

LAKE CUMBERLAND AREA
DEVELOPMENT DISTRICT, INC.
Russell Springs, Kentucky

Report on Audit of
Financial Statements
For the Year Ended June 30, 2021

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses and Changes in Net Position- Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Notes to Financial Statements	17-30
Required Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	31
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue	32
Schedule of District's Proportionate Share of the Net Pension Liability - CERS	33
Schedule of District's Pension Contributions - CERS	34
Schedule of District's Proportionate Share of the Net OPEB Liability - CERS	35
Schedule of District's OPEB Contributions - CERS	36

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
TABLE OF CONTENTS, CONCLUDED
YEAR ENDED JUNE 30, 2021**

Supplementary Information:

Schedule of Shared/Indirect Costs	37
Cost Allocation Policy	38-39
Statement of Operations by Program	40
Statement of Operations Joint Funding Administration Programs	41
Schedule of Aging Operations by Program	42-43
Statement of Operations Other Grants and Contracts	44
Statement of Operations by Grant, WIOA	45
Schedule of Expenditures of Federal Awards	46-48
Notes to Schedule of Expenditures of Federal Awards	49
Schedule of Findings and Questioned Costs	50-51
Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53
Independent Auditors Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	54-55



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lake Cumberland Area Development District
Russell Springs, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Cumberland Area Development District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Lake Cumberland Area Development District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Lake Cumberland Area Development District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, budgetary comparison schedules on pages 31 and 32, and Pension and OPEB Schedules on pages 33-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of shared costs and statements of operations and combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of shared/indirect costs, cost allocation policy, statement of operations by program, other information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of shared costs and statements of operations and combining statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, on our consideration of Lake Cumberland Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Cumberland Area Development District's internal control over financial reporting and compliance.

Campbell, Myers & Rathledge, PLLC

Glasgow, Kentucky
November 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis provides an overview of Lake Cumberland Area Development District's financial performance during the fiscal year 2021. Please read the following in conjunction with the District's audited financial statements. A comparative analysis has been presented as a single fund, special-purpose government.

OVERVIEW OF THE ANNUAL REPORT

This annual report includes the management's discussion and analysis, the independent auditor's report, the District's audited financial statements, and notes to the financial statements. The notes to the financial statements explain in detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The District's financial statements utilize the full accrual basis of accounting. Also, the financial statements conform to generally accepted accounting principles and guidelines set forth by the Governmental Accounting Standards Board as it relates to a single fund special-purpose government. The required financial statements are the District's statement of net position, statement of revenue, expenses and changes in net position and a statement of cash flows. The District does not utilize multiple funds in accounting for its financial activities; therefore, only fund type statements are presented. The statement of net position details the District's investments (assets), debts (liabilities), and net position (net assets).

FINANCIAL ANALYSIS OF THE DISTRICT

The Condensed Statement of Net Position reveals the following changes for the fiscal year 2021:

	FY 2021	FY 2020	Change
Current Assets	\$ 5,315,310	\$ 5,358,633	\$ (43,323)
Capital and Other Assets	3,742,972	2,471,067	1,271,905
Deferred Outflows of Resources	<u>2,307,282</u>	<u>2,077,112</u>	<u>230,170</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 11,365,564</u>	<u>\$ 9,906,812</u>	<u>\$ 1,458,752</u>
Current Liabilities	\$ 552,339	\$ 483,865	\$ 68,474
Long Term Liabilities	11,406,403	10,450,943	955,460
Deferred Inflows of Resources	<u>787,354</u>	<u>1,173,606</u>	<u>(386,252)</u>
Total Liabilities & Deferred Inflows of Resources	<u>12,746,096</u>	<u>12,108,414</u>	<u>637,682</u>
Net Position			
Net Investment in Capital assets	\$ 555,383	\$ 624,932	\$ (69,549)
Restricted	2,661,164	1,372,158	1,289,006
Unrestricted	<u>(4,597,079)</u>	<u>(4,198,692)</u>	<u>(398,387)</u>
Total Liabilities, Deferred Inflows of Resources & Net Position	<u>\$ 11,365,564</u>	<u>\$ 9,906,812</u>	<u>\$ 1,458,752</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of revenue, expenses and changes in net position had the following changes:

	FY 2021	FY 2020	Change
Operating Revenues			
Federal	\$ 7,665,365	\$ 6,459,799	\$ 1,205,566
State	1,620,402	1,513,190	107,212
In-Kind	20,580	82,277	(61,697)
Other and Local	<u>1,808,225</u>	<u>1,249,185</u>	<u>559,040</u>
Total Operating Revenues	<u>11,114,572</u>	<u>9,304,451</u>	<u>1,810,121</u>
Operating Expenses			
Salaries and Fringe	4,870,862	4,687,592	183,270
Subgrantees and Contractual	2,540,944	3,102,789	(561,845)
Other	<u>2,917,879</u>	<u>2,212,656</u>	<u>705,223</u>
Total Operating Expenses	<u>10,329,685</u>	<u>10,003,037</u>	<u>326,648</u>
Operating Income	<u>784,887</u>	<u>(698,586)</u>	<u>1,483,473</u>
Non-Operating Income (Expense)			
Bank Interest Income	36,183	43,709	(7,526)
Interest Expense	<u>-</u>	<u>(20,280)</u>	<u>20,280</u>
Total Non-Operating Income	<u>36,183</u>	<u>23,429</u>	<u>12,754</u>
Change in Net Position	821,070	(675,157)	1,496,227
Net Position, Beginning of Year	<u>(2,201,602)</u>	<u>(1,526,445)</u>	<u>(675,157)</u>
Net Position, End of Year	<u>\$ (1,380,532)</u>	<u>\$ (2,201,602)</u>	<u>\$ 821,070</u>

The significant change in net position is directly related to the implementation of GASB Statement 68 and 75 which requires the District to report its proportionate share of the unfunded liability of the CERS pension and OPEB plans which the District participates in.

NOTES RECEIVABLE, RLF

The District, in order to stimulate economic development and assist businesses in obtaining and acquiring low interest rate loans, has chosen to participate in the Revolving Loan Program. Through a federal grant and local funding, the District created a loan program for the before mentioned reasons. In fiscal year 2021, the District received another \$1,240,000 through the Revolving Loan Fund – Economic Adjustment Assistance program. The loans are repaid from payments collected from borrowers. Loan balances at June 30, 2021 totaled \$2,401,908 compared to \$902,027 in 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

The district retired two vehicles which were completely depreciated. Accumulated depreciation had a net increase of \$43,071 from fiscal year 2020 to fiscal year 2021, leaving a remaining balance of \$1,019,902 in net capital assets.

Capital Assets	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Buildings	1,868,132	-	-	1,868,132
Equipment and Vehicles	<u>585,806</u>	<u>-</u>	<u>(21,000)</u>	<u>564,806</u>
 Total	 2,523,938	 -	 (21,000)	 2,502,938
Accumulated depreciation	<u>(1,439,965)</u>	<u>(64,071)</u>	<u>21,000</u>	<u>(1,483,036)</u>
 Net Capital Assets	 <u>\$ 1,083,973</u>	 <u>\$ (64,071)</u>	 <u>\$ -</u>	 <u>\$ 1,019,902</u>

LONG-TERM DEBT

Notes payable consisted of one remaining loan which was obtained by LCDC from USDA Rural Development for various buildings upgrades and equipment additions. This loan was fully paid in fiscal year 2021 and there were no new loans for the year ended June 30, 2021.

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>
Notes Payable	\$ <u>455,778</u>	\$ <u>-</u>	\$ <u>(455,778)</u>	\$ <u>-</u>

Economic Factors and Next Year's Budget

LCADD considered many factors when initially setting the fiscal year 2021 budget, including the coronavirus pandemic and its influence on normal operations and the changes in various grant and grant programs. The District receives the majority of its funding from federal, state and local contracts.

Workforce Innovation and Opportunity Act

WIOA formula funding for adults increased from \$981,805 in FY-20 to \$1,030,985 in FY-21 for a increase of 4.77%. This is a \$49,180 increase. WIA formula funding for Dislocated Workers increased from \$716,257 in FY-20 to \$755,340 for FY-21 for a increase of 5.17%. This is a \$39,083 increase. WIOA formula funding for Youth services was from \$958,801 in FY – 20, no Youth formula funds were received in FY '21. No funding for Trade training was received due to no Trade participants being in training. The Adult, Dislocated Worker and Youth funding amounts continue to fluctuate due to Federal Funding and the unemployment rates across the state which dictates the proration of funding.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Special funding awards during FY-21, \$29,866 was received through Statewide Reserve Dollars to purchase computers to be used to a newly adopted Coding class. Computers will be reused for other classes. \$625,076 in funding was received from a COVID-19 National Emergency Grant to serve Dislocated Workers affected by the COVID-19 Pandemic.

LCADD continued with contracts from Lincoln Trail Area Development District (LTADD) to serve as the One-Stop Operator and Direct Service Provider under WIOA. LCADD received \$111,281 in reimbursement for LTADD with \$6,114 being LCADD Administration thru the contract for the One-Stop Operator contract and \$293,870 in reimbursement through the Direct Services contract with \$27,202 being LCADD Administration. LCADD had 5 employees through these contracts for most of the year with one resigning to take another job.

LCADD Workforce Department had no new employees during FY-21. One employee resigned and took other employment and one retired. Two individuals were contracted through temp services. As of June 30 only 1 remained.

