-	-
Agency purchased assets	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	277,397	90,994	91,509	699	482	461,081	67,528	106,474	70,232	3,686	96,138	12,117
Shared costs applied:												
Operational costs	32,211	10,298	11,287	93	58	53,947	7,401	11,563	-	440	282	1,494
Indirect administration costs	30,658	9,802	10,975	88	55	51,578	7,045	11,005	-	418	268	1,351
Shared costs	29,025	9,279	10,166	80	51	48,601	6,669	10,419	-	396	254	1,288
Total expenditures	369,291	120,373	123,937	960	646	615,207	88,643	139,461	70,232	4,940	96,942	16,250
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):												
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2025

	TRANSPORTATION TOTAL	EDA RLF Administration	RLF - EDA	EDA CARES Act RLF Administration	EDA CARES Act RLF	REVOLVING LOAN FUND TOTAL	Workforce Innovation & Opportunity Act	Putting Young Kentuckians to Work (PYKTW)	Thomas P Miller Housing Study	EMPLOYMENT & TRAINING TOTAL	Title III Aging Planning & Admin	Title III-B Support Services	Title III-B Ombudsman
Revenues													
Federal revenue	\$ 263,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,004,091	\$ -		\$ 2,004,091	\$ 112,666	\$ 308,407	\$ 29,541
Federal revenue - ARPA (other)	-	-	-	-	-	-	-	-		-	-	-	-
Federal revenue - ARPA (aging)	-	-	-	-	-	-	-	-		-	-	124,231	-
State revenue	122,390	-	-	-	-	-	-	32,930		32,930	40,925	134,717	-
Local revenue	30,773	-	-	-	-	-	-	-		-	-	-	-
Transfer of local cash	-	-	-	2,633	-	2,633	-	1,029		1,029	-	-	-
Contractor cash match	-	-	-	-	-	-	-	-		-	-	71,854	-
Program income	-	-	-	-	-	-	-	-		-	-	1,379	-
Interest income	-	-	9,631	-	341	9,972	-	-		-	-	-	-
Other income	-	6,294	(3,337)	320	(21)	3,256	-	-	10,000	10,000	-	-	-
In-kind contributions	-	-	-	-	-	-	-	-		-	-	-	-
Total revenues	416,468	6,294	6,294	2,953	320	15,861	2,004,091	33,959	10,000	2,048,050	153,591	640,588	29,541
Expenditures													
Personnel	120,403	3,490	-	1,126	-	4,616	276,103	3,537	-	279,640	72,739	77,854	-
Fringe benefits	56,713	1,643	-	528	-	2,171	129,934	1,666	-	131,600	34,131	37,521	-
Contractual services	164,006	-	-	-	-	-	1,144,786	23,523	10,000	1,178,309	-	480,408	29,541
Client services / program costs	-	-	-	-	-	-	201,138	3,407	-	204,545	749	4,260	-
Travel	525	69	-	-	-	69	4,468	25	-	4,493	5,388	1,060	-
Training	1,500	-	-	-	-	-	100	-	-	100	500	-	-
Ads, printing, publications & copies	323	-	-	-	-	-	2,775	-	-	2,775	219	20	-
Lease, maintenance & software licensing	6,206	547	-	592	-	1,139	35,381	-	-	35,381	473	-	-
Grant purchased equipment	3,351	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and postage	1,261	-	-	-	-	-	2,997	-	-	2,997	1,253	195	-
Phone and internet	-	-	-	-	-	-	2,036	-	-	2,036	-	-	-
Dues and registrations	1,887	10	-	-	-	10	60	-	-	60	1,460	-	-
Other costs	-	104	-	144	-	248	844	30	-	874	305	-	-
Building expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	65,268	-	-	65,268	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency purchased assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
	356,175	5,863	-	2,390	-	8,253	1,865,890	32,188	10,000	1,908,078	117,217	601,318	29,541
Shared costs applied:													
Operational costs	21,180	613	-	197	-	810	48,443	621	-	49,064	12,750	13,765	-
Indirect administration costs	20,087	583	-	188	-	771	46,107	591	-	46,698	12,135	13,101	-
Shared costs	19,026	552	-	178	-	730	43,651	559	-	44,210	11,489	12,404	-
Total expenditures	416,468	7,611	-	2,953	-	10,564	2,004,091	33,959	10,000	2,048,050	153,591	640,588	29,541
Revenues over (under) expenditures	-	(1,317)	6,294	-	320	5,297	-	-	-	-	-	-	-
Other financing sources (uses):													
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	(1,317)	6,294	-	320	5,297	-	-	-	-	-	-	-
Fund balances, beginning of year	-	1,636	487,388	-	173,809	662,833	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ 493,682</u>	<u>\$ -</u>	<u>\$ 174,129</u>	<u>\$ 668,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2025

