



AUDIT

FISCAL YEAR 2024



Members American Institute of Certified Public Accountants
and Kentucky Society of Certified Public Accountants

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

The Board of Directors
Buffalo Trace Area Development District
Maysville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Buffalo Trace Area Development District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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 Auditors' 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.

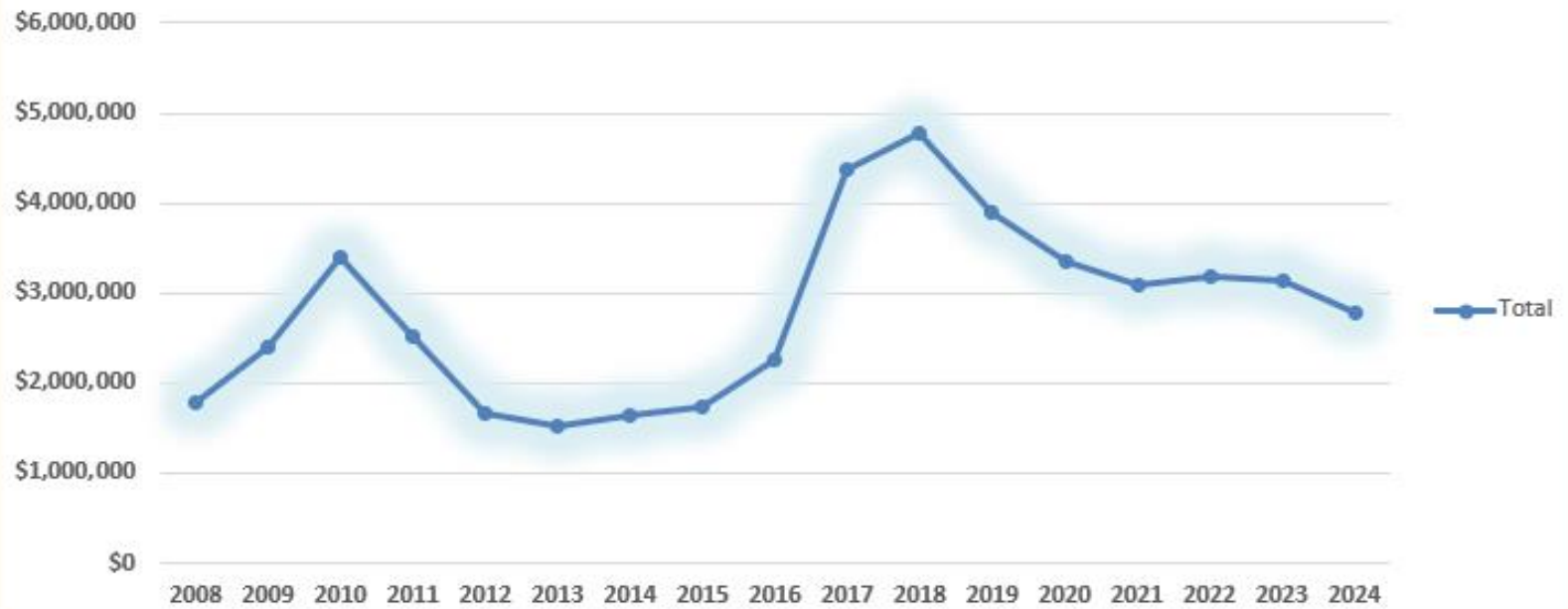
RFH

RFH, PLLC
Lexington, Kentucky
December 20, 2024

TENCO Expense Summary

Values			
Row Labels	WIOA Expense	Variance to Prior Yr (\$)	Variance to Prior Yr (%)
2008	\$1,779,958.00		
2009	\$2,396,826.00	\$616,868	35%
2010	\$3,409,152.00	\$1,012,326	42%
2011	\$2,528,693.00	-\$880,459	-26%
2012	\$1,660,743.00	-\$867,950	-34%
2013	\$1,531,355.00	-\$129,388	-8%
2014	\$1,632,234.00	\$100,879	7%
2015	\$1,739,108.00	\$106,874	7%
2016	\$2,264,723.00	\$525,615	30%
2017	\$4,383,178.00	\$2,118,455	94%
2018	\$4,786,271.00	\$403,093	9%
2019	\$3,900,393.00	-\$885,878	-19%
2020	\$3,343,090.00	-\$557,303	-14%
2021	\$3,097,869.00	-\$245,221	-7%
2022	\$3,176,820.00	\$78,951	3%
2023	\$3,135,422.00	-\$41,398	-1%
2024	\$2,786,344.00	-\$349,078	-11%
Grand Total	\$47,552,179.00		

