

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

Report on Audit of
Financial Statements
For the Year Ended June 30, 2022

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 the of Lake Cumberland Area Development District (District) as of and for the year ended June 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Cumberland Area Development District, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lake Cumberland Area Development District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lake Cumberland Area Development District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and OPEB information on pages 4-8 and 32-37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of the 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 Lake Cumberland Area Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Cumberland Area Development District's internal control over financial reporting and compliance.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
November 22, 2022

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 2022. 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 2022:

CONDENSED STATEMENT OF NET POSITION

	FY 2022	FY 2021	Change
Current Assets	\$ 6,059,927	\$ 5,315,310	\$ 744,617
Capital and Other Assets	3,873,878	3,742,972	130,906
Deferred Outflows of Resources	<u>2,209,885</u>	<u>2,307,282</u>	<u>(97,397)</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 12,143,690</u>	<u>\$ 11,365,564</u>	<u>\$ 778,126</u>
Current Liabilities	\$ 780,390	\$ 552,339	\$ 228,051
Long Term Liabilities	9,120,375	11,406,403	(2,286,028)
Deferred Inflows of Resources	<u>2,377,601</u>	<u>787,354</u>	<u>1,590,247</u>
Total Liabilities & Deferred Inflows of Resources	<u>12,278,366</u>	<u>12,746,096</u>	<u>(467,730)</u>
Net Position			
Net Investment in Capital assets	\$ 972,049	\$ 555,383	\$ 416,666
Restricted	2,828,495	2,661,164	167,331
Unrestricted	<u>(3,935,220)</u>	<u>(4,597,079)</u>	<u>661,859</u>
Total Liabilities, Deferred Inflows of Resources & Net Position	<u>\$ 12,143,690</u>	<u>\$ 11,365,564</u>	<u>\$ 778,126</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

CONDENSED STATEMENT OF NET REVENUES AND EXPENSES

	FY 2022	FY 2021	Change
Operating Revenues			
Federal	\$ 6,484,789	\$ 7,665,365	\$ (1,180,576)
State	1,561,940	1,620,402	(58,462)
In-Kind	119,480	20,580	98,900
Other and Local	<u>1,605,946</u>	<u>1,808,225</u>	<u>(202,279)</u>
Total Operating Revenues	<u>9,772,155</u>	<u>11,114,572</u>	<u>(1,342,417)</u>
Operating Expenses			
Salaries and Fringe	3,377,771	4,870,862	(1,493,091)
Subgrantees and Contractual	3,120,855	2,540,944	579,911
Other	<u>2,065,412</u>	<u>2,917,879</u>	<u>(852,467)</u>
Total Operating Expenses	<u>8,564,038</u>	<u>10,329,685</u>	<u>(1,765,647)</u>
Operating Income	<u>1,208,117</u>	<u>784,887</u>	<u>423,230</u>
Non-Operating Income (Expense)			
Bank Interest Income	<u>37,739</u>	<u>36,183</u>	<u>1,556</u>
Total Non-Operating Income	<u>37,739</u>	<u>36,183</u>	<u>1,556</u>
Change in Net Position	1,245,856	821,070	424,786
Net Position, Beginning of Year	<u>(1,380,532)</u>	<u>(2,201,602)</u>	<u>821,070</u>
Net Position, End of Year	<u>\$ (134,676)</u>	<u>\$ (1,380,532)</u>	<u>\$ 1,245,856</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. The loans are repaid from payments collected from borrowers. Loan balances at June 30, 2022 totaled \$1,954,047 compared to \$2,401,908 in 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

The district did not purchase or retire any fixed assets in the current year. Accumulated depreciation had a net decrease of \$16,218 from fiscal year 2021 to fiscal year 2022, leaving a remaining balance of \$972,049 in net capital assets.

Capital Assets	Balance			Balance
	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Buildings	1,868,132	-	-	1,868,132
Equipment and Vehicles	<u>564,806</u>	<u>-</u>	<u>-</u>	<u>564,806</u>
Total	2,502,938	-	-	2,502,938
Accumulated depreciation	<u>(1,483,036)</u>	<u>(47,853)</u>	<u>-</u>	<u>(1,530,889)</u>
Net Capital Assets	<u>\$ 1,019,902</u>	<u>\$ (47,853)</u>	<u>\$ -</u>	<u>\$ 972,049</u>

LONG-TERM DEBT

LCADD has no long term debt at the end of fiscal year 2022.

Economic Factors and Next Year's Budget

LCADD considered many factors when initially setting the fiscal year 2022 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 decreased from \$1,030,985.67 in FY-21 to \$ 855,665.87 in FY-22 for a decrease of 17.01%. This is a \$175,319.80 decrease. WIA formula funding for Dislocated Workers increased from \$716,257.47 in FY-20 to \$755,340.76 for FY-21 for an increase of 5.17%. This is a \$39,083.29 increase. WIOA formula funding for Youth services decreased from \$956,090.93 in FY-21, to \$884,981.36 in FY-22 for a decrease of 7.44%. This was a \$71,109.57 decrease. No funding 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-22, \$14,108.20 was received through Statewide Reserve Dollars to purchase computers to be used for the My Workforce Future Coding class. Computers will be reused for other classes. \$532,624.88 in funding was expended from a COVID-19 National Emergency Grant to serve National Dislocated Workers affected by the COVID-19 Pandemic.

LCADD continued with contracts from Lincoln Trail Area Development District (LTADD) to serve as the Direct Service Provider under WIOA. LCADD received \$281,527.16 in reimbursement thru the Direct Services contract with \$26,741.28 being LCADD Administration. LCADD had 3 employees through these contracts.

LCADD Workforce Department had no new employees during FY-22. Two employees retired.

Planning Department

During FY-22, the LCADD Planning Department had an income totaling \$174,054.00 through contracts with the Kentucky Transportation Cabinet, and the Kentucky Infrastructure Authority. These contracts were \$1,096.00 more than the previous year.

These contracts are as follows:

Transportation Planning	\$78,254
Water and Wastewater Planning	\$76,000
Local Road Updates	<u>\$19,800</u>
Total:	<u>\$174,054</u>

In Q3 of FY-22, a new Director was hired to oversee the Planning and Community & Economic Development department.

Aging and Independent Living

The Lake Cumberland Area Agency on Aging and Independent Living (LCAAIL) Aging Programs FY21 budget allocations totaled \$2,395,105.20. For FY22, the budget totaled \$3,738,046.60.

During FY22, 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) additional funding of \$264,650.40. ARPA can be utilized by September 30, 2024.

During FY22, LCAAIL experienced the resignation of three staff members the Aging Director, June 2022 and ADRC Coordinator, April 2022 and SHIP Coordinator March, 2022.

The Aging and Disability Resource Center again played a vital role in connecting community members with services and resources having received 2,794 calls in FY22.