	Title III-C1 Congregate Meals	Title III-C2 Home Delivered Meals	Title III-D Preventive Health	Title III-E Caregiver	Title VII Elder Abuse	Title VII Ombudsman	Nutrition Services Incentive Program "NSIP"	Suicide Prevention	Senior Center Disaster Preparedness	Expanded Senior Meals Admin	Expanded Senior Meals Prog	Homecare Administration	Homecare Social Services	KY Caregiver Support Grandparent Admin
Revenues														
Federal revenue	\$ 440,695	\$ 533,914	\$ 28,993	\$ 187,284	\$ 4,702	\$ 15,725	\$ 89,298	\$ 5,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal revenue - ARPA (other)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal revenue - ARPA (aging)	171,546	-	26,123	18,352	-	-	-	-	-	-	-	-	-	-
State revenue	20,000	9,657	-	60,328	900	4,713	-	-	4,451	46,834	624,457	103,007	938,325	8,984
Local revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of local cash	-	-	-	-	-	-	-	4,218	3	1,680	76	96	18	401
Contractor cash match	-	94,079	-	70,822	-	-	-	-	-	-	35,298	-	65,060	-
Program income	39,971	4,214	-	-	-	-	-	-	-	-	-	-	349	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	200	-	-	-	-	-	-	-	-	-	-	-	-
In-kind contributions	106,692	10,367	-	-	-	-	-	-	-	-	43,563	-	-	-
Total revenues	778,904	652,431	55,116	336,786	5,602	20,438	89,298	9,875	4,454	48,514	703,394	103,103	1,003,752	9,385
Expenditures														
Personnel	-	-	16,744	17,146	2,789	760	-	4,375	925	24,920	40,749	51,863	219,636	4,760
Fringe benefits	-	-	8,063	8,267	1,339	360	-	2,191	477	11,822	19,557	24,427	104,881	2,242
Contractual services	778,904	652,431	21,020	283,289	-	18,787	89,298	-	2,317	-	621,438	-	553,813	-
Client services / program costs	-	-	-	18,691	-	-	-	-	-	-	-	-	125	-
Travel	-	-	291	140	-	-	-	-	-	-	270	649	3,289	-
Training	-	-	56	-	-	-	-	-	-	-	-	-	-	-
Ads, printing, publications & copies	-	-	200	51	68	-	-	3	-	-	18	12	3,390	-
Lease, maintenance & software licensing	-	-	-	128	-	-	-	-	-	-	60	-	740	-
Grant purchased equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and postage	-	-	2	400	-	-	-	-	167	17	13	110	4,862	-
Phone and internet	-	-	-	-	-	-	-	-	-	-	-	-	1,712	-
Dues and registrations	-	-	297	24	-	150	-	832	-	-	12	75	849	-
Other costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency purchased assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	778,904	652,431	46,673	328,136	4,196	20,057	89,298	7,401	3,886	36,759	682,117	77,136	893,297	7,002
Shared costs applied:														
Operational costs	-	-	2,959	3,032	493	134	-	880	198	4,033	7,546	9,102	38,718	835
Indirect administration costs	-	-	2,817	2,886	469	127	-	839	206	4,184	6,836	8,663	36,850	795
Shared costs	-	-	2,667	2,732	444	120	-	755	164	3,538	6,895	8,202	34,887	753
Total expenditures	778,904	652,431	55,116	336,786	5,602	20,438	89,298	9,875	4,454	48,514	703,394	103,103	1,003,752	9,385
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):														
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2025