Planning Department

During FY-21, the LCADD Planning Department had an income totaling \$172,958 through contracts with the Kentucky Transportation Cabinet, and the Kentucky Infrastructure Authority. These contracts were \$4,118 less than the previous year.

These contracts are as follows:

Transportation Planning	\$77,158
Water and Wastewater Planning	\$76,000
Local Road Updates	<u>\$19,800</u>
Total:	<u>\$172,958</u>

During the fiscal year, a GIS Specialist was hired to grow the GIS offerings and potential contracts for the agency. This position has been funded with an EDA CARES allocation. The Department Director will be retiring August 2021 and the department will be absorbed by the Community and Economic Development Department, resulting in cost savings.

Aging and Independent Living

The Lake Cumberland Area Agency on Aging and Independent Living (LCAAIL) Aging Programs FY20 budget allocations totaled \$2,418,792. For FY21, the budget totaled \$2,395,105 - a decrease of \$23,687 from the prior FY.

During FY21, additional funds were received to provide supplementary meals and services to eligible individuals age 60+ in light of the COVID-19 pandemic. The additional funds included federal monies from the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). In March 2021, the passing of the American Rescue Plan Act (ARPA) promised additional funding for FY22 as did the allocation of additional CDC funds.

During FY21, LCAAIL experienced the retirement of one staff member, resignation of one staff member and the addition of one Case Manager.

The Aging and Disability Resource Center again played a vital role in connecting community members with services and resources having fielded 3,924 calls in FY21.

MANAGEMENTS DISCUSSION AND ANALYSIS, CONCLUDED

Homecare services were provided to 155 clients in FY21. A total of 117 clients were consulted regarding MIPPA (Medicare Improvements for Patients and Providers Act) and 480 clients were consulted regarding their insurance needs through the State Health Insurance Program (SHIP). One Social Service Assistant continues to do data input in SAMS on behalf of the senior citizen directors in several counties, as the COVID-19 meals ends realignment in FY'21 will free the SSA to focus on case management duties.

Veteran Directed-Services served 16 Veteran participants during FY21. The number of Home and Community Based Waiver participants served totaled 268 for FY21.

Case Management and Service Advisor staff continued providing services via telephonic, postal mail and electronic means as the pandemic prevented the completion of in-home face to face visits. Care packages were provided to caregiver and grandparent program recipients that included items such as hand sanitizer, disinfectant spray, masks, etc.

Community & Economic Development

In FY 2021, staff had administration contracts for a number of projects. Staff is currently assisting with 23 on-going projects. Eight projects have been completed and closed- out during FY 2021. Staff prepared 56 applications for potential new projects.

During FY 2021, Economic Development Administration awarded \$1,474,000 to capitalize and fund administration of a new revolving loan fund. Staff closed 16 loans totaling \$1,240,000, resulting in commitments to create 136 jobs and retain 18. Two loans were closed using funds from the original RLF program. No loans were paid off during the fiscal year.

A new staff member was hired to serve as Disaster Recovery Coordinator and Public Administration Specialist. This position is being funded with an allocation from an EDA CARES allocation.

FY21 RLF Write-Offs

There were no loans written-off during fiscal year ended June 30, 2021.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION**

June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,470,181	\$ 362,201	\$ 3,832,382
Accounts receivable			
Federal, state and local grants	1,470,245	-	1,470,245
Prepaid expenses	<u>12,683</u>	<u>-</u>	<u>12,683</u>
Total current assets	<u>4,953,109</u>	<u>362,201</u>	<u>5,315,310</u>
Other assets			
Restricted Cash	-	259,221	259,221
Grant Receivable, RLF CARES	-	61,941	61,941
Internal balances	532,807	(532,807)	-
Notes receivable, current, restricted	-	603,638	603,638
RLF notes receivable, restricted	-	1,798,270	1,798,270
Property and equipment, net	<u>-</u>	<u>1,019,902</u>	<u>1,019,902</u>
Total other assets	<u>532,807</u>	<u>3,210,165</u>	<u>3,742,972</u>
 Total assets	 <u>5,485,916</u>	 <u>3,572,366</u>	 <u>9,058,282</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - Pension	1,168,484	-	1,168,484
Deferred outflows - OPEB	<u>1,138,798</u>	<u>-</u>	<u>1,138,798</u>
Total deferred outflows of resources	<u>2,307,282</u>	<u>-</u>	<u>2,307,282</u>
LIABILITIES			
Current liabilities			
Accounts payable	282,538	-	282,538
Accrued expenses	229,396	-	229,396
Current portion of accrued leave	<u>40,405</u>	<u>-</u>	<u>40,405</u>
Total current liabilities	<u>552,339</u>	<u>-</u>	<u>552,339</u>
Long-term liabilities			
Net pension liability	8,498,728	-	8,498,728
Net OPEB liability	2,674,855	-	2,674,855
Accrued leave	<u>232,820</u>	<u>-</u>	<u>232,820</u>
Total long-term liabilities	<u>11,406,403</u>	<u>-</u>	<u>11,406,403</u>
 Total liabilities	 <u>11,958,742</u>	 <u>-</u>	 <u>11,958,742</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	212,771	-	212,771
Deferred Inflows - OPEB	<u>574,583</u>	<u>-</u>	<u>574,583</u>
Total Deferred inflows of resources	<u>787,354</u>	<u>-</u>	<u>787,354</u>
NET POSITION			
Net investment in capital assets	-	555,383	555,383
Restricted	-	2,661,164	2,661,164
Unrestricted	<u>(4,952,898)</u>	<u>355,819</u>	<u>(4,597,079)</u>
 Total net position	 <u>\$ (4,952,898)</u>	 <u>\$ 3,572,366</u>	 <u>\$ (1,380,532)</u>

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

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Function/Program			Program Revenues		Net (Expense) Revenue and Change in Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Government activities:							
WIOA	\$ 3,510,246	\$ 339,574	\$ -	\$ 3,474,850	\$ (374,970)	\$ -	\$ (374,970)
Aging	3,424,295	308,902	-	3,658,050	(75,147)	-	(75,147)
JFA	433,676	74,028	-	502,556	(5,148)	-	(5,148)
Transportation	176,442	47,044	-	173,887	(49,599)	-	(49,599)
PDS	560,955	144,996	-	716,827	10,876	-	10,876
Other and Internal	216,676	1,564	-	216,676	(1,564)	-	(1,564)
Local Unrestricted	<u>835,910</u>	<u>-</u>	<u>-</u>	<u>834,970</u>	<u>(940)</u>	<u>-</u>	<u>(940)</u>
Total Governmental Activities	9,158,200	916,108	-	9,577,816	(496,492)	-	(496,492)
Business Activities:							
Lake Cumberland Development Council	193,437	-	185,009	-	-	(8,428)	(8,428)
Title IX RLF	<u>49,678</u>	<u>12,263</u>	<u>1,350,836</u>	<u>-</u>	<u>-</u>	<u>1,288,895</u>	<u>1,288,895</u>
Total Business-type Activities	<u>243,115</u>	<u>12,263</u>	<u>1,535,845</u>	<u>-</u>	<u>-</u>	<u>1,280,467</u>	<u>1,280,467</u>
Total Primary Government	<u>\$ 9,401,315</u>	<u>\$ 928,371</u>	<u>\$1,535,845</u>	<u>\$ 9,577,816</u>	<u>\$ (496,492)</u>	<u>\$ 1,280,467</u>	<u>\$ 783,975</u>
General Revenues:							
Gain/(Loss) sale of equipment					\$ -	\$ 801	\$ 801
Interest Income					<u>35,766</u>	<u>528</u>	<u>36,294</u>
Total General Revenues					<u>35,766</u>	<u>1,329</u>	<u>37,095</u>
Change in Net Position					(460,726)	1,281,796	821,070
Net Position July 1, 2020					<u>(4,492,172)</u>	<u>2,290,570</u>	<u>(2,201,602)</u>
Net Position June 30, 2021					<u>\$ (4,952,898)</u>	<u>\$ 3,572,366</u>	<u>\$ (1,380,532)</u>

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

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2021

	General	Special	
	Fund	Revenue	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 3,061,648	\$ 408,533	\$ 3,470,181
Accounts receivable:			
Federal and state contributions	255,303	1,214,942	1,470,245
Due from other funds	532,807	-	532,807
Prepaid expenses	-	12,683	12,683
Due from special revenue	<u>1,083,819</u>	<u>-</u>	<u>1,083,819</u>
	<u><u>\$ 4,933,577</u></u>	<u><u>\$ 1,636,158</u></u>	<u><u>\$ 6,569,735</u></u>
LIABILITIES:			
Accounts payable:			
Vendors	\$ -	\$ 282,538	\$ 282,538
Accrued payroll	-	229,396	229,396
Accrued leave	-	40,405	40,405
Due to general fund	<u>-</u>	<u>1,083,819</u>	<u>1,083,819</u>
Total liabilities	<u>-</u>	<u>1,636,158</u>	<u>1,636,158</u>
Fund Balance:			
Unassigned	<u>4,933,577</u>	<u>-</u>	<u>4,933,577</u>
Total fund balance	<u>4,933,577</u>	<u>-</u>	<u>4,933,577</u>
Total liabilities and fund balance	<u><u>\$ 4,933,577</u></u>	<u><u>\$ 1,636,158</u></u>	<u><u>\$ 6,569,735</u></u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
For the Year Ended June 30, 2021**

Total fund balance - Governmental funds	\$	4,933,577
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Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reported in the funds.		2,307,282
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Deferred inflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reported in the funds.		(787,354)
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Long term liabilities are not due and payable in the current period and therefore are not reported in the government funds.