MANAGEMENTS DISCUSSION AND ANALYSIS, CONCLUDED

Homecare services were provided to 133 clients in FY22. A total of 125 clients were consulted regarding MIPPA (Medicare Improvements for Patients and Providers Act) and 363 clients were consulted regarding their insurance needs through the State Health Insurance Program (SHIP). Veteran Directed-Services served 16 Veteran participants during FY21. The number of Home and Community Based Waiver participants served totaled 268 for FY21.

Veteran Directed-Services served 14 Veteran participants during FY22. The number of Home and Community Based Waiver participants served totaled 304 for FY22.

At the beginning of FY22, 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. In April of FY22 Case Managers and Service Advisors started face to face visits if clients were comfortable with them coming into the home.

Community & Economic Development

In FY-22, 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-22. Staff prepared 56 applications for potential new projects.

During FY-22, Economic Development Administration awarded \$1,474,000.00 to capitalize and fund administration of a new revolving loan fund. Staff closed 18 loans totaling \$1,340,000 resulting in commitments to create 149 jobs and retain 18. Two loans were closed using funds from the original RLF program. No loans were paid off during the fiscal year.

In Q3 of FY-22, a new Director of Community & Economic Development was hired and in Q4 of FY-22, a new Economic Development Specialist was hired. These positions are being funded from JFA allocation.

FY21 RLF Write-Offs

There were no loans written-off during fiscal year ended June 30, 2022.

Questions regarding this report should be directed to the Executive Director, Waylon Wright. (270-866-4200) or to Tony Meeks, Director of Finance (270-866-4200) or by mail at 2384 Lakeway Dr., Russell Springs, KY 42642.

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

June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,055,328	\$ 442,928	\$ 4,498,256
Accounts receivable			
Federal, state and local grants	1,515,707	-	1,515,707
Prepaid expenses	45,964	-	45,964
Total current assets	<u>5,616,999</u>	<u>442,928</u>	<u>6,059,927</u>
Other assets			
Restricted Cash	-	942,193	942,193
Grant Receivable, RLF CARES	-	5,589	5,589
Internal balances	73,334	(73,334)	-
RLF notes receivable, current, restricted	-	511,827	511,827
RLF notes receivable, restricted	-	1,442,220	1,442,220
Property and equipment, net	-	972,049	972,049
Total other assets	<u>73,334</u>	<u>3,800,544</u>	<u>3,873,878</u>
Total assets	<u>5,690,333</u>	<u>4,243,472</u>	<u>9,933,805</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - Pension	1,022,356	-	1,022,356
Deferred outflows - OPEB	1,187,529	-	1,187,529
Total deferred outflows of resources	<u>2,209,885</u>	<u>-</u>	<u>2,209,885</u>
LIABILITIES			
Current liabilities			
Accounts payable	482,040	38,750	520,790
Accrued expenses	242,037	-	242,037
Current portion of accrued leave	17,563	-	17,563
Total current liabilities	<u>741,640</u>	<u>38,750</u>	<u>780,390</u>
Long-term liabilities			
Net pension liability	6,866,018	-	6,866,018
Net OPEB liability	2,061,173	-	2,061,173
Accrued leave	193,184	-	193,184
Total long-term liabilities	<u>9,120,375</u>	<u>-</u>	<u>9,120,375</u>
Total liabilities	<u>9,862,015</u>	<u>38,750</u>	<u>9,900,765</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	1,229,997	-	1,229,997
Deferred Inflows - OPEB	1,147,604	-	1,147,604
Total Deferred inflows of resources	<u>2,377,601</u>	<u>-</u>	<u>2,377,601</u>
NET POSITION			
Net investment in capital assets	-	972,049	972,049
Restricted	-	2,828,495	2,828,495
Unrestricted	(4,339,398)	404,178	(3,935,220)
Total net position	<u>\$ (4,339,398)</u>	<u>\$ 4,204,722</u>	<u>\$ (134,676)</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, 2022

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	\$ 3,872,127	\$ 335,244	\$ -	\$ 4,207,371	\$ -	\$ -	\$ -
Aging	2,618,848	329,652	-	2,919,475	(29,025)	-	(29,025)
JFA	7,335	114,129	-	555,681	434,217	-	434,217
Transportation	150,534	46,343	-	174,054	(22,823)	-	(22,823)
PDS	584,177	143,253	-	853,584	126,154	-	126,154
Other and Internal	168,188	4,388	-	169,416	(3,160)	-	(3,160)
Local Unrestricted	<u>(32,969)</u>	<u>-</u>	<u>-</u>	<u>503,250</u>	<u>536,219</u>	<u>-</u>	<u>536,219</u>
Total Governmental Activities	7,368,240	973,009	-	9,382,831	1,041,582	-	1,041,582
Business Activities:							
Lake Cumberland Development Council	147,634	-	147,634	-	-	-	-
Title IX RLF	<u>63,554</u>	<u>11,601</u>	<u>241,690</u>	<u>-</u>	<u>-</u>	<u>166,535</u>	<u>166,535</u>
Total Business-type Activities	<u>211,188</u>	<u>11,601</u>	<u>389,324</u>	<u>-</u>	<u>-</u>	<u>166,535</u>	<u>166,535</u>
Total Primary Government	<u>\$ 7,579,428</u>	<u>\$ 984,610</u>	<u>\$ 389,324</u>	<u>\$ 9,382,831</u>	<u>\$ 1,041,582</u>	<u>\$ 166,535</u>	<u>\$ 1,208,117</u>
General Revenues:							
Gain/(Loss) sale of equipment					\$ -	\$ -	\$ -
Interest Income					<u>36,436</u>	<u>1,303</u>	<u>37,739</u>
Total General Revenues					<u>36,436</u>	<u>1,303</u>	<u>37,739</u>
Transfers					<u>(464,518)</u>	<u>464,518</u>	<u>-</u>
Total General Revenues and Transfers					<u>(428,082)</u>	<u>465,821</u>	<u>37,739</u>
Change in Net Position					<u>613,500</u>	<u>632,356</u>	<u>1,245,856</u>
Net Position July 1, 2021					<u>(4,952,898)</u>	<u>3,572,366</u>	<u>(1,380,532)</u>
Net Position June 30, 2022					<u>\$ (4,339,398)</u>	<u>\$ 4,204,722</u>	<u>\$ (134,676)</u>