	KY Caregiver Support Grandparent	CMS-SHIP	ADRC Medicaid Federal Funding	ACA MIPPA/AAA	ACA MIPPA/ADRC	ACA MIPPA/SHIP	State LTC Ombudsman	Home & Community Based PDS	Veterans Direct Client Services	Service Providers & Elder Abuse Coalition	SOCIAL SERVICES TOTAL	SPECIAL REVENUE FUND TOTAL - GRANTS MANAGEMENT BASIS	Trust General Fund
Revenues													
Federal revenue	\$ -	\$ 32,364	\$ 9,508	\$ 10,910	\$ 9,716	\$ 19,042	\$ -	\$ -	\$ -	\$ -	\$ 1,838,422	\$ 4,322,234	\$ -
Federal revenue - ARPA (other)	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal revenue - ARPA (aging)	-	-	-	-	-	-	-	-	-	-	340,252	340,252	-
State revenue	113,643	-	-	-	-	-	83,479	19,355,254	-	-	21,549,674	22,086,604	-
Local revenue	-	-	-	-	-	-	-	-	19,230	8,179	27,409	58,182	187,119
Transfer of local cash	268	-	-	12	-	-	-	-	-	-	6,772	27,615	(113,621)
Contractor cash match	-	-	-	-	-	-	-	-	-	-	337,113	337,113	-
Program income	-	-	-	-	-	-	-	-	-	-	45,913	45,913	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	9,972	4,523
Other income	-	-	-	-	-	-	-	388	-	-	588	13,844	106,940
In-kind contributions	-	-	-	-	-	-	-	-	-	-	160,622	160,622	500,000
Total revenues	113,911	32,364	9,508	10,922	9,716	19,042	83,479	19,355,642	19,230	8,179	24,306,765	27,402,351	684,961
Expenditures													
Personnel	29,547	-	4,804	675	53	-	-	663,829	4,201	14	1,238,383	1,945,795	23,646
Fringe benefits	14,231	-	2,290	325	26	-	-	318,751	2,021	9	592,931	925,764	11,335
Contractual services	-	32,364	-	6,484	9,610	19,042	83,479	190,748	-	1,500	3,874,473	5,216,788	21,702
Client services / program costs	52,333	-	-	-	-	-	-	16,957,682	-	-	17,033,840	17,238,385	-
Travel	697	-	-	-	-	-	-	22,065	325	-	34,174	43,002	8,025
Training	-	-	-	-	-	-	-	1,387	-	-	1,943	3,543	-
Ads, printing, publications & copies	775	-	-	120	-	-	-	5,457	-	24	10,357	18,014	785
Lease, maintenance & software licensing	-	-	-	144	-	-	-	3,258	-	-	4,803	51,943	1,020
Grant purchased equipment	-	-	-	-	-	-	-	6,897	-	-	6,897	10,248	70,592
Supplies and postage	1,352	-	-	1,609	-	-	-	5,355	-	1,121	16,456	20,781	730
Phone and internet	-	-	-	1,041	-	-	-	249	-	-	3,002	5,038	-
Dues and registrations	75	-	-	174	-	-	-	4,435	-	5,505	13,888	18,697	29,989
Other costs	-	-	-	10	-	-	-	3,677	-	-	3,992	5,460	82,431
Building expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	65,268	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-	-	-	1,111
Agency purchased assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	99,010	32,364	7,094	10,582	9,689	19,042	83,479	18,183,790	6,547	8,173	22,835,139	25,568,726	251,366
Shared costs applied:													
Operational costs	5,223	-	846	119	10	-	-	117,230	742	2	218,617	343,618	3,155
Indirect administration costs	4,971	-	805	114	9	-	-	111,576	706	2	208,091	327,225	2,822
Shared costs	4,707	-	763	107	8	-	-	105,631	669	2	196,937	309,504	2,961
Total expenditures	113,911	32,364	9,508	10,922	9,716	19,042	83,479	18,518,227	8,664	8,179	23,458,784	26,549,073	260,304
Revenues over (under) expenditures	-	-	-	-	-	-	-	837,415	10,566	-	847,981	853,278	424,657
Other financing sources (uses):													
Operating transfers in (out)	-	-	-	-	-	-	-	(837,415)	(10,566)	-	(847,981)	(847,981)	857,247
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-	5,297	1,281,904
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	662,834	2,191,640
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 668,131	\$ 3,473,544