Trend





Statement of Revenues & Expenditures

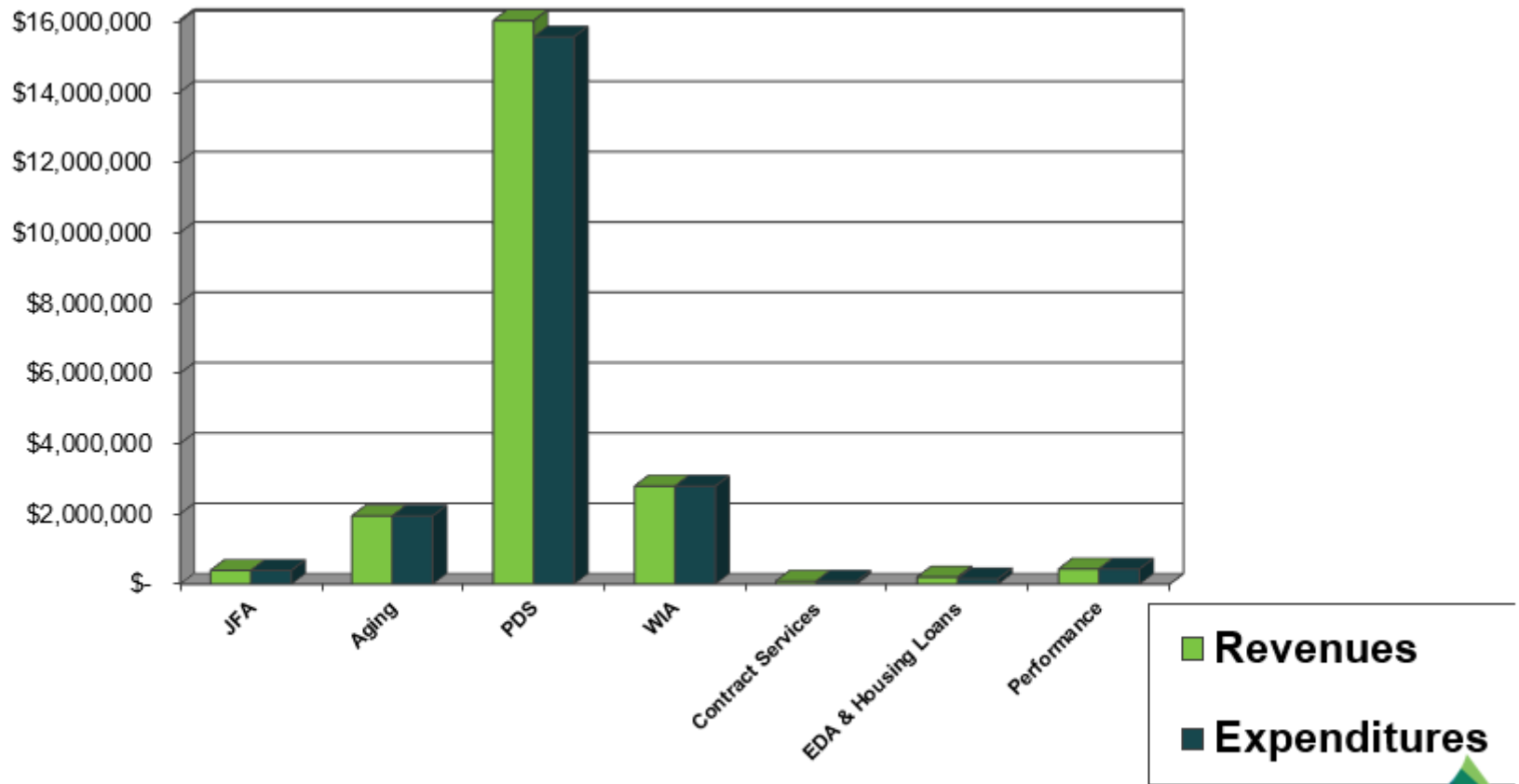
The District realized a net gain of \$1,020,278 in fiscal year 2024. This was primarily the result of strong Participant Directed Services (PDS) program revenue stemming from an imposing surge in the number of both employers and employees, as well as additional funding opportunities (i.e. Appendix K). Both revenue and expense increased at 20.21% and 18.37% respectively, yielding a sharp increase in net position. Additional contributing factors in the favorable net gains include the aforementioned \$392,062 decrease in fringe benefit expense associated with the GASB pension and OPEB liability accruals, improved overall loan funds performance (up 16%), and strong bank account interest earnings.

Statement of Revenues and Expenditures

	<u>FY 2024</u>	<u>FY 2023</u> <i>(as restated)</i>
Charges for services	\$ 2,415,254	\$ 1,923,192
Operating grants and contributions	19,578,701	16,281,773
Capital grants and contributions	-	82,964
General revenue (member dues)	<u>47,494</u>	<u>47,494</u>
Total revenues	<u>22,041,449</u>	<u>18,335,423</u>
Expenditures		
General government	46,563	72,306
Community/economic development	3,404,446	4,127,791
Transportation services	77,706	85,762
Aging and independent living services	17,439,682	13,431,208
Revolving loan funds	41,420	31,749
Interest on long-term debt	<u>11,354</u>	<u>9,703</u>
Total Expenditures	<u>21,021,171</u>	<u>17,758,519</u>
Change in net position	<u>\$ 1,020,278</u>	<u>\$ 576,904</u>



Grant Revenue vs. Expenditures





Financial Highlights

- Total Revenues increased by 20.21%
- Total Expense increased by 18.37%
- Total Net Position increased by 22%
- Total Assets increased by 8.3%
- Current Ratio was healthy at 3.7
- Governmental fund balance, excluding pension and OPEB liabilities and related deferred outflows and inflows of resources, totaled \$4,542,644 (increase of \$638,913).