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

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General	Special	
	Fund	Revenue	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 3,209,128	\$ 846,200	\$ 4,055,328
Accounts receivable:			
Federal and state contributions	290,785	1,224,922	1,515,707
Due from other funds	73,334	-	73,334
Prepaid expenses	-	45,964	45,964
Due from special revenue	1,375,446	-	1,375,446
	<u>\$ 4,948,693</u>	<u>\$ 2,117,086</u>	<u>\$ 7,065,779</u>
LIABILITIES:			
Accounts payable:			
Vendors	\$ -	\$ 482,040	\$ 482,040
Accrued payroll	-	242,037	242,037
Accrued leave	-	17,563	17,563
Due to general fund	-	1,375,446	1,375,446
Total liabilities	<u>-</u>	<u>2,117,086</u>	<u>2,117,086</u>
Fund Balance:			
Unassigned	4,948,693	-	4,948,693
Total fund balance	<u>4,948,693</u>	<u>-</u>	<u>4,948,693</u>
Total liabilities and fund balance	<u>\$ 4,948,693</u>	<u>\$ 2,117,086</u>	<u>\$ 7,065,779</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, 2022**

Total fund balance - Governmental funds	\$	4,948,693
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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.		2,209,885
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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.		(2,377,601)
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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		(6,866,018)
Net OPEB liabilities		(2,061,173)

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>(193,184)</u>
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Net position end of year - Governmental activities	\$	<u>(4,339,398)</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, 2022

	General Fund	Special Revenue Fund	Total
Revenues:			
Federal and state grants	\$ -	\$ 7,874,670	\$ 7,874,670
PDS and Veteran's Program Administration	853,584	-	853,584
Other	<u>503,250</u>	<u>151,327</u>	<u>654,577</u>
Total Revenues	<u>1,356,834</u>	<u>8,025,997</u>	<u>9,382,831</u>
Expenditures:			
Current programs:			
JFA	-	471,853	471,853
Aging	-	2,618,848	2,618,848
Transportation	-	150,534	150,534
WIOA	-	3,872,127	3,872,127
PDS	584,177	-	584,177
Other	-	168,188	168,188
Internal	61,261	-	61,261
Allocation of indirect costs	<u>143,253</u>	<u>869,392</u>	<u>1,012,645</u>
Total Expenditures	788,691	8,150,942	8,939,633
Excess of Revenues over (under) Expenditures	568,143	(124,945)	443,198
Other financing sources:			
Interest Income	36,436	-	36,436
Transfer to LCDC	(464,518)	-	(464,518)
Operating transfers in (out)	<u>(124,945)</u>	<u>124,945</u>	<u>-</u>
Total other financing sources (uses)	<u>(553,027)</u>	<u>124,945</u>	<u>(428,082)</u>
Excess of revenues and other sources over (under) expenditures	15,116	-	15,116
Fund balance, July 1, 2021	<u>4,933,577</u>	<u>-</u>	<u>4,933,577</u>
Fund balance, June 30, 2022	<u>\$ 4,948,693</u>	<u>-</u>	<u>\$ 4,948,693</u>

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

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, 2022

Net change in fund balances - Governmental Funds	\$	15,116
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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		558,748
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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.

		39,636
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Change in net position of Governmental Activities	\$	613,500
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LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	<u>RLF</u>	Lake Cumberland Development <u>Council</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ -	\$ 442,928	\$ 442,928
Total current assets	<u>-</u>	<u>442,928</u>	<u>442,928</u>
Other assets			
Cash, restricted	942,193	-	942,193
Grant Receivable, RLF Cares	5,589	-	5,589
Notes Receivable, current- restricted	511,827	-	511,827
Notes receivable, restricted	1,442,220	-	1,442,220
Property and Equipment, net	<u>-</u>	<u>972,049</u>	<u>972,049</u>
Total assets	<u>\$ 2,901,829</u>	<u>\$ 1,414,977</u>	<u>\$ 4,316,806</u>
LIABILITIES			
Current liabilities			
Accounts Payable	\$ -	\$ 38,750	\$ 38,750
Interfund Payables	<u>73,334</u>	<u>-</u>	<u>\$ 73,334</u>
Total current liabilities	<u>73,334</u>	<u>38,750</u>	<u>112,084</u>
Total liabilities	<u>73,334</u>	<u>38,750</u>	<u>112,084</u>
NET POSITION			
Net investment in capital assets	-	972,049	972,049
Restricted	2,828,495	-	2,828,495
Unrestricted	<u>-</u>	<u>404,178</u>	<u>404,178</u>
Total net position	<u>\$ 2,828,495</u>	<u>\$ 1,376,227</u>	<u>\$ 4,204,722</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	<u>RLF</u>	<u>Lake Cumberland Development Council</u>	<u>Total</u>
REVENUES			
Building and equipment rentals and other	\$ -	\$ 147,634	\$ 147,634
RLF Grant Funds, Cares	172,059	-	172,059
Program Income	<u>69,631</u>	<u>-</u>	<u>69,631</u>
 Total operating Revenue	 <u>241,690</u>	 <u>147,634</u>	 <u>389,324</u>
EXPENSES			
Salaries	43,704	-	43,704
Fringe benefits	16,302	-	16,302
Depreciation	-	47,853	47,853
Other	3,548	99,781	103,329
Indirect costs	<u>11,601</u>	<u>-</u>	<u>11,601</u>
 Total Operating Expenses	 <u>75,155</u>	 <u>147,634</u>	 <u>222,789</u>
 Operating Income	 166,535	 -	 166,535
NON-OPERATING REVENUES (EXPENSES)			
Fund transfer in	-	464,518	464,518
Interest income	<u>796</u>	<u>507</u>	<u>1,303</u>
 Total Non-Operating Revenues (Expenses)	 <u>796</u>	 <u>465,025</u>	 <u>465,821</u>
 Increase In Net Position	 167,331	 465,025	 632,356
 Net position, July 1, 2021	 <u>2,661,164</u>	 <u>911,202</u>	 <u>3,572,366</u>
 Net position, June 30, 2022	 <u>\$ 2,828,495</u>	 <u>\$ 1,376,227</u>	 <u>\$ 4,204,722</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, 2022

	RLF	Lake Cumberland Development Council	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Grant Received	\$ 166,471	\$ -	\$ 166,471
Local cash received	69,631	179,495	249,126
Payments to suppliers	<u>-</u>	<u>(99,275)</u>	<u>(99,275)</u>
Net cash provided by operating activities	<u>236,102</u>	<u>80,220</u>	<u>316,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest income	<u>796</u>	<u>507</u>	<u>1,303</u>
Net cash provided by investing activities	<u>796</u>	<u>507</u>	<u>1,303</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Payments on notes receivable	646,074	-	646,074
Issuance of notes receivable	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Net cash provided by (used in) non capital financing activities	<u>446,074</u>	<u>-</u>	<u>446,074</u>
Net increase (decrease) in cash and cash equivalents	682,972	80,727	763,699
Cash and cash equivalents - beginning of the year	<u>259,221</u>	<u>362,201</u>	<u>621,422</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u><u>\$ 942,193</u></u>	<u><u>\$ 442,928</u></u>	<u><u>\$ 1,385,121</u></u>
Reconciliation of operating income to net cash provided by operating activities			
Increase (Decrease) in net position	\$ 167,331	\$ 465,025	\$ 632,356
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation and amortization	-	47,853	47,853
(Increase) Decrease in Grant Receivable	53,645	-	53,645
Increase (Decrease) in Interund Payables	15,126	(464,518)	(449,392)
Increase (decrease) accounts and other payables	<u>-</u>	<u>31,860</u>	<u>31,860</u>
Net cash provided by operating activities	<u><u>\$ 236,102</u></u>	<u><u>\$ 80,220</u></u>	<u><u>\$ 316,322</u></u>
Cash and cash equivalents consists of the following:			
Unrestricted cash	\$ -	\$ 442,928	\$ 442,928
Restricted cash	<u>942,193</u>	<u>-</u>	<u>942,193</u>
Total cash and cash equivalents	<u><u>\$ 942,193</u></u>	<u><u>\$ 442,928</u></u>	<u><u>\$ 1,385,121</u></u>

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

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022 is \$210,747. Included in this amount is \$17,563 shown on the governmental funds balance sheet. This represents retirees that were paid out after June 30, 2022.