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2025

	Local Gov Revolving Loan Fund Admin	Local Gov Revolving Loan Fund	District Contracts	Engineering Services	GENERAL FUND TOTAL - GRANTS MANAGEMENT BASIS	GRANTS MANAGEMENT BASIS TOTAL	All Projects Without Spread - Total	SHARED COST ALLOCATION	GRANTS MANAGEMENT BASIS WITH SHARED COSTS ALLOCATED	GRANTS MANAGEMENT BASIS TO FUND BASIS CONVERSION	GOVERNMENTAL FUNDS TOTAL (after conversion)
Revenues											
Federal revenue	\$ -	\$ -	\$ 10,070	\$ -	\$ 10,070	\$ 4,332,304	\$4,332,304	\$ -	\$ 4,332,304	\$ -	\$ 4,332,304
Federal revenue - ARPA (other)	-	-	2,000	-	2,000	2,000	2,000	-	2,000	-	2,000
Federal revenue - ARPA (aging)	-	-	-	-	-	340,252	340,252	-	340,252	-	340,252
State revenue	-	-	-	-	-	22,086,604	22,086,604	-	22,086,604	-	22,086,604
Local revenue	-	-	6,606	147,340	341,065	399,247	399,247	-	399,247	-	399,247
Transfer of local cash	-	-	-	86,006	(27,615)	-	-	-	-	-	-
Contractor cash match	-	-	-	-	-	337,113	337,113	-	337,113	-	337,113
Program income	-	-	-	-	-	45,913	45,913	-	45,913	-	45,913
Interest income	-	1,567	-	-	6,090	16,062	16,062	-	16,062	-	16,062
Other income	1,567	(1,567)	15	-	106,955	120,799	120,799	-	120,799	(69,375)	51,424
In-kind contributions	-	-	-	-	500,000	660,622	660,622	-	660,622	-	660,622
Total revenues	1,567	-	18,691	233,346	938,565	28,340,916	28,340,916	-	28,340,916	(69,375)	28,271,541
Expenditures											
Personnel	472	-	12,928	98,750	135,796	2,081,591	2,081,591	423,625	2,505,216	(40,062)	2,465,154
Fringe benefits	222	-	6,089	46,953	64,599	990,363	990,363	196,848	1,187,211	-	1,187,211
Contractual services	-	-	-	12,249	33,951	5,250,739	5,250,739	55,600	5,306,339	-	5,306,339
Client services / program costs	-	-	-	-	-	17,238,385	17,238,385	-	17,238,385	-	17,238,385
Travel	-	-	68	10,142	18,235	61,237	61,237	13,533	74,770	(15,132)	59,638
Training	-	-	-	-	-	3,543	3,543	2,790	6,333	-	6,333
Ads, printing, publications & copies	-	-	-	1,073	1,858	19,872	19,872	12,823	32,695	-	32,695
Lease, maintenance & software licensing	562	-	-	2,140	3,722	55,665	55,665	7,987	63,652	-	63,652
Grant purchased equipment	-	-	-	-	70,592	80,840	80,840	-	80,840	-	80,840
Supplies and postage	-	-	1	5,433	6,164	26,945	26,944	13,769	40,714	-	40,714
Phone and internet	-	-	-	610	610	5,648	5,648	17,390	23,038	-	23,038
Dues and registrations	-	-	-	2,596	32,585	51,282	51,282	14,066	65,348	-	65,348
Other costs	75	-	14	622	83,142	88,602	88,602	57,348	145,950	(126,272)	19,678
Building expenses	-	-	-	-	-	-	-	48,394	48,394	-	48,394
Rent	-	-	-	-	-	65,269	65,269	137,150	202,418	-	202,418
Insurance & bond expense	-	-	-	3,186	4,297	4,297	4,297	26,407	30,704	-	30,704
Agency purchased assets	-	-	-	-	-	-	-	-	-	3,457,266	3,457,266
Debt service - principal	-	-	-	-	-	-	-	-	-	4,930	4,930
Debt service - interest	-	-	-	-	-	-	-	17,856	17,856	-	17,856
	1,331	-	19,100	183,754	455,551	26,024,277	26,024,277	1,045,586	27,069,863	3,280,730	30,350,593
Shared costs applied:											
Operational costs	83	-	2,269	17,383	22,890	366,508	366,508	(366,508)	-	-	-
Indirect administration costs	79	-	2,159	16,545	21,605	348,830	348,830	(348,830)	-	-	-
Shared costs	74	-	2,045	15,664	20,744	330,248	330,248	(330,248)	-	-	-
Total expenditures	1,567	-	25,573	233,346	520,790	27,069,863	27,069,863	-	27,069,863	3,280,730	30,350,593
Revenues over (under) expenditures	-	-	(6,882)	-	417,775	1,271,053	-	-	1,271,053	(3,350,105)	(2,079,052)
Other financing sources (uses):											
Operating transfers in (out)	-	-	(9,266)	-	847,981	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	(78,578)	(78,578)
Long Term Debt Proceeds	-	-	-	-	-	-	-	-	-	2,750,000	2,750,000
Net change in fund balances	-	-	(16,148)	-	1,265,756	1,271,053	-	-	1,271,053	(678,683)	592,370
Fund balances, beginning of year	-	356,000	4,920	-	2,552,560	3,215,394	-	-	3,215,394	-	2,761,877
Fund balances, end of year	<u>\$ -</u>	<u>\$ 356,000</u>	<u>\$ (11,228)</u>	<u>\$ -</u>	<u>\$ 3,818,316</u>	<u>\$ 4,486,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,486,447</u>	<u>\$ (678,683)</u>	<u>\$ 3,354,247</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2025