Net pension liabilities		(8,498,728)
Net OPEB liabilities		(2,674,855)

Certain liabilities, including accrued leave, are not reported in this fund financial statement because it is not due and payable in the current period, but it is presented in the statement of net position.		<u>(232,820)</u>
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Net position end of year - Governmental activities	\$	<u>(4,952,898)</u>
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LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total
Revenues:			
Federal and state grants	\$ -	\$ 7,983,826	\$ 7,983,826
PDS and Veteran's Program Administration	716,827	-	716,827
Other	<u>296,115</u>	<u>42,193</u>	<u>338,308</u>
Total Revenues	<u>1,012,942</u>	<u>8,026,019</u>	<u>9,038,961</u>
Expenditures:			
Current programs:			
JFA	-	436,615	436,615
Aging	-	3,435,332	3,435,332
Transportation	-	176,442	176,442
WIOA	-	3,522,732	3,522,732
PDS	566,593	-	566,593
Other	-	217,934	217,934
Internal	15,831	-	15,831
Allocation of indirect costs	<u>144,996</u>	<u>771,112</u>	<u>916,108</u>
Total Expenditures	727,420	8,560,167	9,287,587
Excess of Revenues over (under) Expenditures	285,522	(534,148)	(248,626)
Other financing sources:			
PPP Proceeds	538,855	-	538,855
Interest Income	35,766	-	35,766
Operating transfers in (out)	<u>(534,148)</u>	<u>534,148</u>	<u>-</u>
Total other financing sources (uses)	<u>40,473</u>	<u>534,148</u>	<u>574,621</u>
Excess of revenues and other sources over (under) expenditures	325,995	-	325,995
Fund balance, July 1, 2020	<u>4,607,582</u>	<u>-</u>	<u>4,607,582</u>
Fund balance, June 30, 2021	<u>\$ 4,933,577</u>	<u>-</u>	<u>\$ 4,933,577</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - Governmental Funds	\$	325,995
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Governmental funds report CERS contributions when paid.
 However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB.

CERS actuarial expense - pension and OPEB		(820,118)
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Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses such as accrued leave are recognized in the statement of activities when they are incurred.		33,397
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Change in net position of Governmental Activities	\$	(460,726)
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LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	<u>RLF</u>	Lake Cumberland Development <u>Council</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ -	\$ 362,201	\$ 362,201
Total current assets	-	362,201	362,201
Other assets			
Cash, restricted	259,221	-	259,221
Grant Receivable, RLF Cares	61,941	-	61,941
Notes Receivable, current- restricted	603,638	-	603,638
Notes receivable, restricted	1,798,270	-	1,798,270
Property and Equipment, net	-	1,019,902	1,019,902
Total assets	<u>\$ 2,723,070</u>	<u>\$ 1,382,103</u>	<u>\$ 4,105,173</u>
LIABILITIES			
Current liabilities			
Interfund Payables	\$ 61,906	\$ 470,901	\$ 532,807
Total current liabilities	61,906	470,901	532,807
Total liabilities	61,906	470,901	532,807
NET POSITION			
Net investment in capital assets	-	555,383	555,383
Restricted	2,661,164	-	2,661,164
Unrestricted	-	355,819	355,819
Total net position	<u>\$ 2,661,164</u>	<u>\$ 911,202</u>	<u>\$ 3,572,366</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	<u>RLF</u>	<u>Lake Cumberland Development Council</u>	<u>Total</u>
REVENUES			
Building and equipment rentals and other	\$ -	\$ 185,009	\$ 185,009
RLF Grant Funds, Cares	1,301,941	-	1,301,941
Program Income	<u>48,895</u>	<u>-</u>	<u>48,895</u>
 Total operating Revenue	 <u>1,350,836</u>	 <u>185,009</u>	 <u>1,535,845</u>
EXPENSES			
Salaries	31,188	-	31,188
Fringe benefits	14,613	-	14,613
Depreciation	-	64,071	64,071
Other	3,877	120,625	124,502
Indirect costs	<u>12,263</u>	<u>-</u>	<u>12,263</u>
 Total Operating Expenses	 <u>61,941</u>	 <u>184,696</u>	 <u>246,637</u>
 Operating Income	 1,288,895	 313	 1,289,208
NON-OPERATING REVENUES (EXPENSES)			
Gain/(Loss) on sale of equipment	-	801	801
Interest Expense	-	(8,741)	(8,741)
Interest income	<u>111</u>	<u>417</u>	<u>528</u>
 Total Non-Operating Revenues (Expenses)	 <u>111</u>	 <u>(7,523)</u>	 <u>(7,412)</u>
 Increase In Net Position	 1,289,006	 (7,210)	 1,281,796
 Net position, July 1, 2020	 <u>1,372,158</u>	 <u>918,412</u>	 <u>2,290,570</u>
 Net position, June 30, 2021	 <u>\$ 2,661,164</u>	 <u>\$ 911,202</u>	 <u>\$ 3,572,366</u>

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

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	RLF	Lake Cumberland Development Council	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Grant Received	\$ 1,240,035	\$ -	\$ 1,240,035
Local cash received	48,895	185,009	233,904
Interfund Receipts	-	464,519	464,519
Payments to suppliers	(14,971)	(116,060)	(131,031)
Net cash provided by operating activities	<u>1,273,959</u>	<u>533,468</u>	<u>1,807,427</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	-	(464,518)	(464,518)
Interest paid on long-term debt	-	(8,741)	(8,741)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>(473,259)</u>	<u>(473,259)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest income	<u>111</u>	<u>417</u>	<u>528</u>
Net cash provided by investing activities	<u>111</u>	<u>417</u>	<u>528</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Payments on notes receivable	201,522	-	201,522
Issuance of notes receivable	(1,436,919)	-	(1,436,919)
Net cash provided by (used in) non capital financing activities	<u>(1,235,397)</u>	<u>-</u>	<u>(1,235,397)</u>
Net increase (decrease) in cash and cash equivalents	38,673	60,626	99,299
Cash and cash equivalents - beginning of the year	<u>220,548</u>	<u>301,575</u>	<u>522,123</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 259,221</u>	<u>\$ 362,201</u>	<u>\$ 621,422</u>
Reconciliation of operating income to net cash provided by operating activities			
Increase (Decrease) in net position	\$ 1,289,006	\$ (7,210)	\$ 1,281,796
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation and amortization	-	64,071	64,071
(Increase) Decrease in Grant Receivable	(61,941)	-	(61,941)
Increase (Decrease) in Interund Payables	61,906	470,901	532,807
Increase (decrease) accounts and other payables	(15,012)	5,706	(9,306)
Net cash provided by operating activities	<u>\$ 1,273,959</u>	<u>\$ 533,468</u>	<u>\$ 1,807,427</u>
Cash and cash equivalents consists of the following:			
Unrestricted cash	\$ -	\$ 362,201	\$ 362,201
Restricted cash	<u>259,221</u>	<u>-</u>	<u>259,221</u>
Total cash and cash equivalents	<u>\$ 259,221</u>	<u>\$ 362,201</u>	<u>\$ 621,422</u>

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

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Lake Cumberland Area Development District (the District) is a non-profit governmental corporation formed pursuant to KRS Chapter 147A which has as its primary purpose, the promotion of economic development and the establishment of a framework for joint federal, state and local efforts directed toward providing basic services and facilities essential to the social, economic and physical development of a ten-county area in the Lake Cumberland region of Kentucky. The District as an association of local governments that work together to solve common problems through a regional approach. The district creates a network from citizens to local elected officials through state agencies to the governor and appropriate federal agencies.

Blended Component Unit – The financial statements present the District (the primary government) and its blended component unit, Lake Cumberland Development Council, Inc. (LCDC). As defined by GASB Statement No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relationships with the District. The financial statements of the Lake Cumberland Development Council, Inc., are blended into these financial statements because the LCDC has the same board of directors as the District and its operations are for the exclusive benefit of the District. The LCDC is included as an enterprise fund on the District's financial statements.

Basis of Presentation - The District's financial statements conform to the provisions of the Governmental Accounting Standards Board codification section 2600, as it relates to special-purpose governments.

The following is a summary of the basis of presentation.

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the overall financial activities of the District. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Government-wide Statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the District-wide Statements and the statements for governmental funds

In the District-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. District expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or government function is self-financing or draws from the general revenues of the District. The District allocates certain indirect costs to be included in the program expenses reported for individual functions and activities in the Government-wide Statement of Activities.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the changes in net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. The District has the following funds:

I. Governmental Fund Types

- a. The General Fund is the primary operating fund of the District and is always classified as a major fund. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered resources available for use.
- b. The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The Special Revenue Fund includes JFA (Joint Funding Agreement), WIOA (Workforce Innovation and Opportunity Act), Aging, Transportation and other grant programs. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major program of the District.

I. Proprietary Fund Types (Enterprise Fund)

- a. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis will be recovered primarily through user charges. Both the Revolving Loan Fund (RLF) and the blended component unit of the District, Lake Cumberland Area Development Council (LCDC), are enterprise funds of the District.

District-wide Financial Statements – Net Position

The District's Net Position is classified and displayed in three components:

- Invested in Capital Assets, Net of Related Debt – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributed to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors or laws or regulations, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements

The District separates its fund balance into five categories under GASB 54.