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 \$147,634 in rentals for the year ended June 30, 2022. 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, 2022. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

New Accounting Principle – For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency information of the government's leasing activities. It established requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District does not have any assets or liabilities that fit into this category as of June 30, 2022.

2. CASH AND INVESTMENTS

At year end, the carrying amount of the District's cash deposits and investments was \$5,440,449 and the bank balance was \$5,727,016. The difference between book and bank balances primarily represents checks that have been issued, but have not cleared the bank as of June 30, 2022. Of this amount, \$5,597,163 was 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.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. GRANTS RECEIVABLE

Federal, state and local grants receivable consists of the following at June 30, 2022:

Grants Receivable

WIOA	\$ 558,373
Aging	401,299
PDS	290,785
Other programs	<u>265,250</u>
Total grants receivable	<u><u>\$ 1,515,707</u></u>

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	\$ 3,162,556
Less; Loan Repayments	<u>(1,208,509)</u>
Total Outstanding Loans	1,954,047
Less: Allowance for Bad Debts	<u>-</u>
Net Loans Receivable	<u><u>\$ 1,954,047</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 \$47,853, for the year ended June 30, 2022. The following summarizes the changes in fixed assets during the year ended:

Capital Assets	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Buildings	1,868,132	-	-	1,868,132
Equipment and Vehicles	<u>564,806</u>	<u>-</u>	<u>-</u>	<u>564,806</u>
Total	2,502,938	-	-	2,502,938
Accumulated depreciation	<u>(1,483,036)</u>	<u>(47,853)</u>	<u>-</u>	<u>(1,530,889)</u>
Net Capital Assets	<u><u>\$ 1,019,902</u></u>	<u><u>\$ (47,853)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 972,049</u></u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

6. 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 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. 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

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. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's average rate of pay and any dependent child will receive 50% of the decedent's average rate of pay up to 75% for three dependent children. Five years' service is required for nonservice related disability benefits.

There have been no actuarial assumption changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. There were no other material plan provision changes.

Required contributions by the employee are based on the tier:

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

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

6. PENSION PLAN, CONTINUED

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.

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS of \$6,866,018.

The net pension liability for each plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2021, 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, 2021, the District's proportion was .107689%.

For the year ended June 30, 2022, the District recognized pension expense of \$103,937. At June 30, 2022, 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	\$ 78,843	\$ 66,639
Changes in assumptions	92,150	-
Net difference between projected and actual earnings on pension plan investments	266,356	1,018,041
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,714	145,317
District contributions subsequent to the measurement date	573,293	-
	<u>\$ 1,022,356</u>	<u>\$ 1,229,997</u>

The fiscal year 2022 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, 2023. 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)
2023	\$ (284,094)
2024	(210,270)
2025	(286,570)
2026	-
2027	-
Total	<u>\$ (780,934)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

6. 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%-10.30%

The mortality table 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.

Discount rate: the discount rate used to measure the total pension liability was 6.25%.

Projected cash flows: The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Except where noted, the future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 Legislative Session, which resets the amortization period for financing the unfunded liability of all KRS plans from 24 years to 30 years.

Long term rate of return: 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.

Municipal bond rate: The discount rate determination does not use a municipal bond rate.

Periods of projected benefit payments: The long term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

6. PENSION PLAN, CONCLUDED

Assumed Asset Allocation: The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

Asset Class	Target Allocation	Long-term expected real rate of return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
	100.00%	

Sensitivity Analysis: 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	\$ 8,805,994	\$ 6,866,018	\$5,260,734

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. The effect of the net pension liability on the District's net position has been determined on the same basis used by KRS.

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 21.17% pension and 5.78% OPEB for the year ended June 30, 2022. For the year ended June 30, 2022 the District's total covered payroll was approximately \$2,708,000. The District contributed approximately \$730,000 in 2022 for both pension and OPEB and employees contributed approximately \$144,000 to the plan.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District participates in Kentucky Retirement Systems' Insurance Fund, which 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. 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.

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 single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in healthcare costs. There were no other material assumption changes. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions. There were no other material plan provision changes.

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 2021	
<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	\$13.78
10-14 years	50.00%	KERS Hazardous	\$20.68
4-9 years	25.00%	CERS Non-hazardous	\$13.78
Less than 4 years	0.00%	CERS Hazardous	\$20.68
		SPRS	\$20.68

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

The projection of cash flows used to determine the single discount rate must include an assumption regarding the actual employer contributions made each future year. Except where noted below, the future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 Legislative Session, which resets the amortization period for financing the unfunded liability of all KRS plans from 24 year to 30 years. 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. GASB Statement No 74 required that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

At June 30, 2022, the District reported a liability of \$2,061,173 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the District's proportionate share was .107664%.

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense of \$44,712 for the year ended June 30, 2022 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	\$ 324,120	\$ 615,398
Changes of assumptions	525,728	1,917
Net difference between projected and actual earnings on Plan investments	103,848	426,290
Change in proportion and differences between employer contribution and proportionate share of plan contribution	9,487	103,999
District contributions subsequent to the measurement date	224,346	-
	<u>\$ 1,187,529</u>	<u>\$ 1,147,604</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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

Year Ended	Net Deferred Outflows/(Inflows)
2023 \$	(28,204)
2024	(23,116)
2025	(133,101)
2026	-
2027	-
	<u>\$ (184,421)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Actuarial Assumptions: The actuarially determined contribution rates effective for fiscal year ended June 30, 2021 were calculated as of June 30, 2019. Based on the June 30, 2019, actuarial valuation reports (as amended by SB 249, passed during 2020 legislative session). The actuarial methods and assumptions used to calculate these contribution rates are as follows:

Assumed investment return	6.25%
Inflation factor	2.30%
Payroll growth	2.00%
Salary increase	3.30%-10.30%

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	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Y	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
	100.00%	

Discount Rate: The single discount rate of 5.20% for Non-hazardous was used to measure the total OPEB liability as of June 30, 2021. 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 1.92% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 28, 2021. 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 (4.20%)	\$	2,829,976
Current Discount Rate (5.20%)	\$	2,061,173
1% Increase (6.20%)	\$	1,430,244

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Healthcare Trend Rate: The initial trend rate for participants under 65 years of age starts at 6.25% at January 1, 2021 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. For those over 65 years of age the trend rate starts at 5.50% at January 1, 2021 and gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 premiums were known at the time of valuation and were incorporated into the liability measurement. 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	\$		1,483,800
Current Healthcare Cost Trend Rate	\$		2,061,173
1% Increase	\$		2,758,072

8. 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.