	Assistance Listing Number	Grant Number	Federal Award Expended	Expenditures To Subrecipients
<u>U.S. Department of Commerce</u>				
<u>Economic Development Administration</u>				
<u>Passed-through State Department: Economic Development Administration</u>				
Economic Development - Support for Planning Organizations	11.302	PON2 112 2400004766	\$ 92,847	\$ -
<u>Direct Received Funds</u>				
COVID 19 - Economic Adjustment Assistance - RLF CARES Act	11.307	04-79-07523	174,468	-
Total U.S. Department of Commerce			267,315	-
<u>U.S. Department of Defense</u>				
<u>Office of Local Defense Community Cooperation</u>				
<u>Direct Received Funds</u>				
Community Economic Adjustment Assistance for Compatible Use & Joint Land Use Studies	12.610	HQ00052210018	111,548	-
Total U.S. Department of Defense			111,548	-
<u>U.S. Department of Housing and Urban Development</u>				
<u>Assistant Secretary for Community Planning and Development</u>				
<u>Passed-through State Department: Community Planning and Development</u>				
Community Development Block Grant - JFA	14.228	PON2 112 2400004766	10,415	-
<u>Passed-through Local Sources</u>				
Community Development Block Grants - State Program	14.228	n/a	15,409	-
Total U.S. Department of Housing and Urban Development			25,824	-
<u>U.S. Department of Labor</u>				
<u>Employment and Training Administration</u>				
<u>Passed-through Kentucky Education Cabinet: Department for Workforce Investment</u>				
<u>Office of Employment & Training Administration</u>				
WIOA Adult Program	17.258 a	270AD24	79,274	42,716
WIOA Adult Program	17.258 a	270AD25	141,318	87,624
WIOA Adult Program	17.258 a	273AD24	347,749	181,383
WIOA Adult Program	17.258 a	273AD25	223,342	165,779
			791,683	477,502
WIOA Youth Activities	17.259 a	274YT24	465,424	258,662
WIOA Youth Activities	17.259 a	274YT25	203,207	121,410
			668,631	380,072
WIOA Dislocated Worker Formula Grants	17.278 a	271DW24	401,858	238,976
WIOA Dislocated Worker Formula Grants	17.278 a	271DW25	16,458	9,981
WIOA Dislocated Worker Formula Grants	17.278 a	272DW24	82,013	16,771
WIOA Dislocated Worker Formula Grants	17.278 a	272DW25	43,448	104
			543,777	265,832
<i>a - Department of Labor - Workforce Investment Act Cluster</i>			<i>\$2,004,091</i>	
Total U.S. Department of Labor			2,004,091	1,123,406
<u>U.S. Department of Transportation</u>				
<u>Federal Highway Administration</u>				
<u>Passed-through Kentucky Transportation Cabinet</u>				
Highway Planning and Construction:				
Metropolitan Planning Organization - Unified Planning Work Programs	20.205	2400001176	111,569	-
Metropolitan Planning Organization - Study	20.205	SC 625-2300001788	70,232	70,232
			181,801	70,232
<u>Federal Transit Administration</u>				
<u>Passed-through Kentucky Transportation Cabinet</u>				
Metropolitan Transportation Planning - Section 5303	20.505	P033021442	3,951	-
<u>Office of the Secretary</u>				
<u>Direct Received Funds</u>				
Safe Streets and Roads for All	20.939	693JJ32340507	77,553	75,019
Total U.S. Department of Transportation			263,305	145,251