- Non-spendable – Permanently non-spendable by decree of donor, such as an endowment, or items which may not be used for another purpose, such as amounts used to prepay future expenses or already purchased inventory on hand.
- Restricted – Legally restricted under federal or state law, bond authority, or grantor contract.
- Committed – Commitments passed by the Board of the District.
- Assigned – Funds assigned to management priority including issued encumbrances
- Unassigned – Funds available for future operations.

Basis of Accounting – Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are prepared on a full accrual basis.

Revenue Recognition Policies - The District recognizes revenue on the accrual basis of accounting. Grant and contract revenue is recognized as eligible expenses are incurred. Revenue is recognized on performance contracts upon the completion of agreed upon services.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to first apply restricted assets. Costs for all programs (including those programs outside of the Joint Funding Administration (JFA) have been accounted for under the accounting system prescribed by the JFA. Indirect expenses have been allocated to JFA program elements and other programs on the basis of direct salary and fringe costs as allocated per employee's time records. Non-federal matching contributions are applied to individual programs on the basis of total expenses incurred on the program and the sharing ratio specified in the program agreement.

Non-Operating Income – The District recognizes investment income as non-operating income. All other income is recognized as operating income.

Deferred Revenue – Deferred revenue arises when funds are received before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District defines cash and cash equivalents as cash in banks, funds in overnight repurchase agreements and any highly liquid investments with initial maturities of 90 days or less.

Fixed Assets – The District does not hold any buildings, property or equipment. All such items are instead held in the Development Council. Buildings, property and equipment are stated at cost and depreciated over their estimated useful lives of three (3) to forty (40) years using the straight-line method of depreciation. Property and equipment include furniture, office equipment, vehicles and leasehold improvements. Depreciation expense is charged to both direct and shared costs as rental expense. The shared cost portion is allocated to the various grants using the approved cost allocation plan.

Budgeting – The District is not required to adopt a legal budget in the manner of most local governmental entities. The budget is an operational and management tool that ensures the maximum use of resources. The budget is approved by the board of directors and monthly reports are presented to the board and management using budget comparisons.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED

In-Kind - In-kind contributions included in the accompanying financial statements consist of donated volunteer time, facilities or services.

Compensated Absences - Employees of the District accrue sick leave at the rate of 1 ¼ days per month. Sick leave that may be accrued is unlimited. Sick leave is forfeited upon termination of employment. Employees retiring under the CERS retirement system will receive credit for accrued but unused sick leave up to 120 days. Annual leave (vacation) earned is based on seniority at the rates of 12 to 24 days per year and can be carried forward from one year to the next. A maximum of 30 days may be carried forward. All days in excess of 30 are converted to sick. The District pays the balance of vacation upon separation with an employee. The accrued liability for accumulated annual leave as reported on the statement of net position at June 30, 2021 is \$273,225. Included in this amount is \$40,405 shown on the governmental funds balance sheet. This represents retirees that were paid out after June 30, 2021.

Rentals/Component Unit – The District leases its office facilities, equipment and automobiles from the LCDC (included within the accompanying financial statements). The District paid approximately \$180,009 in rentals for the year ended June 30, 2021. Total annual rentals are based upon operating expenses of the LCDC.

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

Allowance of Loan Losses – The allowance for loan losses for the Revolving Loan Fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of the individual debtor credit, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs. There is no allowance for loan loss as of June 30, 2021. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

2. CASH AND INVESTMENTS

At year end, the carrying amount of the District's cash deposits and investments was \$4,091,603 and the bank balance was \$4,519,358. The difference between book and bank balances primarily represents checks that have been issued, but have not cleared the bank as of June 30, 2021. These amounts were covered by Federal Depository Insurance or by securities pledged by financial institutions.

Interest Rate Risk:

The District 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. Currently the District has certificate of deposits with interest rates varying from 1% to 2% with maturity dates ranging from three to twelve months.

3. GRANTS RECEIVABLE

Federal, state and local grants receivable consists of the following at June 30, 2021:

WIOA	\$ 554,136
Aging	606,452
PDS	255,303
Other programs	<u>54,354</u>
Total grants receivable	<u>\$ 1,470,245</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. LOANS RECEIVABLE

The District has established the following loan program to assist businesses in its district:

Revolving Loan Fund (RLF) – established by initial grants from the Economic Development Administration to assist high-risk small businesses in local area communities.

Revolving Loans	\$ 3,362,526
Less; Loan Repayments	<u>(960,618)</u>
Total Outstanding Loans	2,401,908
Less: Allowance for Bad Debts	<u>-</u>
Net Loans Receivable	<u><u>\$ 2,401,908</u></u>

Loans program receivables and the related cash balances are shown as restricted assets on the statement of net position because they cannot be used for the general operation of the District. Loan bad debts are charged to operations in the period they become uncollectible. There are no write off's in the current year.

5. CAPITAL ASSETS

The Development Council maintains buildings, property and equipment used for the District operations. Fixed assets are stated at cost and depreciated over their estimated useful lives of three (3) to forty (40) years using the straight-line method of depreciation. Property and equipment include furniture, office equipment, vehicles and leasehold improvements. Depreciation expense totaled \$64,071, for the year ended June 30, 2021. The following summarizes the changes in fixed assets during the year ended:

Capital Assets	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Buildings	1,868,132	-	-	1,868,132
Equipment and Vehicles	<u>585,806</u>	<u>-</u>	<u>(21,000)</u>	<u>564,806</u>
Total	2,523,938	-	(21,000)	2,502,938
Accumulated depreciation	<u>(1,439,965)</u>	<u>(64,071)</u>	<u>21,000</u>	<u>(1,483,036)</u>
Net Capital Assets	<u><u>\$ 1,083,973</u></u>	<u><u>\$ (64,071)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,019,902</u></u>

6. LONG-TERM LIABILITIES

The following is a change in notes payable for the year ended June 30, 2021:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>
Notes Payable	<u><u>\$ 455,778</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (455,778)</u></u>	<u><u>\$ -</u></u>

7. OPERATING LEASE

The District leases its offices, equipment and vehicles from the Lake Cumberland Development Council. Rents are determined by the operating needs of the Development Council. Rent expense varies from year to year. The arrangement is designed for the Development Council to operate with minimal profit.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. PENSION PLAN

The District participates in the County Employee Retirement System (CERS), a cost-sharing multiple-employer retirement system administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). CERS is a defined benefit plan created by the Kentucky General Assembly. The Plan covers substantially all full-time employees. The Plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost of living adjustments are provided at the discretion of the State legislature. Benefits fully vest upon reaching 5 years of service and are established by state statute. Benefits of CERS members are calculated on the basis of age, final average salary, and service credit. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old or At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components.

CERS issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at www.kyret.ky.gov.

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death.

Contributions - Required contributions by the employee are set by statute and may be changed only by Kentucky General Assembly. Current rates are based on the employee tier:

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

Employer contribution rates for CERS are determined by the KRS Board without further legislative review. The methods used to determine the employer rates for KRS are specified in Kentucky Revised Statute 61.565. House Bill 362 was enacted in the 2018 legislative session that limits the annual increase in the CERS employer contribution over the prior fiscal year to 12% per year for the period July 1, 2018 to June 30, 2028, or until the full actuarial required contribution is met.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

8. PENSION PLAN, CONTINUED

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability for CERS of \$8,498,728.

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was .110806%.

For the year ended June 30, 2021, the District recognized pension expense of \$1,077,312. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 138,906	\$ -
Changes in assumptions	217,512	
Net difference between projected and actual earnings on pension plan investments	241,455	155,721
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,871	57,050
District contributions subsequent to the measurement date	543,740	-
	<u>\$ 1,168,484</u>	<u>\$ 212,771</u>

The fiscal year 2021 CERS employer contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized over five years or by the average service life and recognized as an increase or decrease in pension expense as follows:

	Net Deferred Outflows (Inflows)
2022	\$ 225,332
2023	101,229
2024	85,412
2025	-
2026	-
Total	<u>\$ 411,973</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. PENSION PLAN, CONTINUED

Actuarial assumptions: The actuarial assumptions are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%
Investment rate of return, net of investment expense and inflation	6.25%
Salary increase	3.30%-11.55%

There have been no assumption changes since June 30, 2019. Senate Bill 249 passed during the 2020 Legislative Session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

Mortality rates used for active members is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). The RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. PENSION PLAN, CONCLUDED

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

Asset Class	Target Allocation	Long-term expected real rate of return
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.95%
	100.00%	

Discount rate—the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining closed amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

The following table presents the net pension liability of the District, calculated using the discount rates selected by CERS, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$10,480,782	\$ 8,498,728	\$6,857,513

Pension plan fiduciary net position—detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of CERS.

Non-hazardous position employees are required to contribute 5% of gross compensation to the plan. The Board of Trustees of KRS also determines the District's required contribution annually 19.30% pension and 4.76% OPEB for the year ended June 30, 2021. For the year ended June 30, 2021 the District's total covered payroll was approximately \$2,817,000. The District contributed approximately \$677,800 in 2021 for both pension and OPEB and employees contributed approximately \$149,000 to the plan.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Kentucky Retirement Systems provides participants their proportionate share of the OPEB unfunded liability calculated by Gabriel, Roeder, Smith & Co (GRS) to be used in financial reports. KRS issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at www.kyret.ky.gov

Plan Description: The Kentucky Retirement Systems' Insurance Fund is a cost sharing multiple-employer defined benefit Other Post-Employment Benefit plan for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state departments, board, agency, county, city, school board, and any additional eligible local agencies electing to participate.