9. 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, 2022 the District reported revenue of \$785,073 from the PDS program for administration and the District was owed \$290,785 by the PDS program.

10. 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 200. A summary of the cost allocation plan begins on page 39. The District is in conformity with 2 CFR Part 200.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

11. OPERATING AGREEMENT

The District leases its offices, equipment and vehicles from the Lake Cumberland Development Council on an annual basis. Rents are determined by the operating needs of the Development Council. Rent expense varies from year to year depending on the costs incurred.

12. 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	\$ 124,945
General	Proprietary	Debt Relief	\$ 464,518

At June 30, 2022, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue	\$ 1,375,446
General	Proprietary - RLF	\$ 73,334

13. SUBSEQUENT EVENTS

The District has evaluated and considered the need to recognize or disclose subsequent events through November 22, 2022, 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
PDS and Veteran's Program Administration	\$ 700,000	\$ 700,000	\$ 853,584	\$ 153,584
Other	336,940	308,800	503,250	194,450
Total revenues	<u>1,036,940</u>	<u>1,008,800</u>	<u>1,356,834</u>	<u>348,034</u>
Expenditures:				
Salaries	388,196	397,437	344,145	53,292
Fringe benefits	360,000	360,000	358,126	1,874
Subcontracts and other expenses	32,192	30,591	71,674	(41,083)
Travel	15,000	15,000	14,746	254
Total expenditures	<u>795,388</u>	<u>803,028</u>	<u>788,691</u>	<u>14,337</u>
Excess (deficit) of revenues over expenditures	<u>241,552</u>	<u>205,772</u>	<u>568,143</u>	<u>362,371</u>
Other financing sources (uses):				
Interest income	-	-	36,436	36,436
Operating transfers out	-	-	(589,463)	(589,463)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(553,027)</u>	<u>(553,027)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	241,552	205,772	15,116	(190,656)
Fund balance, July 1, 2021	<u>4,933,577</u>	<u>4,933,577</u>	<u>4,933,577</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ 5,175,129</u>	<u>\$ 5,139,349</u>	<u>\$ 4,948,693</u>	<u>\$ (190,656)</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal and State Grants	\$ 7,789,348	\$ 7,449,348	\$7,874,670	\$ 425,322
Other	141,000	141,000	151,327	10,327
Total revenues	<u>7,930,348</u>	<u>7,590,348</u>	<u>8,025,997</u>	<u>435,649</u>
Expenditures:				
Salaries	2,400,000	2,300,000	2,348,792	(48,792)
Fringe benefits	800,000	850,000	885,456	(35,456)
Subcontracts and other expenses	4,700,000	4,830,000	4,865,582	(35,582)
Travel	75,000	75,000	51,112	23,888
Total expenditures	<u>7,975,000</u>	<u>8,055,000</u>	<u>8,150,942</u>	<u>(95,942)</u>
Excess (deficit) of revenues over expenditures	<u>(44,652)</u>	<u>(464,652)</u>	<u>(124,945)</u>	<u>339,707</u>
Other financing sources (uses):				
Operating transfers in	<u>44,652</u>	<u>464,652</u>	<u>124,945</u>	<u>(339,707)</u>
Total other financing sources (uses)	<u>44,652</u>	<u>464,652</u>	<u>124,945</u>	<u>(339,707)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, July 1, 2021	-	-	-	-
Fund balance, June 30, 2022	<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, 2022**

	<u>June 30, 2022</u>	<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	0.107689%	0.110806%	0.111733%	0.110230%	0.115167%	0.12484%	0.12600%	0.12917%
District's proportionate share of net pension liability	\$ 6,866,018	\$ 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	\$ 2,708,000	\$ 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	253.55%	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	57.33%	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, 2022

	<u>June 30, 2022</u>	<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	\$ 573,293	\$ 543,740	\$ 553,167	\$ 462,346	\$ 398,909	\$ 527,853	\$ 506,399	\$ 519,703
Contributions in relation to the contractually required contribution	<u>(573,293)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,708,000	\$ 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	21.17%	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, 2022**

	<u>June 30, 2022</u>	<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	0.107664%	0.110774%	0.111704%	0.110225%	0.115167%
District's proportionate share of net OPEB liability	\$ 2,061,173	\$ 2,674,855	\$ 1,878,811	\$ 1,957,023	\$ 2,315,251
District's covered-employee payroll	\$ 2,708,000	\$ 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	76.11%	94.95%	65.42%	68.64%	84.04%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	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, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 156,525	\$ 134,104	\$ 136,429	\$ 149,935	\$ 129,480
Contributions in relation to the contractually required contribution	<u>(156,525)</u>	<u>(134,104)</u>	<u>(136,429)</u>	<u>(149,935)</u>	<u>(129,480)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,708,000	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
Contributions as a percentage of covered- employee payroll	5.78%	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, 2022

Cost Categories:

Salaries	\$ 376,077
Personnel burden	130,322
Leave time	2,389
Travel, staff and board	26,946
Equipment maintenance and rent	49,351
Building rentals	132,000
Registration and meeting expense	8,520
Contractual services, audit and legal	54,517
Utilities and telephone	52,659
Janitorial expenses	33,625
Auto expense	51,597
Dues and memberships	3,248
Printing and publications	7,661
Supplies	11,301
Insurance	35,067
Postage	5,826
Other	<u>3,504</u>
	<u>\$ 984,610</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
COST ALLOCATION POLICY
For the Year Ended June 30, 2022

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 200. 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, 2022**

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, 2022**

A. General and Administrative - Shared Costs:

Salaries	\$ 376,077	
Personnel burden	130,322	
Leave time	2,389	
Travel, staff and board	26,946	
Equipment maintenance and rent	49,351	
Building rentals	132,000	
Registration and meeting expense	8,520	
Contractual services, audit and legal	54,517	
Utilities and telephone	52,659	
Janitorial expenses	33,625	
Auto expense	51,597	
Dues and memberships	3,248	
Printing and publications	7,661	
Supplies	11,301	
Insurance	35,067	
Postage	5,826	
Other	<u>3,504</u>	
Total Shared Costs		984,610

B. Direct Salaries and Benefits:

Salaries	\$ 2,692,937	
Benefits	<u>1,243,582</u>	
Total Direct Salaries and Benefits		3,936,519

