

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

Report on Audit of
Financial Statements
For the Year Ended June 30, 2023

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
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CAMPBELL, MYERS AND RUTLEDGE, PLLC

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

Skip R. Campbell, CPA ■ L. Joe Rutledge, CPA ■ Jenna B. Glass, CPA ■ Jordan T. Constant, CPA ■ Lane S. Norris, CPA

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, 2023, 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, 2023, 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 December 15, 2023, 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
December 15, 2023

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 2023. 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 2023:

CONDENSED STATEMENT OF NET POSITION

	FY 2023	FY 2022	Change
Current Assets	\$ 7,321,388	\$ 6,059,927	\$ 1,261,461
Capital and Other Assets	4,020,775	3,873,878	146,897
Deferred Outflows of Resources	<u>2,571,525</u>	<u>2,209,885</u>	<u>361,640</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 13,913,688</u>	<u>\$ 12,143,690</u>	<u>\$ 1,769,998</u>
Current Liabilities	\$ 1,419,956	\$ 780,390	\$ 639,566
Long Term Liabilities	9,107,955	9,120,375	(12,420)
Deferred Inflows of Resources	<u>2,219,327</u>	<u>2,377,601</u>	<u>(158,274)</u>
Total Liabilities & Deferred Inflows of Resources	<u>12,747,238</u>	<u>12,278,366</u>	<u>468,872</u>
Net Position			
Net Investment in Capital assets	\$ 924,197	\$ 972,049	\$ (47,852)
Restricted	2,865,783	2,828,495	37,288
Unrestricted	<u>(2,623,530)</u>	<u>(3,935,220)</u>	<u>1,311,690</u>
Total Liabilities, Deferred Inflows of Resources & Net Position	<u>\$ 13,913,688</u>	<u>\$ 12,143,690</u>	<u>\$ 1,769,998</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The condensed statement of statement of activities had the following changes:

CONDENSED STATEMENT OF ACTIVITIES

	FY 2023	FY 2022	Change
Operating Revenues			
Federal	\$ 6,348,636	\$ 6,484,789	\$ (136,153)
State	9,654,627	7,465,446	2,189,181
In-Kind	48,931	119,480	(70,549)
Other and Local	<u>556,077</u>	<u>1,605,946</u>	<u>(1,049,869)</u>
Total Operating Revenues	<u>16,608,271</u>	<u>15,675,661</u>	<u>932,610</u>
Operating Expenses			
Salaries and Fringe	3,187,834	3,377,771	(189,937)
Subgrantees and Contractual	10,236,308	9,024,361	1,211,947
Other	<u>1,915,161</u>	<u>2,065,412</u>	<u>(150,251)</u>
Total Operating Expenses	<u>15,339,303</u>	<u>14,467,544</u>	<u>871,759</u>
Operating Income	<u>1,268,968</u>	<u>1,208,117</u>	<u>60,851</u>
Non-Operating Income (Expense)			
Bank Interest Income	<u>32,158</u>	<u>37,739</u>	<u>(5,581)</u>
Total Non-Operating Income	<u>32,158</u>	<u>37,739</u>	<u>(5,581)</u>
Change in Net Position	1,301,126	1,245,856	55,270
Net Position, Beginning of Year	<u>(134,676)</u>	<u>(1,380,532)</u>	<u>1,245,856</u>
Net Position, End of Year	<u>\$ 1,166,450</u>	<u>\$ (134,676)</u>	<u>\$ 1,301,126</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, 2023 totaled \$1,879,937 compared to \$1,954,047 in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

The district did not purchase or retire any fixed assets in the current year. Depreciation expense for the current year was \$47,853 for the fiscal year 2023, leaving a remaining balance of \$924,197 in net capital assets.

LONG-TERM DEBT

LCADD has no long term debt at the end of fiscal year 2023.

Economic Factors and Next Year's Budget

LCADD considered many factors when initially setting the fiscal year 2023 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 \$855,665 in FY-22 to \$ 731,463 in FY-23 for a decrease of 14.52%. This is a \$124,202 decrease. WIOA formula funding for Dislocated Workers decreased from \$845,154 in FY-22 to \$766,327 for FY-23 for a decrease of 9.33%. This is a \$78,827 decrease. WIOA formula funding for Youth services decreased from \$884,981 in FY-23, to \$680,877 in FY-23 for a decrease of 23.06%. This was a \$204,104 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.

Special funding awards during FY-23, \$157,000 was received through Statewide Reserve dollars to deliver, purchase, and install training equipment for the Adair County Technical school program. The project included the acquisition and installation of a CI BX Press Brake and system; including operator and maintenance training for Mr. Barney Taylor, Adair County High School Welding Instructor.

LCADD Workforce Department had no new employees during FY-23. Two employees retired, and one pursued other employment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Planning Department

During FY-23, the LCADD Planning Department had an income totaling \$179,253 through contracts with the Kentucky Transportation Cabinet, and the Kentucky Infrastructure Authority. These contracts were \$5,199 more than the previous year.

These contracts are as follows:

Transportation Planning	\$83,453
Water and Wastewater Planning	\$76,000
Local Road Updates	<u>\$19,800</u>
Total:	<u>\$179,253</u>

The planning department also assisted with Magisterial Reapportionment, Solid Waste Plans and Safe Streets 4 All grant administration.

Aging and Independent Living

The Lake Cumberland Area Agency on Aging and Independent Living (LCAAIL) Aging Programs FY23 allocations \$ 3,236,821

During FY23, LCADD utilized some of the American Rescue Plan Act (ARPA) funds for upgrading our Senior Centers with new technology, May Senior Center and OBIE JOY.

During FY23, LCAAIL had new staff additions/changes. Aging Director, ADRC Coordinator, SHIP Coordinator and new Service Advisors.

The Aging and Disability Resource Center again played a vital role in connecting community members with services and resources having received 2,947 calls in FY23.

Homecare services were provided to 168 clients in FY23. There were 793 clients served through our ESMP Expanded Senior Meal Program for Home Delivered meals this is a two year program that began in FY23 and runs through FY24

Veteran Directed-Services served 10 Veteran participants during FY23. The number of (PDS) Participant Directed Service 260 Traditional Waiver participants served 75 for FY23.

