# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION

***As of and for the Years Ended June 30, 2024 and 2023***

***And Report of Independent Auditor***

Cherry Bekaert LLP
Your Guide Forward

# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
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## Report of Independent Auditor

To the Committee Members
Kentucky Economic Development Finance Authority
Frankfort, Kentucky

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Kentucky Economic Development Finance Authority (the "Authority), a component unit of the Commonwealth of Kentucky, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Prior Year Financial Statements*

The financial statements as of and for the year ended June 30, 2023, were audited by MCM CPAs & Advisors LLP, which was acquired by Cherry Bekaert LLP effective October 31, 2023, and whose report dated September 19, 2023, expressed an unmodified opinion on those financial statements.

#### *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 Authority'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Authority'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 Authority'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 Supplemental Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the other required supplemental information, as listed in the table of contents, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024, on our consideration of the Authority'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 soley 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 Authority'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 the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Louisville, Kentucky
November 4, 2024

As management of the Kentucky Economic Development Finance Authority (Authority), a component unit of the Commonwealth of Kentucky (Commonwealth), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial performance of the Authority for the fiscal years ended June 30, 2024 and 2023. We encourage readers to read it in conjunction with the Authority's financial statements and the accompanying notes thereto.

## *Financial Highlights*

- Cash and cash equivalents increased $9,637,555 (17.0%)
- Intergovernment receivables decreased $24,326,278 (65.5%)
- Net loans receivable increased $14,602,970 (4.1%)
- Pension liability decreased $1,322,000 (11.3%)
- Other postemployment benefits liability decreased $1,249,000 (66.4%)
- Net position increased $1,087,501 (0.2%)
- Operating revenues increased $86,173 (9.4%)
- Operating expenses decreased $193,649 (2.9%)
- Loss from operations decreased $279,822 (4.9%)
- Net non-operating revenues decreased $380,465,784 (98.3%)

## *Overview of the Financial Statements*

This financial report consists of three parts: Management's Discussion and Analysis (this section), the financial statements, and the accompanying notes to the financial statements. The Kentucky Economic Development Finance Authority (Authority) is a self-supporting entity and follows enterprise fund reporting. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority. Such statements are presented in a manner similar to those of a private business.

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

The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows provides relevant information about the cash receipts and cash payments of the Authority during the fiscal year. The statement of cash flows should help users assess the Authority's ability to generate future net cash flows, meet future obligations/commitments as they become due, the Authority's need for future external financing, the reasons for differences in operating and related cash receipts and cash payments, and the effects on financial position of cash and non-cash investing, capital, non-capital, and financing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13-35.

### *Financial Analysis of the Authority*

**Condensed Financial Information (in thousands)**
**Statement of Net Position**
**June 30**

| | 2024 | Percentage Increase (Decrease) | 2023 | Percentage Increase (Decrease) | 2022 |
|---|---|---|---|---|---|
| Current Assets | $ 90,221 | -14.6% | $ 105,700 | 120.5% | $ 47,932 |
| Non-current assets | 358,270 | 4.4% | 343,084 | 1556.0% | 20,718 |
| Total Assets | 448,491 | -0.1% | 448,784 | 553.7% | 68,650 |
| Deferred Outflows of Resources | 1,405 | -17.2% | 1,697 | 14.8% | 1,478 |
| Current liabilities | 227 | 7.1% | 212 | -15.5% | 251 |
| Non-current liabilities | 11,071 | -18.8% | 13,639 | -3.0% | 14,067 |
| Total Liabilities | 11,298 | -18.4% | 13,851 | -3.3% | 14,318 |
| Deferred Inflows of Resources | 1,556 | 130.2% | 676 | -40.1% | 1,129 |
| Restricted | 24,667 | 3.8% | 23,771 | 301.9% | 5,915 |
| Unrestricted | 412,375 | 0.0% | 412,183 | 745.2% | 48,766 |
| Total Net Position | $ 437,042 | 0.2% | $ 435,954 | 697.3% | $ 54,681 |

Total assets consist primarily of cash/cash equivalents, intergovernment receivables, and net loans receivable.

During 2024, the Authority's cash/cash equivalents increased $9,637,555 largely as a result of the repayment of program loans ($6,321,592) and the additional cash flows from income from investments ($1,387,103). During 2023, the Authority's cash/cash equivalents increased $18,550,856 largely as a result of the portion of the payments from the Commonwealth ($15,000,000) attributable to the funding returned to the Authority during 2023 to facilitate a private sector "investment" pursuant to 2017 Regular Session House Bill 482. During 2022, the Authority's cash/cash equivalents increased $17,732,737 largely as a result of the repayments of program loans ($16,981,576).

As of June 30, 2024, 2023, and 2022, the Authority had approved program loans, grants, and High-Tech Construction and Investment Pool projects, funding for which had not yet been received as of year-end from prior authorizations made available by the Kentucky legislature. Accordingly, the accompanying statements of net position reflect intergovernment receivables as of year-end. See Notes 7 and 8 to the financial statements for additional information.

During 2024, 2023, and 2022, repayments of program loans totaled $6,321,592, $4,947,096, and $16,981,576, respectively. During 2024, the Authority issued program loans totaling $25,394,728, $25,000,000 of which relates to potentially forgivable loans. During 2023, the Authority issued program loans totaling $334,353,097, $330,120,000 of which relates to potentially forgivable loans. During 2022, the Authority issued a $1,000,000 loan under the Kentucky Rural Hospital Loan Program. At June 30, 2024, 2023, 2022, the allowance for loan losses totaled $2,092,153, $2,092,153, and $1,477,808, respectively.

### *Financial Analysis of the Authority (Continued)*

Total liabilities generally consist of accounts payable attributable to general operating expenses, accrued payroll expenses, compensated absences (classified between the current and non-current portions), the pension liability (a non-current liability), and the other postemployment benefits liability (a non-current liability).

Accrued payroll expenses remained relatively consistent between 2024 and 2023 (increased $11,805). Accrued payroll expenses remained relatively consistent between 2023 and 2022 (decreased $722). The $80,040 decrease in accrued payroll expenses between 2022 and 2021 is principally attributable to the fact that, because of timing, accrued payroll expenses at June 30, 2022 consisted of only one payroll, while accrued payroll expenses at June 30, 2021 consisted of two payrolls. Compensated absences remained relatively consistent between 2024 and 2023 (increased $7,320). The $38,363 decrease in compensated absences between 2023 and 2022 is principally attributable to the fact that one employee's balance of annual and compensatory leave totaled $48,666 at June 30, 2022 (at June 30, 2023, that employee was no longer on the Authority's payroll). The $33,710 increase in compensated absences between 2022 and 2021 is principally attributable to the fact that the Authorities payroll consisted of two additional employees at June 30, 2022.

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,* as of and for the year ended June 30, 2015. At June 30, 2024, 2023, and 2022, the Authority's liability with respect to its estimated proportionate share of the collective net pension liability totals $10,340,000, $11,662,000, and $11,941,000, respectively. The $1,322,000 decrease in the pension liability from 2023 to 2024 largely represents the impact of the decrease in the Authority's estimated proportionate share from .087904% at June 30, 2023 to .083936% at June 30, 2024. The $279,000 decrease in the pension liability from 2022 to 2023 largely represents the impact of the decrease in the Authority's estimated proportionate share from .089664% at June 30, 2022 to .087904% at June 30, 2023. The $536,000 increase in the pension liability from 2021 to 2022 largely represents the impact of the increase in the Authority's estimated proportionate share from .080515% at June 30, 2021 to .089664% at June 30, 2022. See Note 9 to the financial statements for additional information.

The Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Statement No. 75),* as of and for the year ended June 30, 2018. At June 30, 2024, 2023, and 2022, the Authority's liability with respect to its estimated proportionate share of the collective net other postemployment benefits (OPEB) liability totals $631,000, $1,880,000, and $2,033,000, respectively. The $1,249,000 decrease in the OPEB liability from 2023 to 2024 largely represents the impact of the decrease in the Commonwealth's collective net OPEB liability between years (decreased from approximately $2,212,000,000 at June 30, 2023 to approximately $785,000,000 at June 30, 2024). The $153,000 decrease in the OPEB liability from 2022 to 2023 largely represents the impact of the decrease in the Authority's estimated proportionate share from .0891745% at June 30, 2022 to .084973% at June 30, 2023. The $11,000 decrease in the OPEB liability from 2021 to 2022 largely represents the impact of the decrease in the Commonwealth's collective net OPEB liability between years (decreased from approximately $2,539,000,000 at June 30, 2021 to approximately $2,279,000,000 at June 30, 2022). See Note 10 to the financial statements for additional information.

Deferred outflows and/or inflows of resources relate entirely to the pension and OPEB liabilities.

The 2024 change (increase) in net position is principally attributable to the additional ($1,223,861) 2024 income from investments (non-operating revenue). The 2023 change (increase) in net position is principally attributable to the fact that total net non-operating revenues increased $383,188,772 between 2023 and 2022. The 2022 change (decrease) in net position is principally attributable to the forgiveness of loan receivable expense of $4,375,000 (see Note 5 to the financial statements for additional information).

### *Financial Analysis of the Authority (Continued)*

See Note 7 to the financial statements for additional information with respect to restricted net position (net position of the Authority restricted to [1] the Kentucky Rural Hospital Loan Program, [2] the Office of Entrepreneurship and Innovation High-Tech Construction and Investment Pools, and [3] a private sector "investment"). Restricted net position increased $895,167 between 2024 and 2023 principally as a result of the Kentucky Rural Hospital Loan Program related funding received during 2024. Restricted net position increased $18,106,377 between 2023 and 2022 principally as a result of the $15,000,000 returned to the Authority during 2023 to facilitate a private sector "investment." Restricted net position increased $3,244,396 between 2022 and 2021 as a result of the Kentucky Rural Hospital Loan Program related funding received during 2022.