C. Total Shared Costs 984,610

FY 2022 Shared Costs Rate (C/ B) 25.01%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended June 30, 2022**

	<u>JFA</u>	<u>WIOA</u>	<u>AGING</u>	<u>PDS/VET</u>	<u>PLAN/TRANS</u>	<u>AMLR</u> <u>US Dept Interior</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>
<u>Revenues</u>												
Federal Grants	\$ 408,680	\$ 4,207,371	\$1,542,012	\$ -	\$ -	\$ 42,962	\$111,705	\$ 172,059	\$ -	\$ -	\$ -	\$ 6,484,789
State Grants	147,001	-	1,226,136	-	174,054	-	14,749	-	-	-	-	1,561,940
Local	-	-	-	853,584	-	-	-	-	-	486,723	-	1,340,307
Interest on Savings	-	-	-	-	-	-	-	796	507	36,436	-	37,739
Interest on Loans	-	-	-	-	-	-	-	69,631	-	-	-	69,631
In-Kind	-	-	119,480	-	-	-	-	-	-	-	-	119,480
Program Income	-	-	31,847	-	-	-	-	-	147,634	16,527	-	196,008
Transfers	-	-	-	-	-	-	-	-	464,518	-	-	464,518
Total Revenues	<u>555,681</u>	<u>4,207,371</u>	<u>2,919,475</u>	<u>853,584</u>	<u>174,054</u>	<u>42,962</u>	<u>126,454</u>	<u>242,486</u>	<u>612,659</u>	<u>539,686</u>	<u>-</u>	<u>\$10,274,412</u>
<u>Expenses</u>												
Salaries	271,092	764,509	765,922	344,145	104,872	-	22,616	43,704	-	-	376,077	2,692,937
Personnel Burden	113,553	368,357	380,096	192,776	35,138	-	7,038	16,302	-	(558,748)	130,322	684,834
Leave Time	13,964	61,133	42,614	22,097	6,129	-	1,059	2,544	-	-	2,389	151,929
Subgrantees & Contracts	56,511	2,503,179	371,446	-	-	42,962	88,240	-	-	4,000	54,517	3,120,855
Travel staff	2,566	9,982	10,135	10,583	74	-	1,383	26	-	4,163	26,946	65,858
Other Direct Expenses	14,167	164,967	929,155	14,576	4,321	-	4,890	978	147,634	53,098	394,359	1,728,145
In-Kind	-	-	119,480	-	-	-	-	-	-	-	-	119,480
Total Shared Costs	114,129	335,244	329,652	143,253	46,343	-	4,388	11,601	-	-	(984,610)	-
Transfers	-	-	-	-	-	-	-	-	-	464,518	-	464,518
Total Expenditures	<u>585,982</u>	<u>4,207,371</u>	<u>2,948,500</u>	<u>727,430</u>	<u>196,877</u>	<u>42,962</u>	<u>129,614</u>	<u>75,155</u>	<u>147,634</u>	<u>(32,969)</u>	<u>-</u>	<u>9,028,556</u>
Excess Revenue Over (Under)												
Expenditures	<u>\$ (30,301)</u>	<u>\$ -</u>	<u>\$ (29,025)</u>	<u>\$ 126,154</u>	<u>\$ (22,823)</u>	<u>\$ -</u>	<u>\$ (3,160)</u>	<u>\$ 167,331</u>	<u>\$465,025</u>	<u>\$ 572,655</u>	<u>\$ -</u>	<u>\$ 1,245,856</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS
JOINT FUNDING ADMINISTRATION PROGRAMS
For the Year Ended June 30, 2022**

	<u>BUDGET</u>	<u>DIRECT</u>	<u>INDIRECT</u>	<u>TOTAL</u>	ACTUAL FAVORABLE (UNFAVORABLE)
Revenues:					
Federal	\$ 438,958	\$ 408,680	\$ -	\$ 408,680	\$ (30,278)
State	147,001	147,001	-	147,001	-
Local funds	-	-	-	-	-
	<u>585,959</u>	<u>555,681</u>	<u>-</u>	<u>555,681</u>	<u>(30,278)</u>
Expenditures:					
Community and Economic Development EDA (120)	83,333	74,030	9,711	83,741	(408)
Community and Economic Development (125)	48,225	36,976	17,969	54,945	(6,720)
Community and Economic Development (130)	212,444	197,214	53,690	250,904	(38,460)
JFA- CARES	<u>241,957</u>	<u>163,633</u>	<u>32,759</u>	<u>196,392</u>	<u>45,565</u>
	<u>585,959</u>	<u>471,853</u>	<u>114,129</u>	<u>585,982</u>	<u>(23)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 83,828</u>	<u>\$ (114,129)</u>	<u>\$ (30,301)</u>	<u>\$ (30,301)</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF AGING OPERATIONS BY PROGRAM
For the Year Ended June 30, 2022

	<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	\$ 8,580	\$ 272,303	\$ 13,407	\$ 38,984	\$ 406,422	\$ 23,145	\$ 395,058
State Grants	31,099	69,463	-	16,775	30,000	7,001	30,597
Local	-	-	-	-	23,302	-	8,545
Other	-	-	-	-	-	-	-
Interest on loans	-	-	-	-	-	-	-
In-Kind	-	-	-	-	69,000	-	12,000
Program Revenue	-	-	-	-	-	-	-
Total Revenues	<u>39,679</u>	<u>341,766</u>	<u>13,407</u>	<u>55,759</u>	<u>528,724</u>	<u>30,146</u>	<u>446,200</u>
<u>Expenses</u>							
Salaries	21,127	73,879	6,272	32,432	108,623	16,529	134,207
Personnel Burden	7,849	46,661	3,933	10,497	55,498	5,491	60,688
Leave Time	1,428	4,684	437	2,068	4,837	1,017	5,033
Contracts	-	74,864	-	-	-	-	-
Travel Staff	48	1,637	-	-	583	-	605
In-Kind Expenses	-	-	-	-	69,000	-	12,000
Other Direct Expenses	66	110,717	-	25	241,815	25	175,833
Shared Costs	9,606	29,324	2,877	10,737	48,367	7,084	57,834
Total Expenditures	<u>40,124</u>	<u>341,766</u>	<u>13,519</u>	<u>55,759</u>	<u>528,723</u>	<u>30,146</u>	<u>446,200</u>
Revenue Over (Under)	<u>\$ (445)</u>	<u>\$ -</u>	<u>\$ (112)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures							