MANAGEMENTS DISCUSSION AND ANALYSIS, CONCLUDED

Community & Economic Development

In FY-23, staff had administration contracts for a number of projects. Staff is currently assisting with 40 on-going projects. 13 projects have been completed and closed-out during FY-23. Staff prepared 34 applications for potential new projects.

Staff closed 2 loans totaling \$388,000, creating 3 new jobs with CARES funds. 2 loans were closed using funds from the CARES RLF program. 2 loans that were funded by CARES RLF program were paid off.

In FY-23, a new Community Development Specialist was hired. This position is being funded from JFA allocation.

FY23 RLF Write-Offs

There were no loans written-off during fiscal year ended June 30, 2023.

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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,145,938	\$ 498,611	\$ 5,644,549
Accounts receivable			
Federal, state and local grants	1,617,373	-	1,617,373
Prepaid expenses	59,466	-	59,466
Total current assets	<u>6,822,777</u>	<u>498,611</u>	<u>7,321,388</u>
Other assets			
Restricted Cash	-	1,007,740	1,007,740
Internal balances	21,894	(21,894)	-
RLF notes receivable, current, restricted	-	515,616	515,616
RLF notes receivable, restricted	-	1,364,321	1,364,321
Right of use asset	208,901	-	208,901
Property and equipment, net	-	924,197	924,197
Total other assets	<u>230,795</u>	<u>3,789,980</u>	<u>4,020,775</u>
Total assets	<u>7,053,572</u>	<u>4,288,591</u>	<u>11,342,163</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - Pension	1,572,283	-	1,572,283
Deferred outflows - OPEB	999,242	-	999,242
Total deferred outflows of resources	<u>2,571,525</u>	<u>-</u>	<u>2,571,525</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,103,938	17,824	1,121,762
Accrued expenses	250,117	-	250,117
Current portion of lease liability	46,222	-	46,222
Current portion of accrued leave	1,855	-	1,855
Total current liabilities	<u>1,402,132</u>	<u>17,824</u>	<u>1,419,956</u>
Long-term liabilities			
Net pension liability	6,862,864	-	6,862,864
Net OPEB liability	1,873,338	-	1,873,338
Lease liability	163,569	-	163,569
Accrued leave	208,184	-	208,184
Total long-term liabilities	<u>9,107,955</u>	<u>-</u>	<u>9,107,955</u>
Total liabilities	<u>10,510,087</u>	<u>17,824</u>	<u>10,527,911</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	1,084,734	-	1,084,734
Deferred Inflows - OPEB	1,134,593	-	1,134,593
Total Deferred inflows of resources	<u>2,219,327</u>	<u>-</u>	<u>2,219,327</u>
NET POSITION			
Net investment in capital assets	-	924,197	924,197
Restricted	-	2,865,783	2,865,783
Unrestricted	(3,104,317)	480,787	(2,623,530)
Total net position	<u>\$ (3,104,317)</u>	<u>\$ 4,270,767</u>	<u>\$ 1,166,450</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, 2023**

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	\$ 2,567,125	\$ 293,811	\$ -	\$ 2,835,398	\$ (25,538)	\$ -	\$ (25,538)
Aging	3,436,502	309,986	-	3,722,145	(24,343)	-	(24,343)
JFA	429,211	98,644	-	527,855	-	-	-
Transportation	150,895	35,702	-	179,209	(7,388)	-	(7,388)
PDS	7,251,995	170,503	-	7,753,610	331,112	-	331,112
Other and Internal	1,025,305	34,631	-	1,066,030	6,094	-	6,094
Local Unrestricted	<u>(641,589)</u>	<u>-</u>	<u>-</u>	<u>282,947</u>	<u>924,536</u>	<u>-</u>	<u>924,536</u>
Total Governmental Activities	14,219,444	943,277	-	16,367,194	1,204,473	-	1,204,473
Business Activities:							
Lake Cumberland							
Development Council	155,927	-	155,927	-	-	-	-
Title IX RLF	<u>15,303</u>	<u>5,352</u>	<u>56,967</u>	<u>-</u>	<u>-</u>	<u>36,312</u>	<u>36,312</u>
Total Business-type Activities	<u>171,230</u>	<u>5,352</u>	<u>212,894</u>	<u>-</u>	<u>-</u>	<u>36,312</u>	<u>36,312</u>
Total Primary Government	<u>\$ 14,390,674</u>	<u>\$ 948,629</u>	<u>\$ 212,894</u>	<u>\$ 16,367,194</u>	<u>\$ 1,204,473</u>	<u>\$ 36,312</u>	<u>\$ 1,240,785</u>
General Revenues:							
Gain/(Loss) sale of equipment					\$ -	\$ 28,183	\$ 28,183
Interest Income					30,608	1,550	32,158
Total General Revenues					<u>30,608</u>	<u>29,733</u>	<u>60,341</u>
Change in Net Position					1,235,081	66,045	1,301,126
Net Position July 1, 2022					<u>(4,339,398)</u>	<u>4,204,722</u>	<u>(134,676)</u>
Net Position June 30, 2023					<u>\$ (3,104,317)</u>	<u>\$ 4,270,767</u>	<u>\$ 1,166,450</u>

The accompanying notes are an integral part of the financial statements.
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2023**

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and cash equivalents	\$ 3,552,575	\$ 1,593,363	\$ 5,145,938
Accounts receivable:			
Federal and state contributions	276,379	1,340,994	1,617,373
Due from other funds	21,894	-	21,894
Prepaid expenses	-	59,466	59,466
Due from special revenue	<u>1,591,691</u>	<u>-</u>	<u>1,591,691</u>
Total assets	<u>\$ 5,442,539</u>	<u>\$ 2,993,823</u>	<u>\$ 8,436,362</u>
LIABILITIES:			
Accounts payable:			
Vendors	\$ -	\$ 1,103,938	\$ 1,103,938
Accrued payroll	-	250,117	250,117
Accrued leave	-	1,855	1,855
Lease liabilities	-	46,222	46,222
Due to general fund	<u>-</u>	<u>1,591,691</u>	<u>1,591,691</u>
Total liabilities	<u>-</u>	<u>2,993,823</u>	<u>2,993,823</u>
FUND BALANCE:			
Unassigned	<u>5,442,539</u>	<u>-</u>	<u>5,442,539</u>
Total fund balance	<u>5,442,539</u>	<u>-</u>	<u>5,442,539</u>
Total liabilities and fund balance	<u>\$ 5,442,539</u>	<u>\$ 2,993,823</u>	<u>\$ 8,436,362</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, 2023**