**Condensed Financial Information (in thousands)**
**Statement of Revenues, Expenses, and Changes in Net Position**
**Years Ended June 30**

| | 2024 | Percentage Increase (Decrease) | 2023 | Percentage Increase (Decrease) | 2022 |
|---|---|---|---|---|---|
| Operating Revenues: | | | | | |
| Application and issuance fees | $ 891 | 11.8% | $ 797 | 30.9% | $ 609 |
| Interest on loans | 121 | -5.5% | 128 | 2.4% | 125 |
| Other | - | 0.0% | - | -100.0% | 1 |
| Total Operating Revenues | 1,012 | 9.4% | 925 | 25.9% | 735 |
| Operating Expenses: | | | | | |
| Compensation and related benefits | 1,261 | -9.9% | 1,399 | -63.4% | 3,820 |
| Grants | 510 | 410.0% | 100 | 0.0% | 100 |
| Contracted services | 246 | 29.5% | 190 | 25.8% | 151 |
| Other | 3 | -40.0% | 5 | 66.7% | 3 |
| Provision for loan losses | 95 | -84.5% | 614 | 100.0% | - |
| Forgiveness of loan receivable | 4,375 | 0.0% | 4,375 | 0.0% | 4,375 |
| Total Operating Expenses | 6,490 | -2.9% | 6,683 | -20.9% | 8,449 |
| Loss from Operations | (5,478) | -4.9% | (5,758) | -25.4% | (7,714) |
| Non-operating revenues | 6,566 | -98.3% | 387,031 | 11102.1% | 3,455 |
| Change in net position | 1,088 | -99.7% | 381,273 | 9052.2% | (4,259) |
| Net position, beginning of year | 435,954 | 697.3% | 54,681 | -7.2% | 58,940 |
| Net position, end of year | $ 437,042 | 0.2% | $ 435,954 | 697.3% | $ 54,681 |

Application and issuance fees represent the fees earned on program loans and the various tax incentive projects "closed" throughout the fiscal year.

Application and issuance fees increased $92,784 between 2024 and 2023. This increase is principally the result of the additional 2024 revenues attributable to the incremental amount of application and administrative fees generated under the Kentucky Entertainment Incentive Program (15 additional projects "closed" during 2024).

### *Financial Analysis of the Authority (Continued)*

Application and issuance fees increased $188,156 between 2023 and 2022. This increase is principally the result of the additional 2023 revenues attributable to the incremental amount of application and administrative fees generated under the Kentucky Entertainment Incentive Program (35 additional projects "closed" during 2023).

Application and issuance fees increased $253,786 between 2022 and 2021. This increase is principally the result of the additional 2022 revenues attributable to the incremental amount of application and administrative fees generated under the Kentucky Entertainment Incentive Program (new program effective January 1, 2022; 28 projects "closed" during 2022) and the incremental amount of administrative fees generated under the Kentucky Business Investment Program (13 additional projects "closed" during 2022).

Interest on program loans represents the interest earned on program loans during the fiscal year. The interest on program loans remains comparable across the years ending June 30, 2024, 2023, and 2022.

Compensation and related benefits consist primarily of salaries and wages, employer payroll taxes, and employee benefits such as retirement and insurance.

Compensation and related benefits remained relatively consistent (decreased $137,262) between 2024 and 2023.

Compensation and related benefits decreased $2,420,781 between 2023 and 2022. The additional 2023 compensation and related benefits expense is largely attributable to the $1,104,000 net decrease in the pension and OPEB liabilities and related deferred outflows and inflows of resources from 2023 to 2022.

Compensation and related benefits decreased $1,141,836 between 2022 and 2021. The additional 2021 compensation and related benefits expense is largely attributable to a $1,335,000 and $459,000 increase in the pension and OPEB liabilities, respectively, from 2020 to 2021.

Grants are representative of the disbursements made relative to the projects funded from the High-Tech Construction and Investment Pools, as well as with respect to projects funded under the Authority's grant program.

Grants increased $410,050 from 2023. The additional 2024 grants expense is largely attributable to one specific 2024 grant ($310,050). Grants remained relatively consistent between 2023 and 2022. Grants decreased $336,301 from 2021. The additional 2021 grants expense is largely attributable to one specific 2021 grant ($125,000).

Contracted services generally consist of the monthly fees paid for banking services, amounts paid to external legal counsel for services pertaining to the development, preparation, and review of financing agreements, bond issues, trust indentures, and other documents necessary to facilitate the administration of Economic Development incentives, and all other professional fees. Contracted services increased $55,200 between 2024 and 2023. The additional 2024 contracted services expense is largely attributable to the incremental amount ($55,515) of amounts paid to external legal counsel related to the various programs the Authority administers. Contracted services increased $39,493 between 2023 and 2022. The additional 2023 contracted services expense is largely attributable to the incremental amount ($28,405) of the monthly fees paid for banking services. Contracted services remained relatively consistent between 2022 and 2021 (increased $14,258). The additional 2022 contracted services expense is largely attributable to the incremental amount ($12,805) of 2022 computer services related expense.

Other operating expenses, which are generally relatively insignificant, represent all other operating expenses of the Authority such as travel and other miscellaneous expenses.

See Note 5 to the financial statements for additional information related to the $4,375,000 of forgiveness of loan receivable expense for 2024 and 2023, which is specific to one loan.

### *Financial Analysis of the Authority (Continued)*

Non-operating revenues consist primarily of payments from the Commonwealth and intergovernment revenue or expense (as applicable). See Note 8 to the financial statements for a summary of the non-capital financing activities comprising the 2024 and 2023 balances with respect to payments from the Commonwealth. The 2024 payments from the Commonwealth are largely attributable to $1,241,981 and $1,150,000 which funded the Kentucky Rural Hospital Loan Program and the Authority's grant program, respectively. The additional 2023 payments from the Commonwealth are largely attributable to the $366,800,000 appropriated during 2023 to fund forgivable loans with respect to economic development projects with a minimum investment by the loan recipient of $2,000,000,000 pursuant to 2021 Special Session Senate Bill 5 and 2022 Regular Session House Bill 1, and the $15,000,000 returned to the Authority during 2023 to facilitate a private sector "investment" pursuant to 2017 Regular Session House Bill 482. The additional 2022 payments from the Commonwealth are largely attributable to the $3,237,654 pursuant to 2021 Regular Session House Bill 556 which funded the Kentucky Rural Hospital Loan Program during 2022.

**Condensed Financial Information (in thousands)**
**Statement of Cash Flows**
**Years Ended June 30**

| | 2024 | Percentage Increase (Decrease) | 2023 | Percentage Increase (Decrease) | 2022 |
|---|---|---|---|---|---|
| Cash flows from: | | | | | |
| Operating activities | $ (21,484) | -93.5% | $ (331,322) | -2453.0% | $ 14,081 |
| Non-capital financing activities | 27,988 | -92.0% | 348,708 | 9767.2% | 3,534 |
| Investing activities | 3,134 | 169.0% | 1,165 | 895.7% | 117 |
| Net change in cash and cash equivalents | 9,638 | -48.0% | 18,551 | 4.6% | 17,732 |
| Cash and cash equivalents, beginning of year | 56,543 | 48.8% | 37,992 | 87.5% | 20,260 |
| Cash and cash equivalents, end of year | $ 66,181 | 17.0% | $ 56,543 | 48.8% | $ 37,992 |

The net change in cash and cash equivalents totals $9,637,555 for the year ended June 30, 2024, which is principally representative of the amount of repayments of program loans ($6,321,592) in 2024, as well as 2024 income from investments of $2,862,666.

The net change in cash and cash equivalents totals $18,550,856 for the year ended June 30, 2023, which is principally representative of the amount ($15,000,000) attributable to the funding returned to the Authority during 2023 to facilitate a private sector "investment" pursuant to 2017 Regular Session House Bill 482.

The net change in cash and cash equivalents totals $17,732,737 for the year ended June 30, 2022, which is principally representative of the amount of repayments of program loans ($16,981,576) in 2022.

### *Currently Known Facts, Decisions, or Conditions*

No such significant currently known facts, decisions, or conditions specifically identified.

### *Contacting the Authority's Financial Management*

If there are any questions concerning the information provided herein, or if you need additional information, contact the Kentucky Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway, Frankfort, Kentucky, 40601. The Cabinet can also be reached by telephone at 502.564.7670 or by email at econdev@ky.gov.

## KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
STATEMENTS OF NET POSITION

*JUNE 30, 2024 AND 2023*

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 66,180,733 | $ 56,543,178 |
| Accounts receivable | 7,775 | 10,685 |
| Intergovernment receivables | 12,798,591 | 37,124,869 |
| Accrued interest receivable, investments | 259,175 | 218,001 |
| Loans receivable, net | 10,907,292 | 11,761,846 |
| Accrued interest receivable, loans | 67,058 | 41,701 |
| Total Current Assets | 90,220,624 | 105,700,280 |
| Noncurrent Assets: | | |
| Investments | 244,414 | 515,649 |
| Loans receivable, net | 358,025,753 | 342,568,229 |
| Total Noncurrent Assets | 358,270,167 | 343,083,878 |
| **Total Assets** | 448,490,791 | 448,784,158 |
| Deferred Outflows of Resources | 1,405,000 | 1,697,000 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts payable | 3,505 | 4,498 |
| Accrued payroll expenses | 123,063 | 111,258 |
| Compensated absences | 100,300 | 96,600 |
| Total Current Liabilities | 226,868 | 212,356 |
| Noncurrent Liabilities: | | |
| Compensated absences | 100,222 | 96,602 |
| Net pension liability | 10,340,000 | 11,662,000 |
| Net other postemployment benefits liability | 631,000 | 1,880,000 |
| Total Noncurrent Liabilities | 11,071,222 | 13,638,602 |
| **Total Liabilities** | 11,298,090 | 13,850,958 |
| Deferred Inflows of Resources | 1,556,000 | 676,000 |
| **NET POSITION** | | |
| Restricted | 24,666,614 | 23,771,447 |
| Unrestricted | 412,375,087 | 412,182,753 |
| **Total Net Position** | $ 437,041,701 | $ 435,954,200 |