<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</u> <u>HD Meals</u>	<u>Total</u>
\$ 22,821	\$ -	\$ 145,922	\$ -	\$ -	\$ -	\$ 1,326,642
-	-	-	91,107	549,795	263,664	1,089,501
-	-	-	-	-	-	31,847
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	22,716	-	-	15,500	119,216
-	-	-	-	-	-	-
<u>22,821</u>	<u>-</u>	<u>168,638</u>	<u>91,107</u>	<u>549,795</u>	<u>279,164</u>	<u>2,567,206</u>
5,902	-	42,760	47,025	100,944	92,380	682,080
3,296	-	24,802	16,929	59,441	37,248	332,333
390	-	3,846	3,496	5,681	3,120	36,037
-	-	-	-	296,582	-	371,446
-	-	28	47	3,506	281	6,735
-	-	22,716	-	-	15,500	119,216
11,774	-	81,093	88	39,276	94,761	755,473
1,459	-	19,393	23,901	44,365	35,875	290,822
<u>22,821</u>	<u>-</u>	<u>194,638</u>	<u>91,486</u>	<u>549,795</u>	<u>279,165</u>	<u>2,594,142</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,000)</u>	<u>\$ (379)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (26,936)</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF AGING OPERATIONS BY PROGRAM CONTINUED
For the Year Ended June 30, 2022

	<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 Admin</u>	<u>SHIP</u> <u>Services</u>	<u>STLC</u>
<u>Revenues</u>								
Federal Grants	\$ 12,673	\$ 4,754	\$ 106,080	\$ -	\$ -	\$ 3,340	\$ 30,165	\$ -
State Grants	2,865	1,865	-	-	89,811	-	-	34,894
Local	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-	-
In-Kind	264	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
Total Revenues	<u>15,802</u>	<u>6,619</u>	<u>106,080</u>	<u>-</u>	<u>89,811</u>	<u>3,340</u>	<u>30,165</u>	<u>34,894</u>
<u>Expenses</u>								
Salaries	6,965	3,074	-	-	13,893	1,679	13,459	13,641
Personnel Burden	4,496	1,951	-	-	7,101	718	7,694	8,682
Leave Time	488	233	-	-	1,156	144	1,140	1,025
Contracts	-	-	-	-	-	-	-	-
Travel Staff	75	-	-	-	493	-	731	2,101
In-Kind	264	-	-	-	-	-	-	-
Other Direct	597	-	106,080	-	61,519	-	960	2,541
Total Shared Costs	<u>2,917</u>	<u>1,361</u>	<u>-</u>	<u>-</u>	<u>5,755</u>	<u>799</u>	<u>7,804</u>	<u>6,947</u>
Total Expenditures	<u>15,802</u>	<u>6,619</u>	<u>106,080</u>	<u>-</u>	<u>89,917</u>	<u>3,340</u>	<u>31,788</u>	<u>34,937</u>
Revenue Over (Under)								
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (106)</u>	<u>\$ -</u>	<u>\$ (1,623)</u>	<u>\$ (43)</u>

<u>Medicaid</u> <u>ADRC</u>	<u>CDSMP</u>	<u>FAST</u>	<u>IAO</u>	<u>MIPPA</u> <u>ADRC</u>	<u>MIPPA AAA</u>	<u>MIPPA SHIP</u>	<u>Total</u>
\$ 31,972	\$ -	\$ 1,000	\$ -	\$ 4,943	\$ 11,893	\$ 8,550	\$ 215,370
7,200	-	-	-	-	-	-	136,635
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	264
-	-	-	-	-	-	-	-
<u>39,172</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>4,943</u>	<u>11,893</u>	<u>8,550</u>	<u>352,269</u>
17,972	-	-	-	2,585	6,040	4,534	83,842
10,123	-	-	-	1,446	3,370	2,182	47,763
1,411	-	-	-	192	539	249	6,577
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,400
-	-	-	-	-	-	-	264
400	-	1,000	-	-	-	585	173,682
<u>9,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746</u>	<u>2,072</u>	<u>1,163</u>	<u>38,830</u>
<u>39,172</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>4,969</u>	<u>12,021</u>	<u>8,713</u>	<u>354,358</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26)</u>	<u>\$ (128)</u>	<u>\$ (163)</u>	<u>\$ (2,089)</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS
OTHER GRANTS AND CONTRACTS
For the Year Ended June 30, 2022

	<u>Transportation Planning</u>	<u>Transportation Road Updates</u>	<u>KIA</u>	<u>USDA Rural Housing</u>	<u>Hazard Mitigation</u>	<u>Brownsfields</u>	<u>OAHMP</u>	<u>Total</u>
<u>Revenues</u>								
Federal Grants	\$ -	\$ -	\$ -	\$ 6,776	\$ -	\$ 78,912	\$ 26,017	\$ 111,705
State Grants	78,254	19,800	76,000	-	14,749	-	-	188,803
Local	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
Total Revenues	<u>78,254</u>	<u>19,800</u>	<u>76,000</u>	<u>6,776</u>	<u>14,749</u>	<u>78,912</u>	<u>26,017</u>	<u>300,508</u>
<u>Expenses</u>								
Salaries and wages	45,036	12,639	47,197	4,961	10,116	3,192	4,347	127,488
Personnel Burden	16,324	5,471	13,343	1,480	3,577	279	1,702	42,176
Leave Time	2,659	603	2,867	335	506	44	174	7,188
Contracts	-	-	-	-	-	73,400	14,840	88,240
Travel - Staff	30	-	44	-	-	1,383	-	1,457
Other Direct Expenses	2,223	277	1,821	-	-	613	4,277	9,211
Total Shared Costs	<u>21,966</u>	<u>3,216</u>	<u>21,161</u>	<u>2,072</u>	<u>550</u>	<u>1,089</u>	<u>677</u>	<u>50,731</u>
Total Expenses	<u>88,238</u>	<u>22,206</u>	<u>86,433</u>	<u>8,848</u>	<u>14,749</u>	<u>80,000</u>	<u>26,017</u>	<u>326,491</u>
Revenue Over (Under) Expenses	<u>\$ (9,984)</u>	<u>\$ (2,406)</u>	<u>\$ (10,433)</u>	<u>\$ (2,072)</u>	<u>\$ -</u>	<u>\$ (1,088)</u>	<u>\$ -</u>	<u>\$ (25,983)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT, WIOA
For the Year Ended June 30, 2022**