Total fund balance - Governmental funds	\$	5,442,539
Amounts reported for governmental activities in the statement of net position are different because:		
Right of use assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		208,901
Deferred outflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reported in the funds.		2,571,525
Deferred inflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reported in the funds.		(2,219,327)
Long term liabilities are not due and payable in the current period and therefore are not reported in the government funds.		
Net pension liabilities		(6,862,864)
Net OPEB liabilities		(1,873,338)
Lease liabilities		(163,569)
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>(208,184)</u>
Net position end of year - Governmental activities	\$	<u><u>(3,104,317)</u></u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u>
Revenues:			
Federal and state grants	\$ -	\$ 8,249,653	\$ 8,249,653
PDS and Veteran's Program Administration	-	7,753,610	7,753,610
Other	<u>282,947</u>	<u>80,984</u>	<u>363,931</u>
Total Revenues	<u>282,947</u>	<u>16,084,247</u>	<u>16,367,194</u>
Expenditures:			
Current programs:			
JFA	-	429,211	429,211
Aging	-	3,436,502	3,436,502
Transportation	-	150,895	150,895
WIOA	-	2,567,125	2,567,125
PDS	-	7,251,995	7,251,995
Other	-	1,025,305	1,025,305
Internal	69,314	-	69,314
Allocation of indirect costs	<u>-</u>	<u>973,609</u>	<u>973,609</u>
Total Expenditures	69,314	15,834,642	15,903,956
Excess of Revenues over (under) Expenditures	213,633	249,605	463,238
Other financing sources:			
Interest Income	30,608	-	30,608
Operating transfers in (out)	<u>249,605</u>	<u>(249,605)</u>	<u>-</u>
Total other financing sources (uses)	<u>280,213</u>	<u>(249,605)</u>	<u>30,608</u>
Excess of revenues and other sources over (under) expenditures	493,846	-	493,846
Fund balance, July 1, 2022	<u>4,948,693</u>	<u>-</u>	<u>4,948,693</u>
Fund balance, June 30, 2023	<u>\$ 5,442,539</u>	<u>\$ -</u>	<u>\$ 5,442,539</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Net change in fund balances - Governmental Funds	\$	493,846
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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		710,903
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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.		30,332
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Change in net position of Governmental Activities	\$	1,235,081
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023**

	Business type Activities		
	<u>RLF</u>	<u>Lake Cumberland Development Council</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ -	\$ 498,611	\$ 498,611
Total current assets	-	498,611	498,611
Other assets			
Cash, restricted	1,007,740	-	1,007,740
Notes Receivable, current- restricted	515,616	-	515,616
Notes receivable, restricted	1,364,321	-	1,364,321
Property and Equipment, net	-	924,197	924,197
Total assets	\$ 2,887,677	\$ 1,422,808	\$ 4,310,485
LIABILITIES			
Current liabilities			
Accounts Payable	\$ -	\$ 17,824	\$ 17,824
Interfund Payables	21,894	-	\$ 21,894
Total current liabilities	21,894	17,824	39,718
Total liabilities	21,894	17,824	39,718
NET POSITION			
Net investment in capital assets	-	924,197	924,197
Restricted	2,865,783	-	2,865,783
Unrestricted	-	480,787	480,787
Total net position	\$ 2,865,783	\$ 1,404,984	\$ 4,270,767

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023**

	<u>RLF</u>	<u>Lake Cumberland Development Council</u>	<u>Total</u>
REVENUES			
Building and equipment rentals and other	\$ -	\$ 155,927	\$ 155,927
Program Income	<u>56,967</u>	<u>-</u>	<u>56,967</u>
 Total operating Revenue	 <u>56,967</u>	 <u>155,927</u>	 <u>212,894</u>
EXPENSES			
Salaries	10,211	-	10,211
Fringe benefits	3,691	-	3,691
Depreciation	-	47,853	47,853
Other	1,401	108,074	109,475
Indirect costs	<u>5,352</u>	<u>-</u>	<u>5,352</u>
 Total Operating Expenses	 <u>20,655</u>	 <u>155,927</u>	 <u>176,582</u>
 Operating Income	 36,312	 -	 36,312
NON-OPERATING REVENUES (EXPENSES)			
Gain/(Loss) on sale of equipment	-	28,183	28,183
Interest income	<u>976</u>	<u>574</u>	<u>1,550</u>
 Total Non-Operating Revenues (Expenses)	 <u>976</u>	 <u>28,757</u>	 <u>29,733</u>
 Increase In Net Position	 37,288	 28,757	 66,045
 Net position, July 1, 2022	 <u>2,828,495</u>	 <u>1,376,227</u>	 <u>4,204,722</u>
 Net position, June 30, 2023	 <u>\$ 2,865,783</u>	 <u>\$ 1,404,984</u>	 <u>\$ 4,270,767</u>

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	RLF	Lake Cumberland Development Council	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Program Income	\$ 62,556	\$ 155,927	\$ 218,483
Payments to suppliers	<u>(72,095)</u>	<u>(129,001)</u>	<u>(201,096)</u>
Net cash provided by operating activities	<u>(9,539)</u>	<u>26,926</u>	<u>17,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest income	<u>976</u>	<u>574</u>	<u>1,550</u>
Net cash provided by investing activities	<u>976</u>	<u>574</u>	<u>1,550</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the sale of equipment	<u>-</u>	<u>28,183</u>	<u>28,183</u>
Net cash (used in) capital and related financing activities	<u>-</u>	<u>28,183</u>	<u>28,183</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Payments on notes receivable	462,110	-	462,110
Issuance of notes receivable	<u>(388,000)</u>	<u>-</u>	<u>(388,000)</u>
Net cash provided by (used in) non capital financing activities	<u>74,110</u>	<u>-</u>	<u>74,110</u>
Net increase (decrease) in cash and cash equivalents	65,547	55,683	121,230
Cash and cash equivalents - beginning of the year	<u>942,193</u>	<u>442,928</u>	<u>1,385,121</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 1,007,740</u>	<u>\$ 498,611</u>	<u>\$ 1,506,351</u>
Reconciliation of operating income to net cash provided by operating activities			
Increase (Decrease) in operating income	\$ 36,312	\$ -	\$ 36,312
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	5,589	-	5,589
Increase (Decrease) in Interfund Payables	(51,440)	-	(51,440)
Increase (decrease) accounts and other payables	<u>-</u>	<u>(20,927)</u>	<u>(20,927)</u>
Net cash provided by operating activities	<u>\$ (9,539)</u>	<u>\$ 26,926</u>	<u>\$ 17,387</u>
Cash and cash equivalents consists of the following:			
Unrestricted cash	\$ -	\$ 498,611	\$ 498,611
Restricted cash	<u>1,007,740</u>	<u>-</u>	<u>1,007,740</u>
Total cash and cash equivalents	<u>\$ 1,007,740</u>	<u>\$ 498,611</u>	<u>\$ 1,506,351</u>

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023**

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, Participant Directed Services (PDS), 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.