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

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

*YEARS ENDED JUNE 30, 2024 AND 2023*

| | 2024 | 2023 |
|---|---|---|
| Operating Revenues: | | |
| Application and issuance fees | $ 890,407 | $ 797,623 |
| Interest on program loans | 121,092 | 127,978 |
| Other | 275 | - |
| Total Operating Revenues | 1,011,774 | 925,601 |
| Operating Expenses: | | |
| Compensation and related benefits | 1,261,416 | 1,398,678 |
| Grants | 510,050 | 100,000 |
| Contracted services | 245,626 | 190,426 |
| Other operating expenses | 2,572 | 5,030 |
| Provision for loan losses | 95,166 | 614,345 |
| Forgiveness of loan receivable | 4,375,000 | 4,375,000 |
| Total Operating Expenses | 6,489,830 | 6,683,479 |
| Loss from Operations | (5,478,056) | (5,757,878) |
| Non-Operating Revenues: | | |
| Payments from the Commonwealth | 3,661,717 | 385,351,362 |
| Income from investments | 2,903,840 | 1,679,979 |
| Total Non-Operating Revenues | 6,565,557 | 387,031,341 |
| Change in net position | 1,087,501 | 381,273,463 |
| Net position, beginning of year | 435,954,200 | 54,680,737 |
| Net position, end of year | $ 437,041,701 | $ 435,954,200 |

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

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
STATEMENTS OF CASH FLOWS

*YEARS ENDED JUNE 30, 2024 AND 2023*

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Principal collected on program loans | $ 6,321,592 | $ 4,947,096 |
| Interest collected on program loans | 95,735 | 116,181 |
| Application and issuance fees collected | 893,317 | 800,553 |
| Other receipts collected | 275 | - |
| Program loans issued | (25,394,728) | (334,353,097) |
| Cash payments for grants | (510,050) | (100,000) |
| Cash payments for personnel expenses | (2,641,291) | (2,541,763) |
| Cash payments for goods and services | (249,191) | (191,637) |
| Net cash flows from operating activities | (21,484,341) | (331,322,667) |
| **Cash flows from non-capital financing activities:** | | |
| Payments from the Commonwealth | 27,987,995 | 348,708,275 |
| **Cash flows from investing activities:** | | |
| Income from investments | 2,862,666 | 1,475,563 |
| Net maturities (purchases) of investments | 271,235 | (310,315) |
| Net cash flows from investing activities | 3,133,901 | 1,165,248 |
| Net change in cash and cash equivalents | 9,637,555 | 18,550,856 |
| Cash and cash equivalents, beginning of year | 56,543,178 | 37,992,322 |
| Cash and cash equivalents, end of year | $ 66,180,733 | $ 56,543,178 |

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

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
STATEMENTS OF CASH FLOWS (CONTINUED)

*YEARS ENDED JUNE 30, 2024 AND 2023*

| | 2024 | 2023 |
|---|---|---|
| **Reconciliation of loss from operations to net cash flows from operating activities:** | | |
| Loss from operations | $ (5,478,056) | $ (5,757,878) |
| Provision for loan losses | 95,166 | 614,345 |
| Forgiveness of loan receivable | 4,375,000 | 4,375,000 |
| Noncash pension and other postemployment benefits liabilities adjustments | (1,649,093) | 549,473 |
| (Increase) decrease in assets: | | |
| Accounts receivable | 2,910 | 2,930 |
| Loans receivable | (19,073,136) | (329,406,001) |
| Accrued interest receivable, loans | (25,357) | (11,797) |
| (Increase) decrease in deferred outflows | 292,000 | (219,000) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (993) | 3,819 |
| Accrued payroll expenses | 11,805 | (722) |
| Compensated absences | 7,320 | (38,363) |
| Pension and other postemployment benefits liabilities | (921,907) | (981,473) |
| Increase (decrease) in deferred inflows | 880,000 | (453,000) |
| Net cash flows from operating activities | $ (21,484,341) | $ (331,322,667) |

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

## Note 1—Nature of operations

The Kentucky Development Finance Authority was established in 1958 as an independent agency of State government, in close cooperation with the Secretary of the Kentucky Cabinet for Economic Development (the “Cabinet”), to promote economic development in Kentucky. Effective July 14, 1992, the Kentucky Economic Development Finance Authority (the “Authority”), a component unit of the Commonwealth of Kentucky (the “Commonwealth”), was established, having all the powers, duties, and responsibilities delegated to it by the Kentucky Economic Development Partnership or as otherwise provided by law, including all programs, powers, duties, rights, and obligations of the Kentucky Development Finance Authority and the Kentucky Rural Economic Development Authority. The legislation enacted provides that the Authority consist of a Committee of six persons appointed by the Kentucky Economic Development Partnership, at least one of which shall have experience and expertise in agriculture, plus the Secretary of the Kentucky Finance and Administration Cabinet.

Pursuant to Kentucky Revised Statutes 154.20-033, the Authority is granted the powers necessary to carry out and effectuate the purposes and provisions of Kentucky Revised Statutes 154.20 through 28, 30 through 32, 34, 60, and 61 including the administration of various tax incentive programs consisting of the Kentucky Angel Investment Act Program, the Kentucky Business Investment Program, the Kentucky Enterprise Initiative Act Program, the Kentucky Entertainment Incentive Program, the Kentucky Industrial Revitalization Act Program, the Kentucky Investment Fund Act Program, the Kentucky Jobs Retention Act Program, the Kentucky Reinvestment Act Program, the Kentucky Rural Economic Development Act Program, the Kentucky Selling Farmer Tax Credit Program, the Kentucky Small Business Tax Credit Program, the Incentives for Energy Independence Act Program, the Incentives for Energy Related Business Act Program, and the Tax Increment Financing Program. Certain of these tax incentive programs abate tax revenues of the Commonwealth. The abated tax revenues do not otherwise directly impact the Authority’s financial position and/or results of operations. The Commonwealth’s Annual Comprehensive Financial Report (ACFR) should be referred to for additional disclosures related to the tax incentive programs the Authority administers, including the disclosures required by Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*.

The Authority is responsible for administering three loan programs, the Direct Loan Program, the Small Business Loan Program, and the Kentucky Rural Hospital Loan Program, two credit enhancement programs under the Kentucky Small Business Credit Initiative Program, and a loan risk assistance program under the Western Kentucky Risk Assistance Fund Program. The purpose of the Direct Loan Program is to provide, in conjunction with other financial institutions and agencies, the long-term financing needed to encourage the growth of new or expanding businesses throughout Kentucky, helping to promote and support the economic development efforts of Kentucky in cooperation with other State agencies. The purpose of the Small Business Loan Program, while similar in its objectives to the Direct Loan Program, is centered around helping Kentucky small businesses acquire the funding necessary to start or grow such businesses. The purpose of the Kentucky Rural Hospital Loan Program is to assist rural hospitals in providing the needed direct health care services for the citizens of the Commonwealth. The two credit enhancement programs, the Kentucky Collateral Support Program and the Kentucky Loan Participation Program, are designed to generate jobs and increase the availability of credit to small businesses by reducing the risk assumed by participating lenders, credit unions, or community development financial institutions. The purpose of the Western Kentucky Risk Assistance Fund Program is to provide support and relief efforts by providing an inducement to lenders on losses incurred on commercial loans as a part of the recovery from the December 2021 storms and tornadoes in western Kentucky.

## Note 1—Nature of operations (continued)

The Authority is also responsible for administering a grant program, the Kentucky Product Development Initiative Program (the Kentucky Product Development Initiative Program of 2024 and the Kentucky Product Development Initiative Program of 2022), the Cabinet's Economic Development Funds Program, and the High-Tech Construction and Investment Pools of the Office of Entrepreneurship and Innovation.

The Authority also acts as the issuing agent for Kentucky Economic Development Finance Authority Revenue Bonds in accordance with the statutes regarding the issuance of Industrial Revenue Bonds and Taxable Economic Development Revenue Bonds. Such bonds do not constitute a general debt, liability, or moral obligation of the Authority. Accordingly, the accompanying financial statements do not include any assets or liabilities related to the issuance of these bonds. See Note 12.

## Note 2—Summary of significant accounting policies

*Basis of Presentation* – The Authority is a component unit of the Commonwealth of Kentucky. The Authority's financial statements are included in the Commonwealth's ACFR as a discretely presented component unit.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The activities of the Authority are accounted for as an enterprise fund on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows.

*Cash and Cash Equivalents* – For purposes of the statements of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

*Investments* – Investments are reported at fair value. The equity position of the Authority in the State cash and investment pool of the Commonwealth of Kentucky (the Commonwealth's general depository) is reported as assets of the Authority. Unrealized gains and losses (income/loss from investments) are included in the statements of revenues, expenses, and changes in net position.

*Allowance for Losses on Loans Receivable* – Loans receivable are presented net of an allowance for uncollectible amounts. The Authority provides a valuation allowance for estimated losses on loans receivable when any significant impairment in the realization of the respective asset has occurred or is otherwise probable. Additions to the allowance are charged to operations in the period in which the asset becomes impaired.

*Accrued Interest Receivable, Loans* – Interest income is accrued on the respective outstanding loan receivable balances. Each of the respective loans are reviewed by the Authority on a regular basis and placed on non-accrual status when the loan is 90 days or more past due and/or the collection of principal or interest is unlikely. When a loan is placed on non-accrual status, any uncollected interest accrued in the current year is charged against current income. Subsequent interest on non-accrual loans is recognized as income only when collected.

## Note 2—Summary of significant accounting policies (continued)

*Deferred Outflows of Resources* – Deferred outflows of resources represent a consumption of net assets by the Authority that is applicable to a future reporting period. At June 30, 2024 and 2023, deferred outflows of resources relate to the following:

| | 2024 | 2023 |
|---|---|---|
| Pension liability (see Note 9) | $ 1,028,000 | $ 1,133,000 |
| Other postemployment benefits liability (see Note 10) | 377,000 | 564,000 |
| Total deferred outflows of resources | $ 1,405,000 | $ 1,697,000 |

*Compensated Absences* – All annual and compensatory leave pay is accrued when incurred (see Note 6). The current portion is estimated based on an allocation of the annual and compensatory leave hours used during the fiscal year to the total hours remaining as of year-end. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

*Pension Liability* – For purposes of measuring the Authority's estimated proportionate share of the collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense information regarding the Authority's participation in the Kentucky Employees Retirement System has been determined on the same basis as reported by the Kentucky Public Pensions Authority. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

*Other Postemployment Benefits (OPEB) Liability* – For purposes of measuring the Authority's estimated proportionate share of the collective net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense information regarding the Authority's participation in the Kentucky Employees Retirement System (the Insurance Fund) has been determined on the same basis as reported by the Kentucky Public Pensions Authority. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Deferred Inflows of Resources* – Deferred inflows of resources represent an acquisition of net assets by the Authority that is applicable to a future reporting period. At June 30, 2024 and 2023, deferred inflows of resources relate to the following:

| | 2024 | 2023 |
|---|---|---|
| Pension liability (see Note 9) | $ 495,000 | $ 240,000 |
| Other postemployment benefits liability (see Note 10) | 1,061,000 | 436,000 |
| Total deferred inflows of resources | $ 1,556,000 | $ 676,000 |

## Note 2—Summary of significant accounting policies (continued)

*Net Position* – Net position is displayed in three components (if and when applicable):

- Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. At June 30, 2024 and 2023, there is no such net investment in capital assets.
- Restricted Net Position – Consists of net position with constraints placed on the use thereof either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other net position that does not meet the definition of net investment in capital assets or restricted.