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2025

	Assistance Listing Number	Grant Number	Federal Award Expended	Expenditures To Subrecipients
<u>U.S. Department of Treasury</u>				
<u>Departmental Offices</u>				
<u>Passed-through Local Sources</u>				
COVID 19 - Coronavirus State and Local Fiscal Recovery Fund - ARPA Funds	21.027	n/a	1,637	-
<u>State Department: Kentucky Infrastructure Authority</u>				
<u>Passed-through Local Sources</u>				
COVID 19 - Coronavirus State and Local Fiscal Recovery Fund				
Cleaner Water State Revolving Fund - ARPA Funds	21.027	n/a	6,070	-
Total U.S. Department of Treasury			7,707	-
<u>U.S. Department of Health and Human Services</u>				
<u>Administration for Community Living</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Special Programs for the Aging:				
Title VII Elder Abuse Prevention	93.041	PON3 725 2400000100	4,702	-
Title VII Ombudsman Services	93.042	PON3 725 2400000100	15,725	14,466
Title III-D Disease Prevention-Health Promotion	93.043	PON3 725 2400000102	28,993	11,141
COVID 19 - Title III-D Disease Prevention-Health Promotion - ARPA Funds	93.043	PON3 725 2400000102	26,123	-
			55,116	11,141
Title III-B Supportive Services	93.044	b PON3 725 2400000102	369,697	251,912
COVID 19 - Title III-B Supportive Services - ARPA Funds	93.044	b PON3 725 2400000102	124,231	86,145
			493,928	338,057
Title III-C Nutrition Services	93.045	b PON3 725 2400000102	1,040,509	975,162
COVID 19 - Title III-C Nutrition Services - ARPA Funds	93.045	b PON3 725 2400000102	171,546	171,546
			1,212,055	1,146,708
INNU Suicide Prevention	93.048	PON3 725 2400000103	5,657	-
Title III-E National Family Caregiver Support	93.052	PON3 725 2400000102	202,302	156,312
COVID 19 - Title III-E National Family Caregiver Support - ARPA Funds	93.052	PON3 725 2400000102	18,352	18,352
			220,654	174,664
Nutrition Services Incentive Program (NSIP)	93.053	b PON3 725 2500000067	89,298	89,298
<i>b - Department of Health and Human Services - Aging Cluster</i>			<i>\$1,795,281</i>	
<u>Administration for Community Living</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Medicare Enrollment Assistance Program - MIPPA AAA	93.071	PON3 725 2400000007	971	-
Medicare Enrollment Assistance Program - MIPPA AAA	93.071	PON3 725 2400000081	9,939	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON3 725 2400000007	2,358	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON3 725 2400000081	7,358	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON3 725 2400000007	2,727	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON3 725 2400000081	16,315	-
			39,668	-
State Health Insurance Assistance Program	93.324	PON3 725 2400000094	32,364	-
<u>Centers for Medicare and Medicaid Services</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Medical Assistance Program - Aging & Disability Resource Center	93.778	PON3 725 2400000081	9,508	-
Total U.S. Department of Health and Human Services			2,178,675	1,774,334
<u>U.S. Department of Homeland Security</u>				
<u>Federal Emergency Management Agency</u>				
<u>Passed-through Kentucky Division of Emergency Management</u>				
<u>Passed-through City of West Point</u>				
Hazard Mitigation Grant	97.039	n/a	646	-
<u>Passed-through Kentucky Division of Energy Policy</u>				
BRIC: Building Resilient Infrastructure and Communities	97.047	PON2 141 2300001622	960	-
Total U.S. Department of Homeland Security			1,606	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,860,071	\$ 3,042,991

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the Lincoln Trail Area Development District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of 2CRF Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F - *Audit Requirements*. Therefore some amounts presented in this schedule may differ from amounts in or used in the preparation of the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA 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.

Note 3 - Indirect Cost Rate

Lincoln Trail Area Development District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - EDA CARES Act - Revolving Loan Fund

The District was awarded a CARES Act Revolving Loan Fund grant. The grant was awarded on July 24, 2020 for \$550,000. \$500,000 to be used for loans and \$50,000 for administrative services. From July 1, 2024 through June 30, 2025, LTADD had no approved loans. Loan values, RLF CARES Act cash balance, current year administrative expenses and loans written off, in lieu of expenditures, are used in determining major program status, and are as follows:

Balance of RLF CARES Act loans outstanding at year end	\$ 2,897
Cash and investment balance at year end	171,251
Administrative expenses paid out of RLF CARES Act income during year	320
Administrative expenses paid out of Award funds during year	-
Total	<u>174,468</u>
Multiply federal share of RLF CARES Act	100%
Federal expenditures for SEFA reporting	<u><u>\$ 174,468</u></u>

Note 5 - Data Universal Numbering System (DUNS) Number

The District is registered in Dun & Bradstreet's Data Universal Numbering System database under the name Lincoln Trail Area Development District. The DUNS number assigned to our organization is 07-102-3808

Note 6 - Reconciliation of Federal Revenue to Schedule of Expenditures of Federal Awards

Total Federal Revenue - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 4,674,557
Amounts reported in the schedule of expenditures of federal awards are different because:	
Economic Development Administration - Revolving Loan Fund CARES program included on SEFA but has no current year revenue activity	174,468
Programs with timing differences in revenue/expenditure recognition for grant administration services passed through local sources:	
Community Development Block Grants - State program	11,046
Total Expenditures of Federal Awards	<u><u>\$ 4,860,071</u></u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2025