Benefits Provided: The plan was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS and SPRS. OPEB may be extended to beneficiaries of plan members under certain circumstances. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 75 actuarial information reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

Contributions: The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. As a result of House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003, earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. See chart for current values for Dollar Contribution. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Portion Paid by Insurance Fund		Dollar Contribution for Fiscal Year 2020	
<u>Years of Service</u>	<u>Paid by Insurance Fund (%)</u>	<u>For Member participation date on or after July 1, 2003</u>	
20+ years	100.00%	<u>System</u>	(in whole dollars)
15-19 years	75.00%	KERS Non-hazardous	\$13.58
10-14 years	50.00%	KERS Hazardous	\$20.37
4-9 years	25.00%	CERS Non-hazardous	\$13.58
Less than 4 years	0.00%	CERS Hazardous	\$20.37
		SPRS	\$20.37

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED

Future contributions are projected in accordance with the Board's current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period and the actuarial assumptions and methods adopted by the Board of Trustees. The fully insured premiums KRS pays for the CERS health insurance plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing it to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The distributions from the retiree health insurance trust pay the employers' portion of the blended premiums, not the employers' portion of the underlying retiree claims costs. As a result, the benefit payments and contribution amounts need to include an adjustment related to the implicit subsidy. Participating employers adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB 75 purposes.

At June 30, 2021, the District reported a liability of \$2,674,855 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. At June 30, 2020, the District's proportionate share was .110774%.

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense of \$420,649 for the year ended June 30, 2021 and reported deferred inflows and deferred outflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 446,912	\$ 447,261
Changes of assumptions	336,261	2,829
Net difference between projected and actual earnings on Plan investments	143,486	54,580
Change in proportion and differences between employer contribution and proportionate share of plan contribution	12,388	69,913
District contributions subsequent to the measurement date	199,751	-
	<u>\$ 1,138,798</u>	<u>\$ 574,583</u>

The deferred outflows resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

Year Ended	Net Deferred Outflows/(Inflows)
2022	\$ 155,317
2023	104,950
2024	109,875
2025	(5,678)
2026	-
	<u>\$ 364,464</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial Assumptions: The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020 using generally accepted actuarial principles. The KRS Board of Trustees adopted the following updated actuarial assumptions used in performing the actuarial valuation as of June 30, 2019.

Assumed investment return	6.25%
Inflation factor	2.30%
Payroll growth	2.00%
Salary increase	3.30%-11.55%

Mortality rates were based on the RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females).

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

Asset Class	Target Allocation	Long-term expected real rate of return
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Y	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.95%
	100.00%	

Discount Rate: The single discount rate of 5.34% for Non-hazardous was used to measure the total OPEB liability as of June 30, 2020. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2020. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

	CERS--	<u>Non-Hazardous</u>
1% Decrease (4.34%)	\$	3,436,404
Current Discount Rate (5.34%)	\$	2,674,855
1% Increase (6.34%)	\$	2,049,370

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONCLUDED

Healthcare Trend Rate: The initial trend rate for participants under 65 years of age starts at 7.00% at January 1, 2020 and gradually decreases to an ultimate trend rate of 4.05% over a period of 12 years. For those over 65 years of age the trend rate starts at 5.00% at January 1, 2020 and gradually decreases to an ultimate trend rate of 4.05% over a period of 10 years. The following table presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	CERS--		<u>Non-Hazardous</u>
1% Decrease	\$		2,071,007
Current Healthcare Cost Trend Rate	\$		2,674,855
1% Increase	\$		3,407,640

OPEB Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued KRS financial statements.

10. COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if, based on the grantor's review of the program, the grant funds are considered to have been used for an unintended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

11. LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT PDS

The District provides fiscal management services to the Lake Cumberland ADD Participant Directed Services (PDS) program as a fiscal agent. The District operates the PDS program for the Cabinet for Health and Family Services, Department of Aging and Independent Living (DAIL). Waiver clients have the option to choose PDS at any time.

The District serves as the fiscal agent for the client and as a support broker. As clients opt for PDS, Medicaid reimbursement pays funds based on services provided. These funds reimburse payment for services on behalf of the client. Throughout the year, DAIL reassesses the PDS program funding. Funds for each ADD are realigned and/or increased in accordance with the client data. In addition to advances, as client services are rendered, Medicaid is billed and the funds are paid to the PDS program. The PDS program then pays the District for its administrative responsibilities. During the year ended June 30, 2021 the District reported as revenue of \$716,827 from the PDS program for administration and the District was owed \$255,303 by the PDS program.

12. COST ALLOCATION PLAN

Lake Cumberland Area Development District is required by the Department of Local Government, to operate under a cost allocation plan that conforms with 2 CFR Part 225 (OMB Circular A-87). A summary of the cost allocation plan begins on page 39. The District is in conformity with 2 CFR Part 225.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

13. TRANSFER OF FUNDS

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other finances sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Payments made from the general fund checking account, which may or may not have the liability for the expenditure, may cause a receivable in the general fund and a payable from the fund having the liability to pay the expenditure at such time. All interfund receivables and payables have been eliminated on the District-wide Statement of Net Position. The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Operations	\$ 534,148

At June 30, 2021, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue	\$ 1,083,819
General	Proprietary - LCDC	\$ 470,901
General	Proprietary - RLF	\$ 61,906

14. PAYROLL PROTECTION PROGRAM

The District received a Payroll Protection Program (PPP) loan in the amount of \$538,855 in fiscal year 2021. Under the terms of this loan, if the loan proceeds were used for payroll and related operational expenses of the Company within a certain time period, loan forgiveness could be obtained. Forgiveness for this loan was obtained prior to June 30, 2021. For purposes of these financial statements, the loan forgiveness amount has been included as other income in the statement of governmental funds revenues and expenses and departmental expenses have been reported at their gross amounts. For purposes of federal funds reimbursement requests, payroll expenditures from certain programs were reduced by this amount when requesting reimbursement.

15. SUBSEQUENT EVENTS

The District has evaluated and considered the need to recognize or disclose subsequent events through November 16, 2021, which represents the date that these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE, BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended, June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
PDS and Veteran's Program Administration	\$ 675,000	\$ 675,000	\$ 716,827	\$ 41,827
Other	209,000	249,000	296,115	47,115
Total revenues	<u>884,000</u>	<u>924,000</u>	<u>1,012,942</u>	<u>88,942</u>
Expenditures:				
Salaries	370,430	379,247	350,087	29,160
Fringe benefits	220,904	226,162	338,998	(112,836)
Subcontracts and other expenses	26,315	33,854	38,225	(4,371)
Travel	2,139	2,139	110	2,029
Total expenditures	<u>619,788</u>	<u>641,402</u>	<u>727,420</u>	<u>(86,018)</u>
Excess (deficit) of revenues over expenditures	<u>264,212</u>	<u>282,598</u>	<u>285,522</u>	<u>2,924</u>
Other financing sources (uses):				
Interest income	-	-	35,766	35,766
PPP Proceeds	538,855	538,855	538,855	-
Operating transfers out	-	-	(534,148)	(534,148)
Total other financing sources (uses)	<u>538,855</u>	<u>538,855</u>	<u>40,473</u>	<u>(498,382)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	803,067	821,453	325,995	(495,458)
Fund balance, July 1, 2020	<u>4,607,582</u>	<u>4,607,582</u>	<u>4,607,582</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ 5,410,649</u>	<u>\$ 5,429,035</u>	<u>\$ 4,933,577</u>	<u>\$ (495,458)</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE
For the Year Ended, June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal and State Grants	\$ 7,549,362	\$ 8,706,056	\$7,983,826	\$ (722,230)
Other	160,800	160,800	42,193	(118,607)
Total revenues	<u>7,710,162</u>	<u>8,866,856</u>	<u>8,026,019</u>	<u>(840,837)</u>
Expenditures:				
Salaries	2,667,208	2,739,514	2,520,736	218,778
Fringe benefits	1,449,797	1,484,307	840,923	643,384
Subcontracts and other expenses	3,759,509	4,827,771	5,192,705	(364,934)
Travel	112,861	112,861	5,803	107,058
Total expenditures	<u>7,989,375</u>	<u>9,164,453</u>	<u>8,560,167</u>	<u>604,286</u>
Excess (deficit) of revenues over expenditures	<u>(279,213)</u>	<u>(297,597)</u>	<u>(534,148)</u>	<u>(236,551)</u>
Other financing sources (uses):				
Operating transfers in	<u>279,213</u>	<u>297,597</u>	<u>534,148</u>	<u>236,551</u>
Total other financing sources (uses)	<u>279,213</u>	<u>297,597</u>	<u>534,148</u>	<u>236,551</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, July 1, 2020	-	-	-	-
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CERS
June 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's portion of the net pension liability	0.110806%	0.111733%	0.110230%	0.115167%	0.12484%	0.12600%	0.12917%
District's proportionate share of net pension liability	\$ 8,498,728	\$ 7,858,232	\$ 6,713,343	\$ 6,741,079	\$ 6,146,609	\$ 5,417,490	\$ 4,190,368
District's covered-employee payroll	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895	\$ 2,825,763	\$ 2,968,342	\$ 2,941,160
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	301.69%	273.62%	235.47%	244.69%	217.52%	182.51%	142.47%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

** Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS – CERS
June 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 543,740	\$ 553,167	\$ 462,346	\$ 398,909	\$ 527,853	\$ 506,399	\$ 519,703
Contributions in relation to the contractually required contribution	<u>(543,740)</u>	<u>(553,167)</u>	<u>(462,346)</u>	<u>(398,909)</u>	<u>(527,853)</u>	<u>(506,399)</u>	<u>(519,703)</u>
Difference in actual and required contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895	\$ 2,825,763	\$ 2,968,342	\$ 2,941,160
Contributions as a percentage of covered-employee payroll	19.30%	19.26%	16.22%	14.48%	18.68%	17.06%	17.67%

**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE DISTRICT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – CERS
June 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability	0.110774%	0.111704%	0.110225%	0.115167%
District's proportionate share of net OPEB liability	\$ 2,674,855	\$ 1,878,811	\$ 1,957,023	\$ 2,315,251
District's covered-employee payroll	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	94.95%	65.42%	68.64%	84.04%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%

** Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS – CERS
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 134,104	\$ 136,429	\$ 149,935	\$ 129,480
Contributions in relation to the contractually required contribution	<u>(134,104)</u>	<u>(136,429)</u>	<u>(149,935)</u>	<u>(129,480)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
Contributions as a percentage of covered- employee payroll	4.76%	4.75%	5.26%	4.70%

**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF SHARED/INDIRECT COSTS
For the Year Ended June 30, 2021

Cost Categories:

Salaries	\$ 360,325
Personnel burden	141,438
Leave time	3,189
Travel, staff and board	562
Equipment maintenance and rent	37,163
Building rentals	132,000
Registration and meeting expense	2,198
Contractual services, audit and legal	51,033
Utilities and telephone	48,493
Janitorial expenses	32,008
Auto expense	52,237
Dues and memberships	8,562
Printing and publications	4,678
Supplies	10,060
Insurance	32,331
Postage	6,898
Other	<u>5,196</u>
	<u>\$ 928,371</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
COST ALLOCATION POLICY
For the Year Ended June 30, 2021**

All funds expended by the Lake Cumberland Area Development District (the District) are charged either to a specific grant and/or program element as a Direct Charge or spread to all grants and/or program elements as a shared (indirect) cost in conformity with 2 CFR Part 225, (OMB Circular A-87). Direct charges are defined as those that can be identified specifically with a particular cost objective. Shared (indirect) costs are those incurred for a common or joint purposes benefiting more than one grant and/or program element. Below is a listing of direct and shared costs as they are charged by the District.

Direct/Shared Costs

1. **Salary** - Salaries of all professional employees are charged as direct costs to the grants and/or program elements in which their work is attributable. These charges are based on time sheets submitted by all employees. The Executive Director, fiscal officer and any employee whose time is fragmented between many elements are charged in part or in whole as direct or shared costs.
2. **Employee Burden, Fringe Benefits, Sick and Holiday Leave** - All employee burden which can be specifically related to an employee whose salary is charged as a direct cost, is allocated proportionately to direct salaries as a direct cost. Similarly, the employee burden of those persons whose salary is charged as a shared cost is allocated as a shared cost.
3. **Consultant Contracts and Contractual Services** - Contracts whose content can be directly attributed to a specific grant and/or program element are charged as direct costs to those programs. Other contracts, such as for public information or secretarial services, whose content can be directly attributed to a specific grant and/or program element are charged as direct costs to those programs. Other contracts, such as for public information or secretarial services whose content cannot be directly attributed to a specific program task, are charged as shared costs.
4. **Printing** - Outside printing costs which are readily identifiable and attributable to documents within a specific grant and/or work element are charged as direct costs. Miscellaneous printing costs are charged as shared costs.
5. **Travel** - All travel costs, which are directly attributable to an employee whose salary is charged as a direct cost is also charged as direct cost. All other travel costs, for Staff and Board, are charged as shared costs. Staff travel costs are allocated to grants and/or program elements accordingly to the total time spent by an employee on a specific program element during the month in which the travel occurred.
6. **Audit Fees** – General audit fees are charged as a shared cost. Specific program audit fees are charged as a direct cost.
7. **Building Rental**- Building rental and the associated utilities costs are charged as shared costs except for the Kentucky Career Centers that house the WIA counselors and case managers and local senior citizens centers. Costs associated with those particular buildings are charged as direct costs to the WIOA and Aging grants.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
COST ALLOCATION POLICY
For the Year Ended June 30, 2021**

8. **Equipment Rental/Purchase** – The purchase of equipment and/or any depreciation or rental charge on purchased equipment is charged, if allowable, as a direct cost to the applicable program element(s). All other equipment purchases and/or depreciation, or rental is to be charged as a shared cost.
9. **Communications** - All communication costs, including telephone, postage and the like, are charged as shared costs unless directly attributable to a program.
10. **Classified Advertising** – All classified advertising costs are charged as direct costs to the applicable program element(s). General classified advertising costs are charged as shared costs.

All additional costs which are not identified above are charged as shared costs unless otherwise indicated by the Department for Local Government or are prohibited.

**Shown below is LCADD's indirect cost allocation percentage for the year ended
June 30, 2021**

A. General and Administrative - Shared Costs:

Salaries	\$ 360,325	
Personnel burden	141,438	
Leave time	3,189	
Travel, staff and board	562	
Equipment maintenance and rent	37,163	
Building rentals	132,000	
Registration and meeting expense	2,198	
Contractual services, audit and legal	51,033	
Utilities and telephone	48,493	
Janitorial expenses	32,008	
Auto expense	52,237	
Dues and memberships	8,562	
Printing and publications	4,678	
Supplies	10,060	
Insurance	32,331	
Postage	6,898	
Other	5,196	
Total Shared Costs		928,371

B. Direct Salaries and Benefits:

Salaries	\$ 2,870,823	
Benefits	1,179,921	
Total Direct Salaries and Benefits		4,050,744

C. Total Shared Costs 928,371

FY 2021 Shared Costs Rate (C/ B) 22.92%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended June 30, 2021**

	<u>JFA</u>	<u>WIOA</u>	<u>AGING</u>	<u>PDS</u>	<u>PLAN/TRANS</u>	<u>AMLR</u> <u>US Dept Int.</u>	<u>Other</u>	<u>Title IX</u> <u>RLF</u>	<u>LCDC</u>	<u>Local</u>	<u>G & A</u> <u>Expense</u>	<u>Total</u>
Revenues												
Federal Grants	\$ 348,765	\$3,474,850	\$2,323,133	\$ -	\$ -	\$ 174,816	\$ 41,860	\$ 1,301,941	\$ -	\$ -	\$ -	\$ 7,665,365
State Grants	153,791	-	1,292,724	-	173,887	-	-	-	-	-	-	1,620,402
Local	-	-	-	716,827	-	-	-	-	185,810	818,390	-	1,721,027
Interest on Savings	-	-	-	-	-	-	-	-	417	35,766	-	36,183
Interest on Loans	-	-	-	-	-	-	-	46,996	-	-	-	46,996
In-Kind	-	-	20,580	-	-	-	-	-	-	-	-	20,580
Program Income	-	-	21,613	-	-	-	-	2,010	-	16,580	-	40,203
Total Revenues	<u>502,556</u>	<u>3,474,850</u>	<u>3,658,050</u>	<u>716,827</u>	<u>173,887</u>	<u>174,816</u>	<u>41,860</u>	<u>1,350,947</u>	<u>186,227</u>	<u>870,736</u>	<u>-</u>	<u>\$ 11,150,756</u>
Expenses												
Salaries	250,661	896,881	845,104	350,087	120,729	-	15,848	31,188	-	-	360,325	2,870,823
Personnel Burden	90,091	382,786	338,360	172,855	38,556	-	1,221	14,613	-	820,118	141,439	2,000,039
Leave Time	13,721	67,064	44,111	21,147	9,209	-	291	2,503	-	-	3,189	161,235
Subgrantees & Contracts	44,283	1,976,258	317,087	-	-	174,816	24,500	-	-	4,000	-	2,540,944
Travel staff	-	3,820	1,575	110	-	-	-	-	-	-	408	5,913
Other Direct Expenses	34,920	183,437	1,857,478	16,756	7,948	-	-	1,374	193,437	11,792	423,010	2,730,152
In-Kind	-	-	20,580	-	-	-	-	-	-	-	-	20,580
Total Shared Costs	<u>74,028</u>	<u>339,574</u>	<u>308,902</u>	<u>144,996</u>	<u>47,044</u>	<u>-</u>	<u>1,564</u>	<u>12,263</u>	<u>-</u>	<u>-</u>	<u>(928,371)</u>	<u>-</u>
Total Expenditures	<u>507,704</u>	<u>3,849,820</u>	<u>3,733,197</u>	<u>705,951</u>	<u>223,486</u>	<u>174,816</u>	<u>43,424</u>	<u>61,941</u>	<u>193,437</u>	<u>835,910</u>	<u>-</u>	<u>10,329,686</u>
Excess Revenue Over (Under)												
Expenditures	<u>\$ (5,148)</u>	<u>\$ (374,970)</u>	<u>\$ (75,147)</u>	<u>\$ 10,876</u>	<u>\$ (49,599)</u>	<u>\$ -</u>	<u>\$ (1,564)</u>	<u>\$ 1,289,006</u>	<u>\$ (7,210)</u>	<u>\$ 34,826</u>	<u>\$ -</u>	<u>\$ 821,070</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS
JOINT FUNDING ADMINISTRATION PROGRAMS
For the Year Ended June 30, 2021