The Authority has not otherwise adopted a formal policy which would govern (if and when applicable) the order of priority relative to the use of net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

*Operating Revenues and Expenses* – Operating revenues and expenses for enterprise funds are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

*Intergovernment Revenue and Expense* – During the course of operations, transactions occur with other State agencies (including the Commonwealth of Kentucky in general) that may result in non-operating revenues from/expenditures to. See Note 8 for the details of such transactions.

## Note 3—Cash and cash equivalents

The Kentucky Revised Statutes authorize the Authority to invest money subject to its control, at its discretion, in the permitted types of investments indicated in Note 4. In addition, the Authority is allowed to participate in a cash and investment pool maintained by the Commonwealth of Kentucky.

As of June 30, 2024 and 2023, cash and cash equivalents consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Money market funds | $ 66,148,557 | $ 56,466,226 |
| State cash and investment pool | 32,176 | 76,952 |
| Total cash and cash equivalents | $ 66,180,733 | $ 56,543,178 |

As of June 30, 2024 and 2023, the Authority's funds on deposit with the trustee are invested in the Fidelity Institutional Money Market Government Portfolio (Class III) money market mutual fund. Such funds are uninsured. This particular money market mutual fund is, however, comprised of investments in securities of the United States government and its agencies (obligations backed by the full faith and credit of the United States government) and repurchase agreements for such securities.

## Note 4—Investments

As of June 30, 2024 and 2023, investments consist entirely of the Authority's equity position in the State cash and investment pool (the portion that has not been classified as cash/cash equivalents). Such investments are valued at the net asset value of the Authority's equity position at year-end, a Level 2 fair value measurement (see below).

The fair value measurements framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as described below:

- *Level 1* – Quoted prices in active markets for identical assets or liabilities.
- *Level 2* – Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active or unobservable inputs that are derived principally from or corroborated by observable market data.
- *Level 3* – Unobservable inputs that are based on the Authority's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

There have been no changes in the methodologies used to determine fair value at June 30, 2024 and 2023.

Valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Authority believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

*Credit Risk* – Under State statutes, the Authority, subject to certain limitations, is permitted to invest in the following:

- Obligations backed by the full faith and credit of the United States or a United States government agency
- Obligations of any corporation of the United States government or government sponsored enterprise
- Securities issued by a state or local government, or any instrumentality or agency thereof
- Collateralized or uncollateralized certificates of deposit or other interest-bearing accounts
- Bankers' acceptances
- Commercial paper
- Mutual funds
- Asset-backed securities
- United States dominated corporate, Yankee, and Eurodollar securities, excluding corporate stocks, issued by foreign and domestic issuers, including sovereign and supranational governments
- State and local delinquent property tax claims, which upon purchase, shall become certificates of delinquency secured by interests in real property

*Concentration of Credit Risk* – With the exception of certain limitations under State statutes, there is no limit on the amount the Authority may invest in any one issuer. The Authority's trustee consults with the Office of Financial Management (within the Kentucky Finance and Administration Cabinet) to determine suitable investments.

## Note 4—Investments (continued)

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As indicated above, as of June 30, 2024 and 2023, the Authority's investments do not consist of any investments held outside of the State cash and investment pool.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As previously indicated (see *Concentration of Credit Risk*), the Authority's trustee consults with the Office of Financial Management (within the Kentucky Finance and Administration Cabinet) to determine suitable investments.

*Foreign Currency Risk* – As indicated above, as of June 30, 2024 and 2023, the Authority's investments do not consist of any investments held outside of the State cash and investment pool. Accordingly, the Authority's investments are not otherwise believed to be subject to foreign currency risk.

## Note 5—Loans receivable

As of June 30, 2024 and 2023, business and industrial park loans receivable consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Loans on real estate and equipment secured by: | | |
| Parent company guarantees | $ 355,120,000 | $ 330,120,000 |
| First mortgages/liens | 10,872,020 | 20,803,122 |
| Letters of credit/certificates of deposit | 2,689,076 | 2,832,385 |
| Other security/collateral | 2,344,102 | 2,666,721 |
| Total loans receivable | 371,025,198 | 356,422,228 |
| Allowance for loan losses | (2,092,153) | (2,092,153) |
| Loans receivable, net | 368,933,045 | 354,330,075 |
| Current maturities | (10,907,292) | (11,761,846) |
| Long-term portion | $ 358,025,753 | $ 342,568,229 |

In fiscal year 2020, pursuant to 2020 Regular Session House Bill 99, the Commonwealth appropriated $35,000,000 of bond proceeds (bonds issued by the State Property and Buildings Commission) to create and fund the Direct Health Care Services and Research Facilities Operations Loan to UofL Health-Louisville, Inc. (UofL Health-Louisville), the proceeds of which is to be used to provide direct health care services and research operations facilities. In fiscal year 2022, pursuant to the First Amendment to the Loan Agreement, the loan agreement was amended to accelerate the repayment of the loan. Accordingly, the loan is non-interest bearing and annual principal payments of $8,750,000 are due each April 1st beginning April 2022 through the April 2025 maturity date of the loan. The loan is secured by mortgages and an assignment of rents/leases with respect to four specific properties and is guaranteed by the University of Louisville, UofL Health, Inc., and UofL Health-Shelbyville, Inc. The loan is subject to certain covenants, including, but not limited to, the requirement that at any time before March 31, 2025, UofL Health-Louisville shall have received at least $25,000,000 in total from the Jewish Heritage Fund for Excellence and/or the Jewish Hospital & St. Mary's Healthcare Foundation, matching funds UofL Health-Louisville shall not have an obligation to repay.

## Note 5—Loans receivable (continued)

There exists the possibility that up to 50% of the loan may be forgiven if UofL Health-Louisville, at all times on or after December 31, 2021, satisfies (a) certain job and wage requirements as defined and/or (b) the Medically Underserved Operational Requirements as defined. On December 31st of each year beginning on December 31, 2021, the Authority will determine whether UofL Health-Louisville has complied with the debt forgiveness requirements as of such calendar year-end. If UofL Health-Louisville has complied with the debt forgiveness requirements, 50% of the principal payment due on April 1st of the next calendar year will be forgiven. UofL Health-Louisville met the forgiveness requirements as of December 31, 2023 and 2022. As a result, UofL Health-Louisville paid $4,375,000 of the $8,750,000 annual principal payments due April 1, 2024 and 2023, while $4,375,000 was forgiven ($4,375,000 each fiscal year reflected as forgiveness of loan receivable per the accompanying statements of revenues, expenses, and changes in net position). As of June 30, 2024 and 2023, the balance of the loan receivable from UofL Health-Louisville is $8,750,000 and $17,500,000, respectively.

As of June 30, 2023, pursuant to 2021 Special Session Senate Bill 5 and 2022 Regular Session House Bill 1, the Authority had received $330,120,000 of the $366,800,000 (in total between the respective legislation) appropriated by the Commonwealth to fund forgivable loans with respect to economic development projects with a minimum investment by the loan recipient of $2,000,000,000.

In fiscal year 2023, pursuant to 2021 Special Session Senate Bill 5, the Authority approved a loan for an amount up to $250,000,000 to BlueOval SK, LLC (BlueOval). The last 10% of the loan proceeds ($25,000,000) were disbursed during fiscal year 2024 once BlueOval provided to the Authority the Capital Investment Certificate substantiating the minimum $2,000,000,000 investment by BlueOval. The maturity date of the non-interest bearing loan is March 2038. There exists the possibility the loan in its entirety may be forgiven if BlueOval, at all times on or after December 31, 2026, satisfies certain job and wage requirements as defined. On December 31st of each year beginning on December 31, 2026, the Authority will determine whether BlueOval has complied with the debt forgiveness requirements as of such calendar year-end. If BlueOval has complied with the debt forgiveness requirements, the principal payment due on March 31st of the next calendar year (the annual principal payments range from $10,000,000 due March 2027 to $25,000,000 due March 2038) will be forgiven in its entirety. The loan is secured by Collection Guaranty Agreements under which BlueOval's two parent companies (BlueOval is a joint venture) provided guarantees ($125,000,000 each). As of June 30, 2024 and 2023, the balance of the loan receivable from BlueOval is $250,000,000 and $225,000,000, respectively.

In fiscal year 2023, pursuant to 2021 Special Session Senate Bill 5 and 2022 Regular Session House Bill 1, the Authority approved a loan for an amount up to $116,800,000 to Envision AESC Bowling Green, LLC (AESC). The last 10% of the loan proceeds ($11,680,000) will not be disbursed until the Authority receives from AESC the Capital Investment Certificate substantiating the minimum $2,000,000,000 investment by AESC. The maturity date of the non-interest bearing loan is March 2044. There exists the possibility the loan in its entirety may be forgiven if AESC, at all times on or after December 31, 2029, satisfies certain job and wage requirements as defined. On December 31st of each year beginning on December 31, 2029, the Authority will determine whether AESC has complied with the debt forgiveness requirements as of such calendar year-end. If AESC has complied with the debt forgiveness requirements, the principal payment due on March 31st of the next calendar year (the annual principal payments range from $3,000,000 due March 2030 to $8,400,000 due March 2044) will be forgiven in its entirety. The loan is secured by a Collection Guaranty Agreement under which AESC's parent company provided a guarantee. As of June 30, 2024 and 2023, the balance of the loan receivable from AESC is $105,120,000.