Note 7 - Sub-Recipients

Of the federal expenditures presented in the schedule, Lincoln Trail Area Development District provided federal awards to the following sub-recipients:

Program Title	Sub Recipient	Unique Entity Identifier No.	Grant Number	Amount Provided
Aging				
93.044 - Title III-B Supportive Services	Catholic Charites of Louisville	DHXBKP72SG54	PON3 725 2400000102	\$ 29,541
93.044 - Title III-B Supportive Services	Central KY Community Action Council	Q6GJEKL3JKW6	PON3 725 2400000102	73,257
93.044 - Title III-B Supportive Services	Legal Aid Society Inc.	G2ZSLJQNXM72	PON3 725 2400000102	10,924
93.044 - Title III-B Supportive Services	Lifeline Homecare, Inc.	XK42GCUL296	PON3 725 2400000102	138,190
				<u>251,912</u>
93.044 - Title III-B Supportive Services - ARPA	Catholic Charites of Louisville	DHXBKP72SG54	PON3 725 2400000102	29,845
93.044 - Title III-B Supportive Services - ARPA	Lifeline Homecare, Inc.	XK42GCUL296	PON3 725 2400000102	56,300
				<u>86,145</u>
93.045 - Title III-C1 Nutrition Services	Assisted Dining Solutions LLC	N/A	PON3 725 2400000102	7,497
93.045 - Title III-C1 Nutrition Services	Central KY Community Action Council	Q6GJEKL3JKW6	PON3 725 2400000102	434,769
93.045 - Title III-C2 Nutrition Services	Central KY Community Action Council	Q6GJEKL3JKW6	PON3 725 2400000102	139,545
93.045 - Title III-C2 Nutrition Services	Purfoods, LLC	RLXXSGXQ3246	PON3 725 2400000102	393,351
				<u>975,162</u>
93.045 - Title III-C1 Nutrition Services - ARPA	Central KY Community Action Council	Q6GJEKL3JKW6	PON3 725 2400000102	171,546
93.043 - Title III-D Health Prevention	Central KY Community Action Council	Q6GJEKL3JKW6	PON3 725 2400000102	11,141
93.052 - Title III-E Caregiver	Lifeline Homecare, Inc.	XK42GCUL296	PON3 725 2400000102	156,312
93.052 - Title III-E Caregiver - ARPA	Lifeline Homecare, Inc.	XK42GCUL296	PON3 725 2400000102	18,352
93.042 - Title VII Ombudsman	Catholic Charites of Louisville	DHXBKP72SG54	PON3 725 2400000100	14,466
93.053 - Nutrition Service Incentive Program	Central KY Community Action Council	Q6GJEKL3JKW6	PON3 725 2500000067	89,298
Total Aging				<u>1,774,334</u>
Transportation				
20.205 - Metropolitan Planning Org - Study	Michael Baker International	Y5XQLY3U3V68	SC 625-2300001788	70,232
20.939 - Safe Streets and Road for All	City of Bardstown	N/A	693JJ32340507	846
20.939 - Safe Streets and Road for All	Hardin County	P3ZAMPAUAN2	693JJ32340507	10,700
20.939 - Safe Streets and Road for All	Marion County	G48PWWMT7D2S9	693JJ32340507	10,700
20.939 - Safe Streets and Road for All	Washington County	HMZBNKVWEBC4	693JJ32340507	10,700
20.939 - Safe Streets and Road for All	University of Kentucky Research Foundation	H1HYZ8Z1NTM5	693JJ32340507	42,073
Total Transportation				<u>145,251</u>
Workforce Innovation & Opportunity Act				
17.258 - 270AD24 Adult	Career Team One-Stop Operator	GWA7WGMYYWMJ5	270AD24	29,422
17.258 - 270AD24 Adult	Heartland Communication Consultants, Inc.	N/A	270AD24	3,759
17.258 - 270AD24 Adult	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	270AD24	9,535
				<u>42,716</u>
17.258 - 270AD25 Adult	Career Team One-Stop Operator	GWA7WGMYYWMJ5	270AD25	83,780
17.258 - 270AD25 Adult	Heartland Communication Consultants, Inc.	N/A	270AD25	3,844
				<u>87,624</u>
17.258 - 273AD24 Adult	Career Team One-Stop Operator	GWA7WGMYYWMJ5	273AD24	129,975
17.258 - 273AD24 Adult	Heartland Communication Consultants, Inc.	N/A	273AD24	13,073
17.258 - 273AD24 Adult	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	273AD24	38,335
				<u>181,383</u>
17.258 - 273AD25 Adult	Career Team One-Stop Operator	GWA7WGMYYWMJ5	273AD25	154,892
17.258 - 273AD25 Adult	Heartland Communication Consultants, Inc.	N/A	273AD25	6,875
17.258 - 273AD25 Adult	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	273AD25	4,012
				<u>165,779</u>
17.278 - 271DW24 Dislocated Workers	Akebono Brake Corporation	N/A	271DW24	10,000
17.278 - 271DW24 Dislocated Workers	Career Team One-Stop Operator	GWA7WGMYYWMJ5	271DW24	71,325
17.278 - 271DW24 Dislocated Workers	Heartland Communication Consultants, Inc.	N/A	271DW24	37,337
17.278 - 271DW24 Dislocated Workers	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	271DW24	82,702
17.278 - 271DW24 Dislocated Workers	LP Hodgenville, LLC	MNHGKC4GCRK5	271DW24	5,000
17.278 - 271DW24 Dislocated Workers	LP Bardstown, LLC	DQG6XDMQPAC7	271DW24	5,000
17.278 - 271DW24 Dislocated Workers	LP Radcliff, LLC	DMWQUKN3BYF4	271DW24	5,000
17.278 - 271DW24 Dislocated Workers	LP E-town, LLC	DKNZBMAWKQ97	271DW24	5,000
17.278 - 271DW24 Dislocated Workers	MedCertify	MS2DYHLAX436	271DW24	4,500
17.278 - 271DW24 Dislocated Workers	Montebello Packaging Inc	N/A	271DW24	10,000
17.278 - 271DW24 Dislocated Workers	The Bardstown Bourbon Company	J4GDQJD7QKJ6	271DW24	1,600
17.278 - 271DW24 Dislocated Workers	Your Recruiting Company	ECEBCMT23L95	271DW24	1,512
				<u>238,976</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2025