	<u>BUDGET</u>	<u>DIRECT</u>	<u>INDIRECT</u>	<u>TOTAL</u>	ACTUAL FAVORABLE (UNFAVORABLE)
Revenues:					
Federal	\$ 348,765	\$ 348,765	\$ -	\$ 348,765	\$ -
State	153,791	153,791	-	153,791	-
Local funds	-	-	-	-	-
	<u>502,556</u>	<u>502,556</u>	<u>-</u>	<u>502,556</u>	<u>-</u>
Expenditures:					
Community and Economic Development EDA (120)	83,333	63,916	20,068	83,984	(651)
Community and Economic Development (125)	41,529	36,735	7,027	43,762	(2,233)
Community and Economic Development (130)	232,720	194,027	35,888	229,915	2,805
JFA- CARES	<u>196,000</u>	<u>138,997</u>	<u>11,046</u>	<u>150,043</u>	<u>45,957</u>
	<u>553,582</u>	<u>433,675</u>	<u>74,029</u>	<u>507,704</u>	<u>45,878</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (51,026)</u>	<u>\$ 68,881</u>	<u>\$ (74,029)</u>	<u>\$ (5,148)</u>	<u>\$ 45,878</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF AGING OPERATIONS BY PROGRAM
For the Year Ended June 30, 2021

	<u>III-B Admin</u>	<u>III-B Support Services</u>	<u>III-B Ombudsman</u>	<u>III-C1 Meals Admin</u>	<u>III-C1 Cong. Meals</u>	<u>III-C2 Meals Admin</u>	<u>III-C2 HD Meals</u>
<u>Revenues</u>							
Federal Grants	\$ 27,052	\$ 186,602	\$ 13,407	\$ 14,669	\$ 394,499	\$ 14,726	\$ 1,288,682
State Grants	11,175	4,500	-	12,286	3,500	7,991	331,191
Local	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-
In-Kind	-	-	-	-	150	-	-
Program Income	-	-	-	-	14,597	-	6,489
Total Revenues	<u>38,227</u>	<u>191,102</u>	<u>13,407</u>	<u>26,955</u>	<u>412,746</u>	<u>22,717</u>	<u>1,626,362</u>
<u>Expenses</u>							
Salaries	29,239	56,112	6,789	22,112	81,056	17,845	267,689
Personnel Burden	11,584	23,590	3,608	6,712	30,609	5,336	106,234
Leave Time	2,525	2,969	494	1,434	2,820	1,123	10,195
Contracts	-	45,304	-	-	-	-	-
Travel Staff	-	15	-	-	-	-	-
Other Direct Expenses	112	42,044	228	24	268,051	26	1,138,378
In-Kind	-	-	-	-	150	-	-
Shared Costs	<u>9,128</u>	<u>20,558</u>	<u>2,384</u>	<u>7,391</u>	<u>30,010</u>	<u>7,167</u>	<u>103,118</u>
Total Expenditures	<u>52,588</u>	<u>190,592</u>	<u>13,503</u>	<u>37,673</u>	<u>412,696</u>	<u>31,497</u>	<u>1,625,614</u>
Revenue Over (Under) Expenditures	<u>\$ (14,361)</u>	<u>\$ 510</u>	<u>\$ (96)</u>	<u>\$ (10,718)</u>	<u>\$ 50</u>	<u>\$ (8,780)</u>	<u>\$ 748</u>

<u>III-D</u> <u>Preventive</u> <u>Health</u>	<u>III-E</u> <u>Caregiver</u> <u>Admin</u>	<u>III-E</u> <u>Caregiver</u>	<u>Homecare</u> <u>Admin</u>	<u>Homecare</u> <u>Case</u> <u>Management</u>	<u>Homecare HD</u> <u>Meals</u>	<u>Total</u>
\$ 6,839	\$ -	\$ 175,637	\$ -	\$ -	\$ -	\$ 2,122,113
-	-	-	90,495	446,155	288,300	1,195,593
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	20,430	-	-	-	20,580
-	-	-	-	-	527	21,613
<u>6,839</u>	<u>-</u>	<u>196,067</u>	<u>90,495</u>	<u>446,155</u>	<u>288,827</u>	<u>3,359,899</u>
1,128	-	42,303	65,916	91,648	70,398	752,235
636	-	21,595	20,729	38,288	25,148	294,069
30	-	3,654	5,666	4,339	2,269	37,518
-	-	-	-	271,783	-	317,087
-	-	-	-	25	-	40
4,972	-	99,637	707	4,954	169,554	1,728,687
-	-	20,430	-	-	-	20,580
<u>73</u>	<u>-</u>	<u>17,843</u>	<u>20,962</u>	<u>35,118</u>	<u>21,486</u>	<u>275,238</u>
<u>6,839</u>	<u>-</u>	<u>205,462</u>	<u>113,980</u>	<u>446,155</u>	<u>288,855</u>	<u>3,425,454</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,395)</u>	<u>\$ (23,485)</u>	<u>\$ -</u>	<u>\$ (28)</u>	<u>\$ (65,555)</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF AGING OPERATIONS BY PROGRAM CONTINUED
For the Year Ended June 30, 2021

	<u>VII</u> <u>Ombudsman</u>	<u>VII Elder</u> <u>Abuse</u>	<u>NSIP</u>	<u>Caregiver</u> <u>Admin</u>	<u>Caregiver</u> <u>Services</u>	<u>SHIP</u> <u>Admin</u>	<u>SHIP</u> <u>Services</u>	<u>STLC</u>	<u>Medicaid</u> <u>ADRC</u>
<u>Revenues</u>									
Federal Grants	\$ 21,529	\$ 4,590	\$ 69,931	\$ -	\$ -	\$ 2,320	\$ 23,537	\$ -	\$ 46,200
State Grants	1,100	900	-	-	60,330	-	-	27,601	7,200
Local	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-	-
Total Revenues	<u>22,629</u>	<u>5,490</u>	<u>69,931</u>	<u>-</u>	<u>60,330</u>	<u>2,320</u>	<u>23,537</u>	<u>27,601</u>	<u>53,400</u>
<u>Expenses</u>									
Salaries	6,650	2,977	-	-	11,594	2,006	11,250	12,158	28,390
Personnel Burden	3,125	1,454	-	-	5,225	782	5,260	5,804	13,829
Leave Time	546	197	-	-	632	133	792	877	2,083
Contracts	-	-	-	-	-	-	-	-	-
Travel Staff	323	-	-	-	661	-	105	386	-
Other Direct Expenses	10,221	-	69,931	-	43,556	-	852	2,727	94
In-Kind	-	-	-	-	-	-	-	-	-
Total Shared Costs	<u>1,764</u>	<u>861</u>	<u>-</u>	<u>-</u>	<u>5,695</u>	<u>617</u>	<u>5,831</u>	<u>5,856</u>	<u>9,285</u>
Total Expenditures	<u>22,629</u>	<u>5,489</u>	<u>69,931</u>	<u>-</u>	<u>67,363</u>	<u>3,538</u>	<u>24,090</u>	<u>27,808</u>	<u>53,681</u>
Revenue Over (Under)									
Expenditures	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,033)</u>	<u>\$ (1,218)</u>	<u>\$ (553)</u>	<u>\$ (207)</u>	<u>\$ (281)</u>

<u>CDSMP</u>	<u>FAST</u>	<u>IAO</u>	<u>MIPPA</u> <u>ADRC</u>	<u>MIPPA AAA</u>	<u>MIPPA</u> <u>SHIP</u>	<u>Total</u>
\$ -	\$ 995	\$ -	\$ 6,357	\$ 11,411	\$ 14,150	\$ 201,020
-	-	-	-	-	-	97,131
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	995	-	6,357	11,411	14,150	298,151
-	-	-	-	-	-	-
-	-	-	3,777	6,078	7,989	92,869
-	-	-	1,716	3,208	3,888	44,291
-	-	-	211	604	518	6,593
-	-	-	-	-	-	-
-	-	-	-	-	60	1,535
-	995	-	-	-	415	128,791
-	-	-	-	-	-	-
-	-	-	803	1,672	1,280	33,664
-	995	-	6,507	11,562	14,150	307,743
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ (150)	\$ (151)	\$ -	\$ (9,592)

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS
OTHER GRANTS AND CONTRACTS
For the Year Ended June 30, 2021