## Note 5—Loans receivable (continued)

In previous years, the terms of certain industrial park loans were restructured. Under the restructuring agreements, loan payments and/or interest rates were adjusted and maturity dates were extended. In addition, in lieu of the required periodic payments of principal and interest, the restructured agreements stated that amounts were due to the Authority upon the sale of the industrial park land with the Authority receiving a defined percentage of the sales price with any outstanding balance due at maturity. During fiscal year 2024, the terms of an industrial park loan with an outstanding balance of approximately $1,267,000 as of June 30, 2024 were restructured. No such industrial park loans were restructured during fiscal year 2023. During fiscal year 2023, the terms of other loans with outstanding balances totaling approximately $614,000 as of June 30, 2023 were restructured. No such other loans were restructured during fiscal year 2024.

## Note 6—Compensated absences

Employees may accumulate earned but unused annual leave, compensatory leave, and sick pay benefits. The Commonwealth's policy is to only record the cost of annual and compensatory leave.

*Annual and Compensatory Leave* – Annual leave is accumulated at amounts ranging from 7.50 to 15.00 hours per month, determined by length of service, with maximum accumulations ranging from 30 to 60 days. The calendar year is the period used for determining accumulated leave. At June 30, 2024 and 2023, the Authority's estimated liability for accrued annual leave totals $162,616 and $161,337, respectively.

Compensatory leave is granted to authorized employees. At June 30, 2024 and 2023, the Authority's estimated liability for compensatory leave totals $37,906 and $31,865, respectively.

The activity relative to the liability for compensated absences for the years ended June 30, 2024 and 2023 is as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of the year | $ 193,202 | $ 231,565 |
| Additions | 120,720 | 82,737 |
| Reductions | (113,400) | (121,100) |
| Balance, end of the year | $ 200,522 | $ 193,202 |

At June 30, 2024 and 2023, the estimated amount of annual and compensatory leave due within one year totals $100,300 and $96,600, respectively.

*Sick Leave* – The Authority records the cost of sick leave when paid. Generally, sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or related family death. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits as of year-end. At June 30, 2024, the estimated accumulated amount of unused sick leave totals approximately $316,000.

## Note 7—Restricted net position

During the 2000 Regular Session, the General Assembly passed House Bill 572 creating the Office of the Commissioner for the New Economy (now referred to as the Office of Entrepreneurship and Innovation) within the Cabinet. House Bill 572 also created a High-Tech Construction Pool and a High-Tech Investment Pool (Pools). The duties of the Office of Entrepreneurship and Innovation include the recommendation of projects to the Authority for approval and funding through the Pools which are maintained by the Authority.

The below table provides a history of the funding of the Pools.

| Legislation | Fiscal Year(s) | Funding Source | Amount |
|---|---|---|---|
| 2000 Regular Session House Bill 502 | 2001 | Authority | $ 40,000,000 |
| 2003 Regular Session House Bill 269 | 2003 | Authority | 10,000,000 |
| 2003 Regular Session House Bill 269 | 2003 | Local Gov. Econ. Develop. Fund | 1,035,000 |
| 2003 Regular Session House Bill 269 | 2004 | bond proceeds (bonds issued by the State Prop. and Build. Comm.) | 15,000,000 |
| 2003 Regular Session House Bill 269 | 2004 | Commonwealth's General Fund | 5,000,000 |
| 2003 Regular Session House Bill 269 | 2004 | Local Gov. Econ. Develop. Fund | 1,250,000 |
| 2005 Regular Session House Bill 267 | 2005 | Authority | 7,950,000 |
| 2005 Regular Session House Bill 267 | 2005 | bond proceeds (bonds issued by the State Prop. and Build. Comm.) | 2,750,000 |
| 2005 Regular Session House Bill 267 | 2005 | Local Gov. Econ. Develop. Fund | 3,625,000 |
| 2005 Regular Session House Bill 267 | 2006 | Authority | 7,485,000 |
| 2005 Regular Session House Bill 267 | 2006 | Local Gov. Econ. Develop. Fund | 3,500,000 |
| 2006 Regular Session House Bill 380 | 2007 | Cabinet | 5,000,000 |
| 2006 Regular Session House Bill 380 | 2008 | Cabinet | 5,000,000 |
| 2006 Regular Session House Bill 380/ 2010 Special Session House Bill 1/ 2017 Regular Session House Bill 482 | 2007-2024 | bond proceeds (bonds issued by the State Prop. and Build. Comm.) | 19,854,802 |

Through June 30, 2024, in total, the Authority has funded the High-Tech Construction and Investment Pools in the amount of $65,435,000. Additionally, during fiscal years 2003 through 2024, the Pools have been funded through intergovernment revenues (including payments from the Commonwealth) totaling $62,014,802.

During the 2020 Regular Session of the General Assembly, legislation was approved which established the Kentucky Rural Hospital Loan Program. Funding for this program was appropriated to the Authority during fiscal year 2021 pursuant to 2021 Regular Session House Bill 556.

During the 2017 Regular Session of the General Assembly, legislation was approved which appropriated funding to the Authority to facilitate a private sector “investment” pursuant to 2017 Regular Session House Bill 482. The funding was returned to the Authority during fiscal year 2023 due to a specific private sector “investment” that failed to materialize. The recaptured funding will be maintained by the Authority until another project meeting the private sector “investment” requirement is identified and subsequently approved.

## Note 7—Restricted net position (continued)

As of June 30, 2024 and 2023, the net position of the Authority restricted to the Kentucky Rural Hospital Loan Program, the High-Tech Construction and Investment Pools, and a private sector "investment" consists of the following:

| | 2024 | 2023 |
|---|---|---|
| Kentucky Rural Hospital Loan Program: | | |
| Cash and cash equivalents | $ 2,529,131 | $ 1,322,234 |
| Loans receivable, net | 4,439,242 | 4,766,758 |
| Accrued interest receivable, loans | 19,549 | 11,780 |
| | 6,987,922 | 6,100,772 |
| High-Tech Construction and Investment Pools: | | |
| Cash and cash equivalents | 2,557,188 | 2,551,030 |
| Investments | 121,504 | 119,645 |
| | 2,678,692 | 2,670,675 |
| Private sector "investment": | | |
| Cash and cash equivalents | 15,000,000 | 15,000,000 |
| Total restricted net position | $ 24,666,614 | $ 23,771,447 |

## Note 8—Payments from the Commonwealth

The below table provides a history of the funding made available for certain loans, grants, and High-Tech Construction and Investment Pool projects, some of which may ultimately be shared with the Cabinet's Economic Development Funds Program (no impact to the Authority's financial statements of funds made available with respect to the Cabinet's Economic Development Funds Program). Such funding, which is accessed from the oldest available authorization/appropriation, is provided for the loans, grants, and/or projects approved by the Authority.

| Legislation | Amount |
|---|---|
| 2005 Regular Session House Bill 267 | $ 10,000,000 |
| 2006 Regular Session House Bill 380 | 37,500,000 |
| 2010 Special Session House Bill 1 | 37,500,000 |
| 2014 Regular Session House Bill 235 | 2,250,000 |
| 2016 Regular Session House Bill 303 | 21,000,000 |
| 2017 Regular Session House Bill 482 | 15,000,000 |
| 2019 Regular Session House Bill 268 | 25,000,000 |
| 2020 Regular Session House Bill 99 | 35,000,000 |
| 2021 Regular Session House Bill 192 | 7,500,000 |
| 2021 Regular Session House Bill 556 | 20,000,000 |
| 2021 Special Session Senate Bill 5 | 350,000,000 |
| 2022 Regular Session House Bill 1 | 46,800,000 |
| 2022 Regular Session Senate Bill 150 | 25,000,000 |

## Note 8—Payments from the Commonwealth (continued)

Payments from the Commonwealth, which principally represent the net impact of certain loans, grants, and/or projects for which the funding is to be provided by the legislation as described above, total $3,661,717 and $385,351,362 for the years ended June 30, 2024 and 2023, respectively.

Payments from the Commonwealth for the year ended June 30, 2023 also include $15,000,000 returned to the Authority during fiscal year 2023 to facilitate a private sector "investment" pursuant to 2017 Regular Session House Bill 482 (see Note 7).

The accompanying statements of net position as of June 30, 2024 and 2023 reflect $12,798,591 (the entirety of which is classified as a current asset at June 30, 2024) and $37,124,869 (the entirety of which is classified as a current asset at June 30, 2023) of intergovernment receivables, respectively. Such intergovernment receivables principally consist of the funding due to the Authority with respect to the loans, grants, and High-Tech Construction and Investment Pool projects approved during the respective fiscal years, funding for which had not yet been received as of year-end (from the previously authorized/appropriated funding as summarized above).

## Note 9—Retirement plans

***General Information***

*Plan Description*

All employees who average 100 or more hours per month over a calendar or fiscal year participate in the Kentucky Employees Retirement System (KERS) of the Commonwealth of Kentucky, which is a cost-sharing, multiple employer defined benefit pension plan. Under the provisions of Kentucky Revised Statutes 61.645, the Kentucky Public Pensions Authority (KPPA) Board of Trustees administers the KERS. The KPPA is the successor to Kentucky Retirement Systems.

Ten-year historical trend information showing the KERS' progress in accumulating sufficient assets to pay benefits when due (as well as financial statements and other required supplementary information) is presented in the KERS' Annual Financial Report (which is a matter of public record). The most recent actuarial valuation is as of June 30, 2023. Such report may be obtained by writing to the Kentucky Public Pensions Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky 40601. KPPA can also be reached by telephone at 502.696.8800 or by email at kppa.mail@kyret.ky.gov. The Commonwealth's ACFR should also be referred to for additional disclosures related to the KERS.

In addition to the KERS, the Authority's employees are also eligible to participate in two deferred compensation plans sponsored by the Commonwealth. These plans are organized as a Section 457 plan and as a Section 401(k) plan under the Internal Revenue Code. Both plans permit employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Kentucky Public Employees' Deferred Compensation Authority (KPEDCA) issues a publicly available report that includes financial statements and other required supplementary information relative to the deferred compensation plans. Such report may be obtained by writing to the Kentucky Public Employees' Deferred Compensation Authority, 501 High Street, 2nd Floor, Frankfort, Kentucky 40601. The KPEDCA can also be reached by telephone at 502.573.7925 or by email at kydcp@nationwide.com. The Commonwealth's ACFR should also be referred to for additional disclosures related to the two deferred compensation plans.