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, 2023**

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, 2023**

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, 2023 is \$210,039. Included in this amount is \$1,855 shown on the governmental funds balance sheet. This represents retirees that were paid out after June 30, 2023.

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 \$155,927 in rentals for the year ended June 30, 2023. 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, 2023. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

New Accounting Principle – For 2023, 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 reported a right of use asset of \$208,901 and a lease liability, current and non-current portion, in the amount of \$209,791 that is included in this category.

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements to provide an understanding of changes in the Company's financial position and operations. Also, certain amounts presented in the prior year have been reclassified to be consistent with current year's presentation.

2. CASH AND INVESTMENTS

At year end, the carrying amount of the District's cash deposits and investments was \$6,652,289. Of this amount, \$6,182,890 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, 2023**

3. GRANTS RECEIVABLE

Federal, state and local grants receivable consist of the following at June 30, 2023:

Grants Receivable

WIOA	\$	326,390
Aging		413,705
PDS		600,897
Other programs		<u>276,381</u>
Total grants receivable	\$	<u><u>1,617,373</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	\$	3,025,557
Less; Loan Repayments		<u>(1,145,620)</u>
Total Outstanding Loans		1,879,937
Less: Allowance for Bad Debts		<u>-</u>
Net Loans Receivable	\$	<u><u>1,879,937</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. No bad debts were written off 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, 2023. The following summarizes the changes in fixed assets during the year ended:

Capital Assets	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Buildings	1,868,132	-	-	1,868,132
Equipment and Vehicles	<u>564,806</u>	<u>-</u>	<u>(85,299)</u>	<u>479,507</u>
Total	2,502,938	-	(85,299)	2,417,639
Accumulated depreciation	<u>(1,530,888)</u>	<u>(47,853)</u>	<u>85,299</u>	<u>(1,493,442)</u>
Net Capital Assets	<u>\$ 972,050</u>	<u>\$ (47,853)</u>	<u>\$ -</u>	<u>\$ 924,197</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

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, 2023**

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, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS of \$6,862,864.

The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2022, 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, 2022, the District's proportion was .094935%.

For the year ended June 30, 2023, the District recognized pension expense of \$(67,228). At June 30, 2023, 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	\$ 7,337	\$ 61,117
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	933,830	372,533
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	651,084
District contributions subsequent to the measurement date	631,116	-
	\$ 1,572,283	\$ 1,084,734

The fiscal year 2023 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, 2024. 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)
2024	\$	(280,854)
2025		(57,672)
2026		194,959
2027		-
2028		-
Total	\$	(143,567)

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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%

Mortality assumptions: Pre-retirement mortality assumptions use PUB-2010 General Mortality table, for the nonhazardous systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality (non-disabled) uses system specific mortality table based on mortality experience from the 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. Post-retirement mortality (disabled) projected with the ultimate trend rates from the MP-20104 mortality improvement scale using a base year of 2010. These mortality assumptions were adopted in 2019.

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, 2023**

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
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core Fixed Income	10.00%	0.28%
Specialty Credit	10.00%	2.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	4.07%
	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>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 8,577,728	\$ 6,862,864	\$5,444,529

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 23.4% pension and 3.39% OPEB for the year ended June 30, 2023. For the year ended June 30, 2023 the District's total covered payroll was approximately \$2,697,000. The District contributed \$722,548 in 2023 for both pension and OPEB and employees contributed approximately \$145,810 to the plan.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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. There were no other material assumption changes. Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2022 by %5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in medical insurance reimbursement plan that would provide reimbursement of premiums for health plan other than those administered by KPPA.

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 2022	
<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	\$13.99
10-14 years	50.00%	KERS Hazardous	\$20.99
4-9 years	25.00%	CERS Non-hazardous	\$13.99
Less than 4 years	0.00%	CERS Hazardous	\$20.99
		SPRS	\$20.99

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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. 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.

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. The distributions from the retiree health insurance trust pay the employers' portion of the blended premiums, not the employers' portion of the underlying retiree claims costs. As a result, the benefit payments and contribution amounts need to include an adjustment related to the implicit subsidy. Participating employers adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB 75 purposes.

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, 2023, the District reported a liability of \$1,873,338 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. At June 30, 2022, the District's proportionate share was .094924%.

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense of \$78,872 for the year ended June 30, 2023 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	\$ 188,567	\$ 429,600
Changes of assumptions	296,282	244,134
Net difference between projected and actual earnings on Plan investments	348,835	272,801
Change in proportion and differences between employer contribution and proportionate share of plan contribution	6,586	188,058
District contributions subsequent to the measurement date	158,972	-
	\$ 999,242	\$ 1,134,593

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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

Year Ended	Net Deferred Outflows/(Inflows)
2024	\$ (81,543)
2025	(177,564)
2026	(35,216)
2027	-
2028	-
	\$ (294,323)

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Actuarial Assumptions: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods in the measurement.

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

Mortality rates were based on system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate trend rates from MP-2014 mortality improvement scale using a base year of 2019.