Note 7 - Sub-Recipient, Continued

<u>Program Title</u>	<u>Sub Recipient</u>	<u>Unique Entity Identifier No.</u>	<u>Grant Number</u>	<u>Amount Provided</u>
17.278 - 271DW25 Dislocated Workers	Career Team One-Stop Operator	GWA7WGMYYWMJ5	271DW25	91
17.278 - 271DW25 Dislocated Workers	Heartland Communication Consultants, Inc.	N/A	271DW25	9,890
				<u>9,981</u>
17.278 - 272DW24 Dislocated Workers	Career Team One-Stop Operator	GWA7WGMYYWMJ5	272DW24	1,813
17.278 - 272DW24 Dislocated Workers	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	272DW24	14,958
				<u>16,771</u>
17.278 - 272DW25 Dislocated Workers	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	272DW25	104
17.259 - 274YT24 Youth	Career Team One-Stop Operator	GWA7WGMYYWMJ5	274YT24	170,961
17.259 -274YT24 Youth	Heartland Communication Consultants, Inc.	N/A	274YT24	36,238
17.259 -274YT24 Youth	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	274YT24	51,463
				<u>258,662</u>
17.259 -274YT25 Youth	Career Team One-Stop Operator	GWA7WGMYYWMJ5	274YT25	109,265
17.259 -274YT25 Youth	Hightower Workforce Initiative One-Stop Operator	VSW1MLBKPPJ5	274YT25	12,145
				<u>121,410</u>
Total Workforce Innovation & Opportunity Act				<u>1,123,406</u>
Total Funds Passed Thru to Subrecipients				<u>\$ 3,042,991</u>

Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

KENNETH D. CLAUSON, CPA
SUSAN C. MOUSER, CPA

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
Lincoln Trail Area Development District
Elizabethtown, 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, each major fund, and the aggregate remaining fund information of the Lincoln Trail Area Development District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lincoln Trail Area Development District's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln Trail Area Development District's internal control over financial reporting (internal control) to determine the 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 Lincoln Trail Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln Trail 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Clauson, Mouser & Co

Certified Public Accountants

December 16, 2025

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

To the Board of Directors
Lincoln Trail Area Development District
Elizabethtown, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln Trail Area Development District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lincoln Trail Area Development District's major federal programs for the year ended June 30, 2025. Lincoln Trail 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.

In our opinion, Lincoln Trail 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Clauson, Mouser & Co.

Certified Public Accountants

December 16, 2025

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS and PRIOR AUDIT FINDINGS

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

Aging Cluster

- 93.044 – Title III-B Supportive Services
- 93.045 – Title III-C Nutrition Services
- 93.053 – Nutrition Services Incentive Program (NSIP)

Aging

- 93.052 – Title III-E National Family Caregiver Support

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Audit Findings

There were no prior audit findings.