*Benefits Provided*

The KERS provides retirement, as well as health care, disability, and death benefits to plan members. The KERS provides for cost-of-living adjustments at the discretion of the Kentucky legislature. Benefits are established by State statute. The below information summarizes the significant benefits related provisions of the KERS non-hazardous plan. The below is not intended to be, nor should it be interpreted as, a complete account of all such provisions.

## Note 9—Retirement plans (continued)

| | **Tier 1 employees**<br>Participation prior to September 1, 2008 | **Tier 2 employees**<br>Participation from September 1, 2008 to December 31, 2013 | **Tier 3 employees**<br>Participation on or after January 1, 2014 |
|---|---|---|---|
| Covered employees | Substantially all regular, full-time members employed in non-hazardous duty positions of any State department, board, or any agency directed by Executive Order to participate in the KERS | | |
| Benefit formula | Final compensation X benefit factor X years of service | | Cash Balance Plan - hybrid plan with characteristics of both a defined benefit plan and a defined contribution plan |
| Final compensation | Average of the highest 5 fiscal years (must contain at least 48 months); includes lump-sum compensation payments (before and at retirement) | 5 complete fiscal years immediately preceding retirement; each year must contain 12 months; lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation | No final compensation |
| Benefit factor | 1.97% - if you do not have 12 months credit for January 1, 1998 - January 1, 1999<br>2.00% - if you have 13 months credit for January 1, 1998 - January 1, 1999 | 10 years or less - 1.10%<br>Greater than 10 years, but no more than 20 years - 1.30%<br>Greater than 20 years, but no more than 26 years - 1.50%<br>Greater than 26 years, but no more than 30 years - 1.75%<br>Additional years above 30 years - 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years) | No benefit factor; a life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the KPPA Board of Trustees based on the member's accumulated account balance |
| Cost of living adjustment | No cost of living adjustment unless authorized by the legislature with specific criteria; if authorized, the cost of living adjustment is limited to 1.50% | | |

## Note 9—Retirement plans (continued)

| | **Tier 1 employees** Participation prior to September 1, 2008 | **Tier 2 employees** Participation from September 1, 2008 to December 31, 2013 | **Tier 3 employees** Participation on or after January 1, 2014 |
|---|---|---|---|
| Unreduced retirement benefits | Any age with 27 years of service<br>Age 65 with 48 months of service<br>Money purchase for age 65 with less than 48 months based on contributions and interest | Member must be at least 57 and age plus earned service must equal 87 years at retirement to retire under the Rule of 87 Provision<br>Age 65 with 5 years of earned service; no money purchase calculations | |
| Reduced retirement benefits | Any age with 25 years of service<br>Age 55 with 5 years of service | Age 60 with 10 years of service (excludes purchased service with certain exceptions) | No reduced retirement benefits |

*Contributions*

Contribution rates are established by State statute. Pursuant to the provisions of Kentucky Revised Statutes 61.645, contribution requirements of active employees and participating employers are established and may be amended by the KPPA Board of Trustees.

During the 2021 Regular Session, the General Assembly passed House Bill 8 which changed how employer contributions are allocated and collected from the participating employers in the non-hazardous plan. Accordingly, effective for the year ended June 30, 2022, the proportionate share of the collective pension amount for employers that participate in the non-hazardous plan is based upon the employer's allocation of the amortization cost, as specified under State statutes, plus the employer's allocation of the normal cost portion of the required contribution based on the employer's payroll. The total proportionate share of the collective pension amount, which represents an employer's share of the long-term contribution effort, assumes the amortization cost portion is approximately 90% of the aggregate required employer contribution.

The Authority, for the years ended June 30, 2024 and 2023, was required to contribute a total of 78.00% of the covered employees' salaries between the pension plan and the KPPA Insurance Fund (see Note 10). The actuarially determined employer contribution represents the amount, that when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, the costs of administration, and an amortized portion of any unfunded liability. The below information summarizes the significant employee contributions related provisions of the KERS non-hazardous plan. The below is not intended to be, nor should it be interpreted as, a complete account of all such provisions.

## Note 9—Retirement plans (continued)

| | |
|---|---|
| Tier 1 employees | Contributions equal 5.00% of all creditable compensation |
| Tier 2 employees | Contributions equal 6.00%, with 5.00% being credited to the member's account and 1% to fund the KPPA Insurance Fund (see Note 10)<br>Interest is paid each June 30th on members' accounts at a rate of 2.50%<br>The member is entitled to a full refund of contributions and interest if employment is terminated, however, the 1.00% contribution to the KPPA Insurance Fund is non-refundable |
| Tier 3 employees | Contributions equal 6.00%, with 5.00% being credited to the member's account and 1% to fund the KPPA Insurance Fund (see Note 10)<br>Employee accounts are also credited with a 4.00% employer pay credit<br>At the end of each fiscal year, interest is paid into each employee's account<br>The account is guaranteed the 4.00% interest credit on the employee's account balance as of June 30 of the previous fiscal year-end<br>The employee's account may be credited with additional interest if the five-year average investment return exceeds 4.00%<br>If an employee terminates his/her employment, the employee, if fully vested (fully vested upon reaching 5 years of service), is eligible to either take a refund of his/her accumulated account balance or, if the employee is eligible for retirement benefits, he/she may annuitize the account balance<br>If an employee terminates his/her employment prior to being fully vested and requests a refund, the employee is only eligible to receive his/her contributions plus the interest thereon, forfeiting the employer pay credit and the associated interest<br>The 1.00% contribution to the KPPA Insurance Fund is non-refundable |

Retired employees receive certain health care benefits depending on length of service. In accordance with State statutes, such benefits are provided and advanced-funded on an actuarially determined basis through the KERS. As indicated above, covered employees hired on or after September 1, 2008 are required by State statute to contribute an additional 1.00% of their salary to fund the KPPA Insurance Fund (see Note 10). The related employer contribution is included in the required employer contribution rates reflected above.

The Authority's contributions (specific to the pension portion) for the years ended June 30, 2024 and 2023 total approximately $723,000 and $770,000, respectively.

***Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources***

At June 30, 2024, the Authority's liability with respect to its estimated proportionate share of the collective net pension liability is $10,340,000 ($11,662,000 as of June 30, 2023). The June 30, 2024 net pension liability has been measured as of June 30, 2023 (the June 30, 2023 net pension liability has been measured as of June 30, 2022), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's estimated proportionate share of the collective net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all employer participants, as actuarially determined. At June 30, 2024 and 2023, the Authority's estimated proportionate share (as rounded) is .08% and .09%, respectively.

## Note 9—Retirement plans (continued)

The Authority's estimate of pension expense (a benefit) with respect to the year ended June 30, 2024 totals $962,000 (a $975,000 benefit with respect to the year ended June 30, 2023).

At June 30, 2024, deferred outflows and inflows of resources related to pensions consist of the following:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience in the measurement of the total pension liability | $ 128,000 | $ - |
| Changes to the assumptions | - | 284,000 |
| Net difference between projected and actual earnings on pension plan investments | 175,000 | 164,000 |
| Changes in the proportionate share and differences between the Authority's contributions and its proportionate share of the contributions | 2,000 | 47,000 |
| Subsequent to measurement date contributions | 723,000 | - |
| | $ 1,028,000 | $ 495,000 |

The $723,000 of deferred outflows of resources as of June 30, 2024 (per the above table) attributable to the subsequent to measurement date contributions will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The other amounts reflected as net deferred outflows and inflows of resources related to pensions as of June 30, 2024 will be recognized within pension expense as follows:

| Year Ending June 30, | |
|---|---|
| 2025 | $ (209,000) |
| 2026 | (19,000) |
| 2027 | 46,000 |
| 2028 | (8,000) |
| | $ (190,000) |

**Note 9—Retirement plans (continued)**

At June 30, 2023, deferred outflows and inflows of resources related to pensions consist of the following:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience in the measurement of the total pension liability | $ - | $ 14,000 |
| Changes to the assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 251,000 | 206,000 |
| Changes in the proportionate share and differences between the Authority's contributions and its proportionate share of the contributions | 110,000 | 20,000 |
| Subsequent to measurement date contributions | 772,000 | - |
| | $ 1,133,000 | $ 240,000 |

*Actuarial Assumptions*

The total pension liability per the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate – 2.50%
Projected salary increases – 3.30% to 15.30%; varies by service
Investment rate of return – 5.25%
Mortality rates –

- Active members – Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010
- Healthy retired members and beneficiaries – system-specific mortality table based on mortality experience from 2013-2022 projected with the ultimate rates from the MP-2020 Mortality Improvement Scale using a base year of 2023
- Disabled members (the period after disability retirement) – Pub-2010 Disabled Mortality Table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 Mortality Improvement Scale using a base year of 2010

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed with respect to the period ending June 30, 2022. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed with respect to the period ending June 30, 2018.

The long-term expected rate of return on pension plan assets is determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed by the investment consultant for each major asset class (see below). The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

## Note 9—Retirement plans (continued)

The target asset allocations and best estimates of the arithmetic long-term expected real rate of return for each major asset class are as follows (with respect to the June 30, 2023 actuarial valuation):

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Equity: | | |
| Public | 32.50% | 5.90% |
| Private | 7.00% | 11.73% |
| Fixed Income: | | |
| Core fixed income | 20.50% | 2.45% |
| Specialty credit | 15.00% | 3.65% |
| Cash | 5.00% | 1.39% |
| Inflation Protected: | | |
| Real estate | 10.00% | 4.99% |
| Real return | 10.00% | 5.15% |
| | 100.00% | |

The long-term expected rate of return on pension plan assets, which is established by the KPPA Board of Trustees, was 5.25% with respect to the June 30, 2023 actuarial valuation.