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
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core Fixed Income	10.00%	0.28%
Specialty Credit	10.00%	2.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	4.07%
	100.00%	

Discount Rate: The single discount rate of 5.70% was used to measure the total OPEB liability as of June 30, 2022. 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 3.69% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2022. 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 (4.70%)	\$	2,504,354
Current Discount Rate (5.70%)	\$	1,873,338
1% Increase (6.70%)	\$	1,351,698

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Healthcare Trend Rate: The initial trend rate for participants under 65 years of age starts at 6.4% at January 1, 2022 and gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. For those over 65 years of age the trend rate starts at 6.3% at January 1, 2023 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The following table presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
CERS--		<u>Non-Hazardous</u>	
1% Decrease	\$		1,392,785
Current Healthcare Cost Trend Rate	\$		1,873,338
1% Increase	\$		2,450,391

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, 2023 the District reported revenue of \$1,177,406 from the PDS program for administration.

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, 2023**

11. RIGHT OF USE LEASE LIABILITY

The District leases various office equipment under operating leases through December 2027. At the time of initial measurement, there was no interest rate specified in the original lease agreement. The District used the risk free rate of 1.65% to discount the monthly lease payments and recognize the intangible right to use these assets and the lease liability as of June 30, 2023. Lease expense for the year ended June 30, 2023 was \$26,447. Annual requirements to amortize this lease liability and related interest are as follows:

<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
6/30/2024	\$ 3,118	\$ 46,222	\$ 49,340
6/30/2025	2,360	45,634	47,994
6/30/2026	1,591	47,076	48,667
6/30/2027	809	47,859	48,668
6/30/2028	111	23,000	23,111
	<u>\$ 7,878</u>	<u>\$ 209,791</u>	<u>\$ 217,780</u>

12. 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.

13. TRANSFER OF FUNDS

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Special Revenue	General	Operations	\$ 249,605

At June 30, 2023, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue	\$ 1,591,691
General	Proprietary - RLF	\$ 21,894

14. SUBSEQUENT EVENTS

The District has evaluated and considered the need to recognize or disclose subsequent events through December 15, 2023, 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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other	268,505	268,505	282,947	14,442
Total revenues	<u>268,505</u>	<u>268,505</u>	<u>282,947</u>	<u>14,442</u>
Expenditures:				
Subcontracts and other expenses	65,000	65,000	63,569	1,431
Travel	7,500	7,500	5,745	1,755
Total expenditures	<u>72,500</u>	<u>72,500</u>	<u>69,314</u>	<u>3,186</u>
Excess (deficit) of revenues over expenditures	<u>196,005</u>	<u>196,005</u>	<u>213,633</u>	<u>17,628</u>
Other financing sources (uses):				
Interest income	-	-	30,608	30,608
Operating transfers in (out)	-	-	249,605	249,605
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>280,213</u>	<u>280,213</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	196,005	196,005	493,846	297,841
Fund balance, July 1, 2022	<u>4,948,693</u>	<u>4,948,693</u>	<u>4,948,693</u>	-
Fund balance, June 30, 2023	<u>\$ 5,144,698</u>	<u>\$ 5,144,698</u>	<u>\$ 5,442,539</u>	<u>\$ 297,841</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal and State Grants	\$ 14,818,215	\$ 15,164,221	\$ 16,003,263	\$ 839,042
Other	50,000	50,000	80,984	30,984
Total revenues	<u>14,868,215</u>	<u>15,214,221</u>	<u>16,084,247</u>	<u>870,026</u>
Expenditures:				
Salaries	3,080,645	3,080,645	2,622,702	457,943
Fringe benefits	1,694,355	1,694,355	1,276,035	418,320
Subcontracts and other expenses	9,985,715	10,331,721	11,839,778	(1,508,057)
Travel	107,500	107,500	96,127	11,373
Total expenditures	<u>14,868,215</u>	<u>15,214,221</u>	<u>15,834,642</u>	<u>(620,421)</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>249,605</u>	<u>249,605</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>(249,605)</u>	<u>(249,605)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(249,605)</u>	<u>(249,605)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2023	<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**

	<u>June 30, 2023</u>	<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	0.094935%	0.107689%	0.110806%	0.111733%	0.110230%	0.115167%	0.12484%	0.12600%	0.12917%
District's proportionate share of net pension liability	\$ 6,862,864	\$ 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	\$ 2,697,000	\$ 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	254.46%	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	52.42%	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**

	<u>June 30, 2023</u>	<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	\$ 631,116	\$ 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>(631,116)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,697,000	\$ 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	23.40%	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**

	<u>June 30, 2023</u>	<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	0.094924%	0.107664%	0.110774%	0.111704%	0.110225%	0.115167%
District's proportionate share of net OPEB liability	\$ 1,873,338	\$ 2,061,173	\$ 2,674,855	\$ 1,878,811	\$ 1,957,023	\$ 2,315,251
District's covered-employee payroll	\$ 2,697,000	\$ 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	69.46%	76.11%	94.95%	65.42%	68.64%	84.04%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	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**

	<u>June 30, 2023</u>	<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	\$ 91,431	\$ 156,525	\$ 134,104	\$ 136,429	\$ 149,935	\$ 129,480
Contributions in relation to the contractually required contribution	<u>(91,431)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,697,000	\$ 2,708,000	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
Contributions as a percentage of covered-employee payroll	3.39%	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, 2023**

Cost Categories:

Salaries	\$ 358,241
Personnel burden	162,820
Leave time	29,230
Travel, staff and board	27,844
Equipment maintenance and rent	26,743
Building rentals	104,927
Registration and meeting expense	7,255
Contractual services, audit and legal	46,426
Utilities and telephone	56,798
Janitorial expenses	28,616
Auto expense	47,368
Dues and memberships	8,343
Printing and publications	3,470
Supplies	8,140
Insurance	22,889
Postage	4,583
Other	4,936
	<hr/>
	\$ 948,629
	<hr/> <hr/>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
COST ALLOCATION POLICY
For the Year Ended June 30, 2023**

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, 2023**

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, 2023**

A. General and Administrative - Shared Costs:			
Salaries	\$	358,241	
Personnel burden		162,820	
Leave time		29,230	
Travel, staff and board		27,844	
Equipment maintenance and rent		26,743	
Building rentals		104,927	
Registration and meeting expense		7,255	
Contractual services, audit and legal		46,426	
Utilities and telephone		56,798	
Janitorial expenses		28,616	
Auto expense		47,368	
Dues and memberships		8,343	
Printing and publications		3,470	
Supplies		8,140	
Insurance		22,889	
Postage		4,583	
Other		4,936	
Total Shared Costs			948,629
B. Direct Salaries and Benefits:			
Salaries	\$	2,622,702	
Benefits		1,276,035	
Total Direct Salaries and Benefits			3,898,737
C. Total Shared Costs			948,629
FY 2023 Shared Costs Rate (C/ B)			24.33%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended June 30, 2023**