	<u>Transportation Planning</u>	<u>Transportation Road Updates</u>	<u>RLF</u>	<u>KIA</u>	<u>USDA Rural Housing</u>	<u>Total</u>
<u>Revenues</u>						
Federal Grants	\$ -	\$ -	\$1,301,941	\$ -	\$ 41,860	\$ 1,343,801
State Grants	78,254	19,633	-	76,000	-	173,887
Local	-	-	-	-	-	-
Other	-	-	-	-	-	-
Interest on Loans	-	-	46,996	-	-	46,996
In-Kind	-	-	-	-	-	-
Program Income	-	-	2,010	-	-	2,010
Total Revenues	<u>78,254</u>	<u>19,633</u>	<u>1,350,947</u>	<u>76,000</u>	<u>41,860</u>	<u>1,566,694</u>
<u>Expenses</u>						
Salaries and wages	58,687	11,431	31,188	50,611	15,848	167,765
Personnel Burden	18,519	4,200	14,613	15,837	1,221	54,390
Leave Time	4,877	1,083	2,503	3,249	291	12,003
Contracts	-	-	-	-	24,500	24,500
Travel - Staff	-	-	-	-	-	-
Other Direct Expenses	3,036	17	1,374	4,895	-	9,322
Total Shared Costs	<u>23,438</u>	<u>3,267</u>	<u>12,263</u>	<u>20,339</u>	<u>1,564</u>	<u>60,871</u>
Total Expenses	<u>108,557</u>	<u>19,998</u>	<u>61,941</u>	<u>94,931</u>	<u>43,424</u>	<u>328,851</u>
Revenue Over (Under) Expenses	<u>\$ (30,303)</u>	<u>\$ (365)</u>	<u>\$1,289,006</u>	<u>\$(18,931)</u>	<u>\$ (1,564)</u>	<u>\$ 1,237,843</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT, WIOA
For the Year Ended June 30, 2021

WIA Revenue by Grant	CFDA		
WIA-Youth:			
274YT20 -PY 19	17.259	\$	275,428
274YT21 -PY 20	17.259		842,456
WIA-Adult:			
270AD21- PY-20	17.258		169,188
273AD20 - FY 20	17.258		197,579
273AD21 - FY 21	17.258		575,369
WIA-Dislocated Workers:			
271DW20 - FY-20	17.278		193,456
271DW21 - FY-21	17.278		176,590
272DW21 - PY-20	17.278		78,593
258CV20	17.278		379,688
258CV21	17.278		13,669
WIA-Trade:			
205BE18	17.245		1,295
Total Revenue		\$	2,903,311
Expenditures:			
WIA-Youth:			
274YT20 -PY 19	17.259	\$	275,428
274YT21 -PY 20	17.259		842,456
WIA-Adult:			
270AD21- PY-20	17.258		169,188
273AD20 - FY 20	17.258		197,579
273AD21 - FY 21	17.258		575,369
WIA-Dislocated Workers:			
271DW20 - FY-20	17.278		193,456
271DW21 - FY-21	17.278		176,590
272DW21 - PY-20	17.278		78,593
258CV20	17.277		379,688
258CV21	17.277		13,669
WIA-Trade:			
205BE18	17.245		1,295
Total Expenditures		\$	2,903,311
Revenues Over (Under) Expenditures		\$	-

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

	Pass-Through Grantor's Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Dept of Health and Human Services				
Passed Through KY Cabinet for Health and Family Services				
Programs for Aging Title III:				
Title III - B Administration	09-11891	93.044		\$ 27,052
Part B: Supportive Services	09-11891	93.044	42,804	200,009
Part C1: Nutrition Services	09-11891	93.045		409,168
Part C2: Nutrition Services	09-11891	93.045		1,303,408
Nutrition Services Incentive Program (USDA)	09-11891	93.053	-	69,931
Total Aging Cluster			42,804	2,009,568
Part D: Disease Prevention	09-11891	93.043		6,839
Part E: National Family Caregiver Support	09-11891	93.052		175,637
Specialty Contracts:				
Center for Medicare & Medicaid Services (SHIP)	09-11891	93.324		25,857
Aging & Disability Resource Center (ADRC)	09-11891	93.778		46,200
Public Health Emergency Preparedness FAST		93.069		995
Medicare Enrollment Assistance Program - MIPPA - AAA		93.071		11,411
Medicare Enrollment Assistance Program - MIPPA - SHIP		93.071		14,150
Medicare Enrollment Assistance Program - MIPPA - ADRC		93.071		6,357
Programs for Aging Title VII:				
Ombudsman	09-11891	93.042		21,529
Elder Abuse	09-11891	93.041	-	4,590
Total U.S. Department of Health and Human Services			42,804	2,323,133
US Department of Commerce:				
Economic Development Cluster				
JFA EDA Cares Act		11.307		150,043
Revolving Loan Fund (1) Investments for Public Works and Assistance		11.300		961,920
Revolving Loan Fund (1) Economic Adjustment Assistance		11.307		1,308,482
Total Economic Development Cluster				2,420,445
Passed through Department for Local Government				
Appalachian Regional Commission (ARC)		23.009		111,291
Economic Development Technical Assistance (JFA-EDA)		11.302		66,667
CDBG - Technical Assistance Program (JFA-CDBG)		14.218		20,765
				198,723
Total DOLC, Passed Through Department for Local Government				2,619,168
USDA Rural development				
Healthy Living Project		10.766		41,860
U. S. Department of the Interior, Abandoned Mine Land Reclamation (AMLR)				
Passed Through KY Energy and Environmental Cabinet				
Stearns Downtown Revitalization AML Pilot Project	S18AF20020	15.252		174,816

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the Year Ended June 30, 2021**

U.S. Department of Labor

Passed Through Kentucky Cabinet for Workforce Services: WIOA

WIOA-Youth:

274YT20 - PY 19	M-04127521	17.259	275,428
274YT21 - PY 20	M-04127521	17.259	842,456

WIOA-Adult:

270AD21- PY-20	M-04127521	17.258	169,188
273AD20 - FY 20	M-04127521	17.258	197,579
273AD21 - FY 21	M-04127521	17.258	575,369

WIOA-Dislocated Workers:

271DW20 - FY-20	M-04127521	17.278	193,456
271DW21 - FY-21	M-04127521	17.278	176,590
272DW21 - PY20	M-04127521	17.278	<u>78,593</u>

Total WIOA LCADD	<u>2,508,659</u>
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U.S. Department of Labor

Passed Through Lincoln Trail Area Development District, WIOA

WIOA-Adult

273AD21	LTADD-17-18-003	17.258	52,113
273AD20	LTADD-17-18-004	17.258	136,959

WIOA-Youth

274YT19	LTADD-17-18-003	17.259	24,557
274YT21	LTADD-17-18-004	17.259	21,760

WIOA-Dislocated Workers

271DW19	LTADD-17-18-003	17.278	17,693
271DW20	LTADD-17-18-004	17.278	<u>71,294</u>

Total WIOA Passed through Lincoln Trail	<u>324,376</u>
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Total WIOA Cluster	<u>2,833,035</u>
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U.S. Department of Labor

Passed Through Lincoln Trail Area Development District, WIOA

Unemployment Insurance	17.225	74,197
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U.S. Department of Labor

Passed Through Kentucky Cabinet for Workforce Services: WIOA

Unemployment Insurance	17.225	<u>166,388</u>
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U.S. Department of Labor

Passed Through Kentucky Cabinet for Workforce Services: WIOA

Trade Adjustment Assistance 205BE18	M-04127521	17.245	<u>1,295</u>
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONCLUDED
For the Year Ended June 30, 2021**

U.S. Department of Labor

Passed Through Kentucky Cabinet for Workforce Services: WIOA

WIOA-Dislocated Workers National Emergency Grants:

258CV20	M-04127521	17.277	379,688
258CV21	M-04127521	17.277	<u>13,669</u>

U.S. Department of Labor

Passed Through Lincoln Trail Area Development District, WIOA

WIOA-Dislocated Workers National Emergency Grants:

258CV20		17.277	<u>6,578</u>
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Total WIOA Federal Financial Assistance			<u>3,474,850</u>
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Total Federal Financial Assistance			<u>\$ 8,633,827</u>
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

RLF Grant Calculation of Federal Amount:

	11.300 <u>EDA</u>	11.307 <u>Cares</u>
Balance of loans outstanding, June 30, 2021	\$ 1,227,567	\$ 1,174,341
Cash and Investments at June 30, 2021	187,021	72,200
Administrative expenses	<u>-</u>	<u>61,941</u>
	1,414,588	1,308,482
 EDA percent	 <u>68%</u>	 <u>100%</u>
Amounts reported on the schedule of federal financial assistance	 <u>\$ 961,920</u>	 <u>\$ 1,308,482</u>

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lake Cumberland Area Development District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Lake Cumberland Area Development District, it is not intended to and does not present the financial position, changes in net position or cash flows of Lake Cumberland Area Development District.

Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate:

Lake Cumberland Area Development District did not elect to use the 10 percent *de minimis* indirect cost rate as allowed under the uniform guidance.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with

GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Dollar threshold used to distinguish Between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Identification of Major Programs:

Federal Grantor/Program Title

CFDA Number

US Department of Labor
WIOA Cluster

17.258, 17.259, 17.278

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2021**

II. FINANCIAL STATEMENTS FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

IV. NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

NONE

V. PRIOR AUDIT FINDINGS

NONE



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA ■ R. Brent Billingsley, CPA ■ Ryan A. Mosier, CPA

Skip R. Campbell, CPA ■ L. Joe Rutledge, CPA ■ Jenna B. Glass, CPA ■ L. Caitlin Hagan, CPA

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

To the Board of Directors
Lake Cumberland Area Development District
Russell Springs, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Cumberland Area Development District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Campbell, Myers & Rathedge, PLLC

Glasgow, Kentucky
November 16, 2021



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA ■ R. Brent Billingsley, CPA ■ Ryan A. Mosier, CPA

Skip R. Campbell, CPA ■ L. Joe Rutledge, CPA ■ Jenna B. Glass, CPA ■ L. Caitlin Hagan, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Lake Cumberland Area Development District
Russell Springs, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Lake Cumberland Area Development District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lake Cumberland Area Development District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Lake Cumberland Area Development District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Lake Cumberland Area Development District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an

opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
November 16, 2021