*Discount Rate*

The discount rate used to measure the total pension liability per the June 30, 2023 actuarial valuation was 5.25% (also 5.25% with respect to the total pension liability per the June 30, 2022 actuarial valuation). The projection of cash flows used to determine the discount rate assumed the employers would contribute the actuarially determined contribution rate of projected compensation over the 30-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

*Sensitivity of the Authority's Estimated Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate*

The following table presents the Authority's estimated proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate of 5.25%, as well as what the Authority's estimated proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current discount rate.

| | 1.00% Decrease (4.25%) | Current Discount Rate (5.25%) | 1.00% Increase (6.25%) |
|---|---|---|---|
| Authority's estimated proportionate share of the collective net pension liability | $ 11,885,000 | $ 10,340,000 | $ 9,060,000 |

## Note 9—Retirement plans (continued)

***Liability to KERS***

At June 30, 2024 and 2023, the liability to KERS, which represents the amount of employer contributions required to be funded as of year-end, totals approximately $43,000, approximately $34,000 of which relates to pensions. Such amounts are included within accrued payroll expenses per the accompanying statements of net position.

## Note 10—Other postemployment benefits

***General Information***

*Plan Description*

All eligible employees receiving benefits under the KERS are provided hospital and medical insurance through the KPPA Insurance Fund, a cost-sharing multiple employer defined benefit other postemployment benefits (OPEB) plan. Under the provisions of Kentucky Revised Statutes 61.645, the KPPA Board of Trustees administers the KERS, including the Insurance Fund. The KPPA is the successor to Kentucky Retirement Systems.

Ten-year historical trend information showing the KERS' progress in accumulating sufficient assets to pay benefits when due (as well as financial statements and other required supplementary information) is presented in the KERS' Annual Financial Report (which is a matter of public record). The most recent actuarial valuation is as of June 30, 2023. Such report may be obtained by writing to the Kentucky Public Pensions Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky 40601. KPPA can also be reached by telephone at 502.696.8800 or by email at kppa.mail@kyret.ky.gov. The Commonwealth's ACFR should also be referred to for additional disclosures related to the KERS and the Insurance Fund.

*Benefits Provided*

The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance for eligible employees. The Insurance Fund provides health insurance benefits to employees and certain beneficiaries under prescribed circumstances. As a result of 2004 Regular Session House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. The below information summarizes the significant benefits related provisions of the OPEB plan. The below is not intended to be, nor should it be interpreted as, a complete account of all such provisions.

| Participation prior to July 2003 | | Participation between July 2003 and August 2008 | | Participation on or after September 2008 | |
|---|---|---|---|---|---|
| Months of service | Percent of premium | Months of service | Percent of premium | Months of service | Percent of premium |
| < 48<br>48 to 119 inclusive<br>120 to 179 inclusive<br>180 to 239 inclusive<br>240 or more | 0%<br>25%<br>50%<br>75%<br>100% | Greater than or equal to 120 months | $10 per month for each year of service without regard to a maximum dollar adjusted by 1.5% annually | Greater than or equal to 180 months | $10 per month for each year of service without regard to a maximum dollar adjusted by 1.5% annually |

This benefit is not protected under the inviolable contract provisions of State statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

## Note 10—Other postemployment benefits (continued)

*Contributions*

Pursuant to the provisions of Kentucky Revised Statutes 61.645, contribution requirements of participating employers are established and may be amended by the KPPA Board of Trustees. The Authority, for the years ended June 30, 2024 and 2023, was required to contribute a total of 78.00% of the covered employees' salaries between the KERS pension plan (see Note 9) and the Insurance Fund. Covered employees hired prior to September 1, 2008 are not required to contribute to the Insurance Fund. Covered employees hired after September 1, 2008 are required by State statute to contribute an additional 1.00% of their salary to fund the Insurance Fund. Such contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (Kentucky Administrative Regulation 105 KAR 1:420E).

The Authority's contributions to the Insurance Fund for the years ended June 30, 2024 and 2023 total approximately $199,000 and $211,000, respectively.

***Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources***

At June 30, 2024, the Authority's liability with respect to its estimated proportionate share of the collective net OPEB liability is $631,000 ($1,880,000 as of June 30, 2023). The June 30, 2024 net OPEB liability has been measured as of June 30, 2023 (the June 30, 2023 net OPEB liability has been measured as of June 30, 2022),and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's estimated proportionate share of the collective net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all employer participants, as actuarially determined. At June 30, 2024 and 2023, the Authority's estimated proportionate share (as rounded) is .08%.

The Authority's estimate of OPEB expense (a benefit) with respect to the year ended June 30, 2024 totals $437,000 (a $128,000 benefit with respect to the year ended June 30, 2023).

At June 30, 2024, deferred outflows and inflows of resources related to OPEB consist of the following:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience in the measurement of the total OPEB liability | $ 22,000 | $ 858,000 |
| Changes to the assumptions | 62,000 | 70,000 |
| Net difference between projected and actual earnings on OPEB plan investments | 94,000 | 94,000 |
| Changes in the proportionate share and differences between the Authority's contributions and its proportionate share of the contributions | - | 39,000 |
| Subsequent to measurement date contributions | 199,000 | - |
| | $ 377,000 | $ 1,061,000 |

**Note 10—Other postemployment benefits (continued)**

The $199,000 of deferred outflows of resources as of June 30, 2024 (per the above table) attributable to the subsequent to measurement date contributions will be recognized as a reduction of the collective net OPEB liability in the year ending June 30, 2024.

The other amounts reflected as net deferred outflows and inflows of resources related to OPEB as of June 30, 2024 will be recognized within OPEB expense as follows:

| <u>Year Ending June 30,</u> | | |
|---|---|---|
| 2025 | $ | (389,000) |
| 2026 | | (374,000) |
| 2027 | | (113,000) |
| 2028 | | (7,000) |
| | $ | (883,000) |

At June 30, 2023, deferred outflows and inflows of resources related to OPEB consist of the following:

| | | Deferred Outflows of Resources | | Deferred Inflows of Resources |
|---|---|---|---|---|
| Differences between expected and actual experience in the measurement of the total OPEB liability | $ | 83,000 | $ | 150,000 |
| Changes to the assumptions | | 106,000 | | 125,000 |
| Net difference between projected and actual earnings on OPEB plan investments | | 141,000 | | 103,000 |
| Changes in the proportionate share and differences between the Authority's contributions and its proportionate share of the contributions | | 22,000 | | 58,000 |
| Subsequent to measurement date contributions | | 212,000 | | - |
| | $ | 564,000 | $ | 436,000 |

*Actuarial Assumptions*

The total OPEB liability per the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate – 2.50%
Projected salary increases – 3.30% to 15.30%; varies by service
Investment rate of return – 6.50%
Health care cost trend rates –

- Pre-65 - Initial trend starting at 6.80% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
- Post-65 - Initial trend starting at 8.50% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

## Note 10—Other postemployment benefits (continued)

Mortality rates –

- Active members - Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2020 Mortality Improvement Scale using a base year of 2010
- Healthy retired members and beneficiaries - system-specific mortality table based on mortality experience from 2013-2022 projected with the ultimate rates from the MP-2020 Mortality Improvement Scale using a base year of 2023
- Disabled members (the period after disability retirement) - Pub-2010 Disabled Mortality Table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 Mortality Improvement Scale using a base year of 2010

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed with respect to the period ending June 30, 2022. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed with respect to the period ending June 30, 2018.

The long-term expected rate of return on OPEB plan assets is determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed by the investment consultant for each major asset class (see below). The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

The target asset allocations and best estimates of the arithmetic long-term expected real rate of return for each major asset class are as follows (with respect to the June 30, 2023 actuarial valuation):

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Equity: | | |
| Public | 43.50% | 5.90% |
| Private | 10.00% | 11.73% |
| Fixed Income: | | |
| Specialty credit | 15.00% | 3.65% |
| Core fixed income | 10.00% | 2.45% |
| Cash | 1.50% | 1.39% |
| Inflation Protected: | | |
| Real estate | 10.00% | 4.99% |
| Real return | 10.00% | 5.15% |
| | 100.00% | |

The long-term expected rate of return on OPEB plan assets, which is established by the KPPA Board of Trustees, was 6.50% with respect to the June 30, 2023 actuarial valuation.

## Note 10—Other postemployment benefits (continued)

*Discount Rate*

The discount rate used to measure the total OPEB liability per the June 30, 2023 actuarial valuation was 5.94% (5.72% with respect to the total OPEB liability per the June 30, 2022 actuarial valuation). The discount rate is based on the long-term expected rate of return on OPEB plan investments of 6.50% and a long-term municipal bond rate of 3.86% (fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023).

*Sensitivity of the Authority's Estimated Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate*

The following table presents the Authority's estimated proportionate share of the collective net OPEB liability as of June 30, 2024 calculated using the discount rate of 5.94%, as well as what the Authority's estimated proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.94%) or one percentage point higher (6.94%) than the current discount rate.

| | 1.00% Decrease (4.94%) | Current Discount Rate (5.94%) | 1.00% Increase (6.94%) |
|---|---|---|---|
| Authority's estimated proportionate share of the collective net pension liability | $ 848,000 | $ 631,000 | $ 448,000 |

*Sensitivity of the Authority's Estimated Proportionate Share of the Collective Net OPEB Liability to Changes In the Health Care Cost Trend Rates*

The following table presents the Authority's estimated proportionate share of the collective net OPEB liability as of June 30, 2024 calculated using the discount rate of 5.94%, as well as what the Authority's estimated proportionate share of the collective net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate.

| | 1.00% Decrease | Current Health Care Cost Trend Rate | 1.00% Increase |
|---|---|---|---|
| Authority's estimated proportionate share of the collective net pension liability | $ 462,000 | $ 631,000 | $ 834,000 |

### Liability to KERS

At June 30, 2024 and 2023, the liability to KERS, which represents the amount of employer contributions required to be funded as of year-end, totals approximately $43,000, approximately $9,000 of which relates to OPEB. Such amounts are included within accrued payroll expenses per the accompanying statements of net position.

## Note 11—Commitments

As of June 30, 2024, the Authority's Committee Members had approved loans and grants totaling approximately $14,000,000 for which funds had yet to be disbursed.