	<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>
Revenues												
Federal Grants	\$ 270,620	\$ 2,835,398	\$2,269,518	\$ -	\$ -	\$ 691,921	\$281,179	\$ -	\$ -	\$ -	\$ -	\$ 6,348,636
State Grants	257,235	-	1,392,297	7,753,610	179,209	-	72,276	-	-	-	-	9,654,627
Local	-	-	11,399	-	-	-	20,654	-	-	270,465	-	302,518
Interest on Savings	-	-	-	-	-	-	-	976	574	30,608	-	32,158
Interest on Loans	-	-	-	-	-	-	-	56,967	-	-	-	56,967
In-Kind	-	-	48,931	-	-	-	-	-	-	-	-	48,931
Program Income	-	-	-	-	-	-	-	-	184,110	12,482	-	196,592
Total Revenues	<u>527,855</u>	<u>2,835,398</u>	<u>3,722,145</u>	<u>7,753,610</u>	<u>179,209</u>	<u>691,921</u>	<u>374,109</u>	<u>57,943</u>	<u>184,684</u>	<u>313,555</u>	<u>-</u>	<u>\$16,640,429</u>
Expenses												
Salaries	262,717	656,735	770,315	390,371	96,623	-	77,489	10,211	-	-	358,241	2,622,702
Personnel Burden	115,317	340,532	359,710	214,972	42,526	-	36,976	3,182	-	(710,903)	162,820	565,132
Leave Time	14,726	55,259	41,874	24,491	5,488	-	3,334	509	-	-	29,230	174,911
Subgrantees & Contracts	12,000	1,390,991	1,305,189	6,576,204	-	691,921	206,456	-	-	7,121	46,426	10,236,308
Travel staff	6,609	7,002	13,096	28,196	1,831	-	5,804	-	-	5,745	27,844	96,127
Other Direct Expenses	17,842	116,606	897,387	17,761	4,427	-	3,325	1,401	155,927	56,448	324,068	1,595,192
In-Kind	-	-	48,931	-	-	-	-	-	-	-	-	48,931
Total Shared Costs	<u>98,644</u>	<u>293,811</u>	<u>309,986</u>	<u>170,503</u>	<u>35,702</u>	<u>-</u>	<u>34,631</u>	<u>5,352</u>	<u>-</u>	<u>-</u>	<u>(948,629)</u>	<u>-</u>
Total Expenditures	<u>527,855</u>	<u>2,860,936</u>	<u>3,746,488</u>	<u>7,422,498</u>	<u>186,597</u>	<u>691,921</u>	<u>368,015</u>	<u>20,655</u>	<u>155,927</u>	<u>(641,589)</u>	<u>-</u>	<u>15,339,303</u>
Excess Revenue Over (Under)												
Expenditures	\$ -	\$ (25,538)	\$ (24,343)	\$ 331,112	\$ (7,388)	\$ -	\$ 6,094	\$ 37,288	\$ 28,757	\$ 955,144	\$ -	\$ 1,301,126

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS
JOINT FUNDING ADMINISTRATION PROGRAMS
For the Year Ended June 30, 2023**

	<u>BUDGET</u>	<u>DIRECT</u>	<u>INDIRECT</u>	<u>TOTAL</u>	<u>ACTUAL FAVORABLE (UNFAVORABLE)</u>
Revenues:					
Federal	\$ 270,394	\$ 270,620	\$ -	\$ 270,620	\$ 226
State	<u>276,299</u>	<u>257,235</u>	<u>-</u>	<u>257,235</u>	<u>(19,064)</u>
	<u>546,693</u>	<u>527,855</u>	<u>-</u>	<u>527,855</u>	<u>(18,838)</u>
Expenditures:					
Community and Economic Development EDA (120)	83,333	62,532	21,033	83,565	(232)
Community and Economic Development (125)	42,733	32,801	11,658	44,459	(1,726)
Community and Economic Development (130)	182,395	146,919	36,104	183,023	(628)
JFA- CARES	45,565	38,421	8,266	46,687	(1,122)
Program Administration	<u>96,333</u>	<u>148,538</u>	<u>21,583</u>	<u>170,121</u>	<u>(73,788)</u>
	<u>450,359</u>	<u>429,211</u>	<u>98,644</u>	<u>527,855</u>	<u>(77,496)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 96,334</u>	<u>\$ 98,644</u>	<u>\$ (98,644)</u>	<u>\$ -</u>	<u>\$ (96,334)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF AGING OPERATIONS BY PROGRAM
For the Year Ended June 30, 2023**