Federal Assistance

WIA Revenue by Grant	Listing Number	
WIA-Youth:		
274YT20 -PY 19	17.259	\$ 88,210
274YT21 -PY 20	17.259	113,635
274YT22 -PY 21	17.259	796,772
274YT23 -PY 22	17.259	391,911
WIA-Adult:		
270SR20- PY-19	17.258	14,108
270AD21- PY-20	17.258	10,402
270AD22- PY-21	17.258	159,973
273AD21 - FY 21	17.258	276,027
273AD22 - FY 22	17.258	638,442
WIA-Dislocated Workers:		
271DW21 - FY-21	17.278	478,636
271DW22 - FY-22	17.278	158,627
272DW21 - PY-21	17.278	105,666
272DW22 - PY-22	17.278	160,810
258CV20	17.277	293,054
258CV21	17.277	239,571
Total Revenue		<u>\$ 3,925,844</u>
Expenditures:		
WIA-Youth:		
274YT20 -PY 19	17.259	\$ 88,210
274YT21 -PY 20	17.259	113,635
274YT22 -PY 21	17.259	796,772
274YT23 -PY 22	17.259	391,911
WIA-Adult:		
270SR20- PY-19	17.258	14,108
270AD21- PY-20	17.258	10,402
270AD22- PY-21	17.258	159,973
273AD21 - FY 21	17.258	276,027
273AD22 - FY 22	17.258	638,442
WIA-Dislocated Workers:		
271DW21 - FY-21	17.278	478,636
271DW22 - FY-22	17.278	158,627
272DW21 - PY-21	17.278	105,666
272DW22 - PY-22	17.278	160,810
258CV20	17.277	293,054
258CV21	17.277	239,571
Total Expenditures		<u>\$ 3,925,844</u>
Revenues Over (Under) Expenditures		<u>\$ -</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022**

	<u>Pass-Through Grantor's Number</u>	<u>Federal Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
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	\$ -	\$ 70,709
Part B: Supportive Services	09-11891	93.044	72,364	285,710
Part C1: Nutrition Services	09-11891	93.045	-	406,422
Part C2: Nutrition Services	09-11891	93.045	-	395,058
Nutrition Services Incentive Program (USDA)	09-11891	93.053	-	106,080
Total Aging Cluster			<u>72,364</u>	<u>1,263,979</u>
Part D: Disease Prevention	09-11891	93.043	-	22,821
Part E: National Family Caregiver Support	09-11891	93.052	-	145,922
Specialty Contracts:				
Center for Medicare & Medicaid Services (SHIP)	09-11891	93.324	-	33,505
Aging & Disability Resource Center (ADRC)	09-11891	93.778	-	31,972
FAST		93.069	-	1,000
MIPPA - AAA		93.071	-	11,893
MIPPA - SHIP		93.071	-	8,550
MIPPA - ADRC		93.071	-	4,943
Programs for Aging Title VII:				
Ombudsman	09-11891	93.042	-	12,673
Elder Abuse	09-11891	93.041	-	4,754
Total U.S. Department of Health and Human Services			<u>72,364</u>	<u>1,542,012</u>
US Department of Commerce:				
Economic Development Cluster				
JFA EDA Cares Act		11.307	-	196,392
Revolving Loan Fund (1) Economic Adjustment Assistance		11.307	-	1,440,864
Revolving Loan Fund (1) Investments for Public Works and Assistance		11.300	-	1,038,656
Total Economic Development Cluster			<u>-</u>	<u>2,675,912</u>
Passed through Department for Local Government				
Appalachian Regional Commission (ARC)		23.009	-	121,509
Economic Development Technical Assistance (JFA-EDA)		11.302	-	66,667
CDBG - Technical Assistance Program (JFA-CDBG)		14.218	-	24,112
			<u>-</u>	<u>212,288</u>
Total Department of Commerce			<u>-</u>	<u>2,888,200</u>
USDA Rural Development				
Healthy Living Project		10.766	-	6,776
USDA HUD				
OAHMP	KYHMR0006-21	14.921	-	26,017
U.S. Environmental Protection Agency				
Brownsfield Multipurpose and Assessment	BF-02D06921	66.818	-	78,912
U.S. Department of the Interior, Abandoned Mine Land Reclamation (AMLR)				
Stearns Downton Revitalization AML Pilot Project	S18AF20020	15.252	-	42,962

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONCLUDED
For the Year Ended June 30, 2022

	<u>Pass-Through Grantor's Number</u>	<u>Federal Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Labor, Passed Through Kentucky Cabinet for				
Workforce Services: WIOA				
WIOA-Youth:				
274YT20 - PY 19	M-04127521	17.259	-	88,210
274YT21 - PY 20	M-04127521	17.259	-	113,635
274YT22 - PY 21	M-04127521	17.259	-	796,772
274YT23 - PY 22	M-04127521	17.259	-	391,911
WIOA-Adult:				
270SR21- PY-19	M-04127521	17.258	-	14,108
270AD21- PY-20	M-04127521	17.258	-	10,402
270AD22- PY-21	M-04127521	17.258	-	159,973
273AD21 - FY 21	M-04127521	17.258	-	276,027
273AD22 - FY 22	M-04127521	17.258	-	638,442
WIOA-Dislocated Workers:				
271DW21 - FY-21	M-04127521	17.278	-	478,636
271DW22 - FY-22	M-04127521	17.278	-	158,627
272DW21 - PY20	M-04127521	17.278	-	105,666
272DW22 - PY21	M-04127521	17.278	-	160,810
Total WIOA Cluster			-	3,393,219
U.S. Department of Labor, Passed Through Kentucky Cabinet for				
Workforce Services: WIOA				
WIOA-Dislocated Workers National Emergency Grants:				
258CV20	M-04127521	17.277	-	293,054
258CV21	M-04127521	17.277	-	239,571
			-	532,625
U.S. Department of Labor				
Passed Through Lincoln Trail Area Development District: WIOA				
WIOA-Adult				
	273AD22	17.258	-	9,548
	273AD21	17.258	-	42,648
WIOA-Youth				
	274YT22	17.259	-	40,823
	274YT21	17.259	-	24,859
WIOA-Dislocated Workers				
	271DW21	17.278	-	76,370
	272DW21	17.278	-	27,451
	272DW20	17.278	-	14,933
	271DW20	17.278	-	31,294
	271RR20	17.278	-	13,601
			-	281,527
Total WIOA Federal Financial Assistance			-	4,207,371
Total Federal Financial Assistance			\$ 72,364	\$ 8,792,250

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

RLF Grant Calculation of Federal Amount:

	11.300 <u>EDA</u>	11.307 <u>Cares</u>
Balance of loans outstanding, June 30, 2022	\$ 964,965	\$ 989,082
Cash and Investments at June 30, 2022	562,470	379,723
Administrative expenses	-	72,059
	<u>1,527,435</u>	<u>1,440,864</u>
 EDA percent	 <u>68%</u>	 <u>100%</u>
Amounts reported on the schedule of federal awards	 <u>\$ 1,038,656</u>	 <u>\$ 1,440,864</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, 2022. 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, 2022**

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:

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>
Department of Health and Human Services	
Aging Cluster	93.044, 93.045, 93.053
US Department of Commerce	
Revolving Loan Fund and EDA Cares Act	11.300, 11.307

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2022**

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

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, 2022, 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 22, 2022.

Report on 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, or significant deficiencies may exist that have not been identified.

Report on 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 & Rathledge, PLLC

Glasgow, Kentucky
November 22, 2022

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

Opinion on 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, 2022. Lake Cumberland Area Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
November 22, 2022