## Note 12—Conduit debt

As indicated in Note 1, the Authority has acted as the issuing agent for Kentucky Economic Development Finance Authority Revenue Bonds in accordance with the statutes regarding the issuance of Industrial Revenue Bonds and Taxable Economic Development Revenue Bonds. Such bonds do not constitute a general debt, liability, or moral obligation of the Authority. Accordingly, the accompanying financial statements do not include any assets or liabilities related to the issuance of these bonds. Through June 30, 2024, the Authority has acted as the issuing agent for approximately $3,700,000,000 of Kentucky Economic Development Finance Authority Revenue Bonds (those bonds with outstanding balances as of year-end). As of June 30, 2024, the balances outstanding on these bonds total approximately $2,600,000,000.

## Note 13—Related party transactions

The Authority received the benefit of accounting and administrative services, utilities, and office space from the Cabinet during fiscal years 2024 and 2023 for which no fees were assessed.

## Note 14—Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Authority utilizes the Commonwealth of Kentucky's Risk Management Fund to cover the exposure to these potential losses. The Commonwealth's ACFR should be referred to for additional disclosures related to the Risk Management Fund.

# REQUIRED SUPPLEMENTAL INFORMATION

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
SCHEDULES OF THE AUTHORITY'S ESTIMATED PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY AND RELATED RATIOS BASED ON THE AUTHORITY'S PARTICIPATION IN THE KERS

*YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total collective net pension liability for the Kentucky Employees Retirement System (KERS) non-hazardous employees | $ 12,318,726,000 | $ 13,267,343,000 | $ 13,316,997,000 | $ 14,164,653,000 | $ 14,123,002,000 | $ 13,603,775,000 | $ 13,388,337,000 | $ 11,399,489,000 | $ 10,031,890,000 | $ 8,971,820,000 |
| Authority's estimated portion (percentage) of the total collective net pension liability | 0.08% | 0.09% | 0.09% | 0.08% | 0.07% | 0.07% | 0.07% | 0.07% | 0.06% | 0.03% |
| Authority's estimated portion (amount) of the total collective net pension liability | $ 10,340,000 | $ 11,662,000 | $ 11,941,000 | $ 11,405,000 | $ 10,070,000 | $ 9,481,000 | $ 8,914,000 | $ 7,430,000 | $ 5,959,000 | $ 2,990,000 |
| Authority's estimated portion of the covered employees payroll | $ 1,384,000 | $ 1,260,000 | $ 1,292,000 | $ 1,188,000 | $ 1,059,000 | $ 1,052,000 | $ 1,066,000 | $ 1,063,000 | $ 917,000 | $ 526,000 |
| Authority's estimated proportionate share of the total collective net pension liability as a percentage of the Authority's estimated portion of the covered employees payroll | 747% | 926% | 924% | 960% | 951% | 901% | 836% | 699% | 650% | 569% |
| KERS' non-hazardous employees total fiduciary net position | $ 3,539,943,000 | $ 3,013,845,000 | $ 3,018,660,000 | $ 2,308,080,000 | $ 2,233,672,000 | $ 2,004,446,000 | $ 2,056,870,000 | $ 1,980,292,000 | $ 2,327,782,000 | $ 2,578,290,000 |
| KERS' non-hazardous employees total pension liability | $ 15,858,669,000 | $ 16,281,188,000 | $ 16,335,657,000 | $ 16,472,733,000 | $ 16,356,674,000 | $ 15,608,221,000 | $ 15,445,207,000 | $ 13,379,781,000 | $ 12,359,672,000 | $ 11,550,110,000 |
| KERS' non-hazardous employees total fiduciary net position as a percentage of the total pension liability | 22% | 19% | 18% | 14% | 14% | 13% | 13% | 15% | 19% | 22% |

See the accompanying report of the independent auditor and note to the required supplemental information.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
SCHEDULES OF THE AUTHORITY'S PENSION CONTRIBUTIONS BASED ON THE AUTHORITY'S PARTICIPATION IN THE KERS

*YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution amount | $ 869,000 | $ 922,000 | $ 947,000 | $ 844,000 | $ 753,000 | $ 442,000 | $ 415,000 | $ 334,000 | $ 309,000 | $ 174,000 |
| Contribution amount in relation to the actuarially determined contribution amount | 1,070,000 | 982,000 | 1,017,000 | 764,000 | 738,000 | 480,000 | 504,000 | 334,000 | 309,000 | 99,000 |
| Excess (deficiency) | $ 201,000 | $ 60,000 | $ 70,000 | $ (80,000) | $ (15,000) | $ 38,000 | $ 89,000 | $ - | $ - | $ (75,000) |
| Authority's estimated portion of the covered employees payroll | $ 1,384,000 | $ 1,260,000 | $ 1,292,000 | $ 1,188,000 | $ 1,059,000 | $ 1,052,000 | $ 1,066,000 | $ 1,063,000 | $ 917,000 | $ 526,000 |
| Contribution amount as a percentage of the Authority's estimated portion of the covered employees payroll | 77% | 78% | 79% | 64% | 70% | 46% | 47% | 31% | 34% | 19% |

See the accompanying report of the independent auditor and note to the required supplemental information.

The actuarial methods and assumptions used to calculate the actuarially determined pension contribution rate are as follows:

| | |
|---|---|
| Actuarial valuation date | June 30, 2021 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay |
| Amortization period | 30 years; closed |
| Asset valuation method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation rate | 2.30% |
| Projected salary increases | 3.30% to 15.30%; varies by service |
| Investment rate of return | 5.25% |

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
SCHEDULES OF THE AUTHORITY'S ESTIMATED PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS BASED ON THE AUTHORITY'S PARTICIPATION IN THE KERS

*YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2024*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Total collective net other postemployment benefits (OPEB) liability for the Kentucky Employees Retirement System (KERS) non-hazardous employees | $ 784,592,000 | $ 2,212,110,000 | $ 2,279,327,000 | $ 2,538,908,000 | $ 2,222,896,000 | $ 2,370,912,000 | $ 2,535,962,000 |
| Authority's estimated portion (percentage) of the total collective net OPEB liability | 0.08% | 0.08% | 0.09% | 0.08% | 0.07% | 0.07% | 0.07% |
| Authority's estimated portion (amount) of the total collective net OPEB liability | $ 631,000 | $ 1,880,000 | $ 2,033,000 | $ 2,044,000 | $ 1,585,000 | $ 1,651,000 | $ 1,688,000 |
| Authority's estimated portion of the covered employees payroll | $ 1,329,000 | $ 1,221,000 | $ 1,295,000 | $ 1,194,000 | $ 1,081,000 | $ 1,096,000 | $ 1,061,000 |
| Authority's estimated proportionate share of the total collective net OPEB liability as a percentage of the Authority's estimated portion of the covered employees payroll | 47% | 154% | 157% | 171% | 147% | 151% | 159% |
| KERS' non-hazardous employees total fiduciary net position | $ 1,532,752,000 | $ 1,364,420,000 | $ 1,419,477,000 | $ 1,060,649,000 | $ 995,089,000 | $ 891,205,000 | $ 817,370,000 |
| KERS' non-hazardous employees total OPEB liability | $ 2,317,344,000 | $ 3,576,530,000 | $ 3,698,804,000 | $ 3,599,557,000 | $ 3,217,985,000 | $ 3,262,117,000 | $ 3,353,332,000 |
| KERS' non-hazardous employees total fiduciary net position as a percentage of the total OPEB liability | 66% | 38% | 38% | 29% | 31% | 27% | 24% |

Note - This schedule is intended to present 10 years of information. Additional years of information will be presented as such information becomes available for subsequent years.

See the accompanying report of the independent auditor and note to the required supplemental information.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
SCHEDULES OF THE AUTHORITY'S OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS BASED ON THE AUTHORITY'S PARTICIPATION IN THE KERS

*YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2024*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Actuarially determined contribution amount | $ 100,000 | $ 115,000 | $ 144,000 | $ 148,000 | $ 134,000 | $ 92,000 | $ 89,000 |
| Contribution amount in relation to the actuarially determined contribution amount | 105,000 | 120,000 | 166,000 | 141,000 | 128,000 | 95,000 | $ 108,000 |
| Excess (deficiency) | $ 5,000 | $ 5,000 | $ 22,000 | $ (7,000) | $ (6,000) | $ 3,000 | 19,000 |
| Authority's estimated portion of the covered employees payroll | $ 1,329,000 | $ 1,221,000 | $ 1,295,000 | $ 1,194,000 | $ 1,081,000 | $ 1,096,000 | $ 1,061,000 |
| Contribution amount as a percentage of the Authority's estimated portion of the covered employees payroll | 8% | 10% | 13% | 12% | 12% | 9% | 10% |

Note - This schedule is intended to present 10 years of information. Additional years of information will be presented as such information becomes available for subsequent years.

See the accompanying report of the independent auditor and note to the required supplemental information.

The actuarial methods and assumptions used to calculate the actuarially determined other postemployment benefits contribution rate are as follows:

| | |
|---|---|
| Actuarial valuation date | June 30, 2021 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay |
| Amortization period | 30 years; closed |
| Asset valuation method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation rate | 2.30% |
| Projected salary increases | 3.30% to 15.30%; varies by service |
| Investment rate of return | 6.25% |
| Health care cost trend rates (pre-65) | Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years |
| Health care cost trend rates (post-65) | Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years |

## Report of Independent Auditor 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 Committee Members
Kentucky Economic Development Finance Authority
Frankfort, Kentucky

We have audited, 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, the financial statements of the Kentucky Economic Development Finance Authority (Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 4, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion of the effectiveness of the Authority'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 or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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 result of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Louisville, Kentucky
November 4, 2024

## Schedule of Auditor's Results

We have issued an unmodified opinion, dated November 4, 2024, on the financial statements of the Kentucky Economic Development Finance Authority as of and for the year ended June 30, 2024.

Our audit disclosed no instances of non-compliance which are material to the Kentucky Economic Development Finance Authority's financial statements.

## Findings Relating to the Financial Statements

Our audit disclosed no findings which are required to be reported in accordance with *Government Auditing Standards*.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**
SCHEDULE OF PRIOR AUDIT FINDINGS AND THEIR RESOLUTION

*YEAR ENDED JUNE 30, 2024*

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The audit as of and for the year ended June 30, 2023 disclosed no findings which were required to be reported in accordance with *Government Auditing Standards*.