	<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>
Revenues							
Federal Grants	\$ 49,601	\$ 277,560	\$ 4,181	\$ 51,927	\$ 887,076	\$ 31,030	\$ 229,635
State Grants	9,596	159,000	10,815	12,643	99,500	7,091	100,591
Local	-	-	-	-	11,399	-	-
Other	-	-	-	-	-	-	-
Interest on loans	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-
Program Revenue	-	-	-	-	-	-	-
Total Revenues	<u>59,197</u>	<u>436,560</u>	<u>14,996</u>	<u>64,570</u>	<u>997,975</u>	<u>38,121</u>	<u>330,226</u>
Expenses							
Salaries	31,118	103,329	6,907	35,366	291,115	20,658	4,344
Personnel Burden	14,591	51,897	4,374	11,219	124,061	6,843	2,327
Leave Time	2,510	5,834	505	2,060	11,597	1,338	52
Contracts	-	114,450	-	-	-	-	314,678
Travel Staff	952	2,015	-	524	1,148	523	-
In-Kind Expenses	-	-	-	-	-	-	-
Other Direct Expenses	948	117,636	-	131	458,534	131	2,733
Shared Costs	<u>12,203</u>	<u>41,401</u>	<u>3,210</u>	<u>15,417</u>	<u>111,520</u>	<u>8,628</u>	<u>6,092</u>
Total Expenditures	<u>62,322</u>	<u>436,562</u>	<u>14,996</u>	<u>64,717</u>	<u>997,975</u>	<u>38,121</u>	<u>330,226</u>
Revenue Over (Under)	<u>\$ (3,125)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (147)</u>	<u>\$ -</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>
\$ 37,750	\$ 10,522	\$ 138,397	\$ -	\$ 409,518	\$ -	\$ 2,127,197
-	4,750	-	89,425	736,015	-	1,229,426
-	-	-	-	-	-	11,399
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	33,731	-	15,200	-	48,931
-	-	-	-	-	-	-
<u>37,750</u>	<u>15,272</u>	<u>172,128</u>	<u>89,425</u>	<u>1,160,733</u>	<u>-</u>	<u>3,416,953</u>
15,121	8,209	29,410	45,421	106,881	-	697,879
7,859	3,773	17,505	21,850	51,688	-	317,987
980	955	1,727	3,842	5,292	-	36,692
2,500	-	-	-	873,560	-	1,305,188
457	-	-	490	5,062	-	11,171
-	-	33,731	-	15,200	-	48,931
5,593	-	88,676	734	69,669	-	744,785
<u>5,644</u>	<u>2,335</u>	<u>13,479</u>	<u>17,309</u>	<u>38,748</u>	<u>-</u>	<u>275,986</u>
<u>38,154</u>	<u>15,272</u>	<u>184,528</u>	<u>89,646</u>	<u>1,166,100</u>	<u>-</u>	<u>3,438,619</u>
<u>\$ (404)</u>	<u>\$ -</u>	<u>\$ (12,400)</u>	<u>\$ (221)</u>	<u>\$ (5,367)</u>	<u>\$ -</u>	<u>\$ (21,666)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF AGING OPERATIONS BY PROGRAM CONTINUED
For the Year Ended June 30, 2023**

	<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	\$ 8,004	\$ 4,448	\$ 73,095	\$ -	\$ -	\$ 3,000	\$ 14,776	\$ -
State Grants	10,678	800	-	10,481	94,330	-	-	36,582
Local	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
Total Revenues	<u>18,682</u>	<u>5,248</u>	<u>73,095</u>	<u>10,481</u>	<u>94,330</u>	<u>3,000</u>	<u>14,776</u>	<u>36,582</u>
<u>Expenses</u>								
Salaries	8,964	2,307	-	5,722	10,150	1,490	6,016	14,557
Personnel Burden	5,722	1,467	-	2,596	6,597	638	3,306	9,341
Leave Time	612	176	-	740	554	176	497	1,103
Contracts	-	-	-	-	-	-	-	-
Travel Staff	-	-	-	-	-	-	-	1,340
In-Kind	-	-	-	-	-	-	-	-
Other Direct	-	-	73,095	-	73,791	-	1,305	3,349
Total Shared Costs	<u>3,384</u>	<u>1,335</u>	<u>-</u>	<u>1,441</u>	<u>3,464</u>	<u>767</u>	<u>3,652</u>	<u>7,183</u>
Total Expenditures	<u>18,682</u>	<u>5,285</u>	<u>73,095</u>	<u>10,499</u>	<u>94,556</u>	<u>3,071</u>	<u>14,776</u>	<u>36,873</u>
Revenue Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (37)</u>	<u>\$ -</u>	<u>\$ (18)</u>	<u>\$ (226)</u>	<u>\$ (71)</u>	<u>\$ -</u>	<u>\$ (291)</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>
\$ 10,750	\$ -	\$ -	\$ -	\$ 3,340	\$ 10,560	\$ 14,348	\$ 142,321
10,000	-	-	-	-	-	-	162,871
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>20,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,340</u>	<u>10,560</u>	<u>14,348</u>	<u>305,192</u>
9,996	-	-	-	1,491	5,029	6,714	72,436
5,228	-	-	-	930	2,631	3,269	41,725
465	-	-	-	98	328	437	5,186
-	-	-	-	-	-	-	-
583	-	-	-	-	-	-	1,923
-	-	-	-	-	-	-	-
641	-	-	-	-	-	420	152,601
<u>5,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>820</u>	<u>2,832</u>	<u>3,645</u>	<u>33,998</u>
<u>22,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,339</u>	<u>10,820</u>	<u>14,485</u>	<u>307,869</u>
<u>\$ (1,638)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (260)</u>	<u>\$ (137)</u>	<u>\$ (2,677)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS
OTHER GRANTS AND CONTRACTS
For the Year Ended June 30, 2023**

	<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	\$ -	\$ -	\$ -	\$ 99,198	\$ -	\$ 126,796	\$ 55,185	\$ 281,179
State Grants	83,453	19,756	76,000	-	72,276	-	-	251,485
Local	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
Total Revenues	<u>83,453</u>	<u>19,756</u>	<u>76,000</u>	<u>99,198</u>	<u>72,276</u>	<u>126,796</u>	<u>55,185</u>	<u>532,664</u>
<u>Expenses</u>								
Salaries and wages	43,074	10,746	42,803	23,659	38,723	7,089	8,018	174,112
Personnel Burden	24,126	4,556	13,845	15,536	14,070	3,137	4,233	79,503
Leave Time	1,836	475	3,177	980	1,654	299	401	8,822
Contracts	-	-	-	59,000	-	114,300	33,156	206,456
Travel - Staff	1,831	-	-	-	-	1,771	4,033	7,635
Other Direct Expenses	938	1,124	2,364	24	-	200	3,101	7,751
Total Shared Costs	<u>17,272</u>	<u>3,220</u>	<u>15,210</u>	<u>10,544</u>	<u>17,829</u>	<u>2,979</u>	<u>3,279</u>	<u>70,333</u>
Total Expenses	<u>89,077</u>	<u>20,121</u>	<u>77,399</u>	<u>109,743</u>	<u>72,276</u>	<u>129,775</u>	<u>56,221</u>	<u>554,612</u>
Revenue Over (Under) Expenses	<u>\$ (5,624)</u>	<u>\$ (365)</u>	<u>\$ (1,399)</u>	<u>\$ (10,545)</u>	<u>\$ -</u>	<u>\$ (2,979)</u>	<u>\$ (1,036)</u>	<u>\$ (21,948)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT, WIOA
For the Year Ended June 30, 2023**

WIA Revenue by Grant	Federal Assistance Listing Number		
WIA-Youth:			
274YT21 - PY 20	17.259	\$	116,857
274YT23 - PY 22	17.259		288,966
274YT24 - PY 23	17.259		173,290
WIA-Adult:			
270SR21- PY-19	17.258		152,862
270AD23- PY-22	17.258		141,033
273AD22 - FY 22	17.258		57,250
273AD23 - FY 23	17.258		590,430
WIA-Dislocated Workers:			
271DW22 - FY-22	17.278		525,717
271DW23 - FY-23	17.278		621,339
272DW23 - PY22	17.278		144,888
			<u>144,888</u>
Total Revenue		\$	<u>2,812,632</u>
Expenditures:			
WIA-Youth:			
274YT21 - PY 20	17.259	\$	116,857
274YT23 - PY 22	17.259		288,966
274YT24 - PY 23	17.259		173,290
WIA-Adult:			
270SR21- PY-19	17.258		152,862
270AD23- PY-22	17.258		141,033
273AD22 - FY 22	17.258		57,250
273AD23 - FY 23	17.258		590,430
WIA-Dislocated Workers:			
271DW22 - FY-22	17.278		525,717
271DW23 - FY-23	17.278		621,339
272DW23 - PY22	17.278		144,888
			<u>144,888</u>
Total Expenditures		\$	<u>2,812,632</u>
Revenues Over (Under) Expenditures		\$	<u>-</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023**

	<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	\$ -	\$ 49,601
Part B: Supportive Services	09-11891	93.044	89,288	281,740
Part C1: Nutrition Services	09-11891	93.045	-	523,649
Part C2: Nutrition Services	09-11891	93.045	299,659	346,238
Nutrition Services Incentive Program (USDA)	09-11891	93.053	-	73,095
Total Aging Cluster			<u>388,947</u>	<u>1,274,323</u>
Part D: Disease Prevention	09-11891	93.043	2,500	37,750
Part E: National Family Caregiver Support	09-11891	93.052	-	148,919
Specialty Contracts:				
Center for Medicare & Medicaid Services (SHIP)	09-11891	93.324	-	17,776
Aging & Disability Resource Center (ADRC)	09-11891	93.778	-	10,750
MIPPA - AAA		93.071	-	10,560
MIPPA - SHIP		93.071	-	14,348
MIPPA - ADRC		93.071	-	3,340
Programs for Aging Title VII:				
Ombudsman	09-11891	93.042	-	8,004
Elder Abuse	09-11891	93.041	-	4,448
Total U.S. Department of Health and Human Services			<u>391,447</u>	<u>1,530,218</u>
US Department of Commerce:				
Economic Development Cluster				
JFA EDA Cares Act		11.307	-	45,564
Revolving Loan Fund (1) Economic Adjustment Assistance		11.307	-	1,415,421
Total Economic Development Cluster			<u>-</u>	<u>1,460,985</u>
Passed through Department for Local Government				
Appalachian Regional Commission (ARC)		23.009	-	137,022
Economic Development Technical Assistance (JFA-EDA)		11.302	-	66,667
CDBG - Technical Assistance Program (JFA-CDBG)		14.218	-	21,367
			<u>-</u>	<u>225,056</u>
Total Department of Commerce			<u>-</u>	<u>1,686,041</u>
USDA Rural Development				
Healthy Living Project		10.766	-	99,198
USDA HUD				
OAHMP	KYHMR0006-21	14.921	-	55,185
U.S. Environmental Protection Agency				
Brownsfield Multipurpose and Assessment	BF-02D06921	66.818	-	126,796
U.S. Department of the Interior, Abandoned Mine Land Reclamation (AMLR)				
Stearns Downton Revitalization AML Pilot Project	S18AF20020	15.252	-	691,921
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds	ESMP	21.027	<u>323,946</u>	<u>739,300</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONCLUDED
For the Year Ended June 30, 2023**

	<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:				
274YT21 - PY 20	M-04127521	17.259	-	116,857
274YT23 - PY 22	M-04127521	17.259	-	288,966
274YT24 - PY 23	M-04127521	17.259	-	173,290
WIOA-Adult:				
270SR21- PY-19	M-04127521	17.258	-	152,862
270AD23- PY-22	M-04127521	17.258	-	141,033
273AD22 - FY 22	M-04127521	17.258	-	57,250
273AD23 - FY 23	M-04127521	17.258	-	590,430
WIOA-Dislocated Workers:				
271DW22 - FY-22	M-04127521	17.278	-	525,717
271DW23 - FY-23	M-04127521	17.278	-	621,339
272DW23 - PY22	M-04127521	17.278	-	144,888
Total WIOA Cluster			-	2,812,632
U.S. Department of Labor, Passed Through Kentucky Cabinet for				
Workforce Services: WIOA				
WIOA-Dislocated Workers National Emergency Grants:				
258CV20	M-04127521	17.277	-	22,766
			-	22,766
Total WIOA Federal Financial Assistance			-	2,835,398
Total Federal Financial Assistance			\$ 715,393	\$ 7,764,057

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2023**

RLF Grant Calculation of Federal Amount:

	11.307
	<u>Cares</u>
Balance of loans outstanding, June 30, 2023	\$ 1,088,424
Cash and Investments at June 30, 2023	306,343
Adminstrative expenses	<u>20,654</u>
	1,415,421
EDA percent	100%
Amounts reported on the schedule of federal awards	<u>\$ 1,415,421</u>
	11.307
Original Funding:	<u>Cares</u>
Total Funding	1,240,000
EDA share	<u>1,240,000</u>
Percent to total	100%

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, 2023. 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, 2023**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes _____ X No

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

Auditee qualified as low-risk auditee? _____ X _____ Yes _____ No

Identification of Major Programs:

Federal Grantor/Program Title	Federal Assistance Listing Number
Department of Labor WIOA Cluster	17.258, 17.259, 17.278
Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2023**

II. FINANCIAL STATEMENTS FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

IV. NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

NONE

V. PRIOR AUDIT FINDINGS

NONE



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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

Skip R. Campbell, CPA ▪ L. Joe Rutledge, CPA ▪ Jenna B. Glass, CPA ▪ Jordan T. Constant, CPA ▪ Lane S. Norris, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Cumberland Area Development District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2023.

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 & Rutledge, PLLC

Glasgow, Kentucky
December 15, 2023



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, 2023. 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, 2023.

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
December 15, 2023

