

**REPORT OF THE AUDIT OF THE  
LAKE CUMBERLAND AREA  
DEVELOPMENT DISTRICT**

**For The Year Ended  
June 30, 2025**



**ALLISON BALL  
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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's 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 financial statements of the governmental activities and the business-type activities of the Lake Cumberland Area Development District, as of and for the year ended June 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Lake Cumberland Area Development District, as of June 30, 2025, 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 (GAAS) 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 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***

Lake Cumberland Area Development District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 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.



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

### ***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 GAAS 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 GAAS, 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 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 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 on pages 5 through 8, the Budgetary Comparison Schedules on pages 41 through 42, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 45 through 46 and Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions on page 47 through 48 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.

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

*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 Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is 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 18, 2025, 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 Lake Cumberland internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lake Cumberland Area Development District's internal control over financial reporting and compliance.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

December 18, 2025

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
BOARD OF DIRECTORS**

**For The Year Ended June 30, 2025**

Adair County

Larry Bryant  
Pam Hoots  
Sharon Payne  
Curtis Hardwick

McCreary County

Randy Kidd  
Teddy Coffey  
Allen Chapman

Casey County

Randy Dial  
Sam Haddad  
Edward Wesley  
Garland Hoskins

Pulaski County

Marshall Todd  
Alan Keck  
William Dick  
Eddie Hicks  
Mike Hall  
Allen Dobbs

Clinton County

Ricky Craig  
James Bray  
Nicole Cross

Russell County

Randy Marcum  
Regena Hinton  
Brooke Bunch

Cumberland County

Luke King  
Laurel Irby  
Vickie Wells  
Brian Scott

Taylor County

Barry Smith  
Dennis Benningfield  
Nick Hazel  
Laura Wilds

Green County

John Shuffett  
Jay Shoftner  
Phillip Cox

Wayne County

Scott Gehring  
Kenny Catron  
Rhett Ramsey

**Lake Cumberland Area Development District  
Management's Discussion and Analysis**

**June 30, 2025**

The management's discussion and analysis provides an overview of Lake Cumberland Area Development District's financial performance during the fiscal year June 30, 2025. Please read the following in conjunction with the District's 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 accountant's report, the District's compiled 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 2025:

	FY 2024	FY 2025	Change
<b>Assets</b>			
Current and Other Assets	\$ 8,477,446	\$ 10,416,291	\$ 1,938,845
Capital Assets	4,088,392	4,131,651	43,259
Total Assets	<u>12,565,838</u>	<u>14,547,942</u>	<u>1,982,104</u>
Deferred Outflows of Resources			
Total Deferred Outflows of Resources	<u>2,179,846</u>	<u>1,540,987</u>	<u>(638,859)</u>
 Total Assets & Deferred Outflows of Resources	 <u>\$ 14,745,684</u>	 <u>\$ 16,088,929</u>	 <u>1,343,245</u>
<b>Liabilities</b>			
Current and Other Liabilities	1,761,044	2,427,813	\$ 666,769
Long-Term Liabilities	6,132,123	5,407,241	(724,882)
Total Liabilities	<u>7,893,167</u>	<u>7,835,054</u>	<u>(58,113)</u>
Deferred Inflows of Resources			
Total Deferred Inflows of Resources	<u>3,146,257</u>	<u>1,974,696</u>	<u>(1,171,561)</u>
 Total Liabilities & Deferred Inflows of Resources	 11,039,424	 9,809,750	 (1,229,674)
<b>Net Position</b>			
Net Investment in Capital Assets	876,345	833,858	\$ (42,487)
Restricted:	2,920,228	3,012,669	92,441
Unrestricted	(90,313)	2,432,652	2,522,965
Total Net Position	<u>\$ 3,706,260</u>	<u>\$ 6,279,179</u>	<u>\$ 2,572,919</u>
 Total Liabilities, Deferred Inflows of Resources & Net Position	 <u>\$ 14,745,684</u>	 <u>\$ 16,088,929</u>	 <u>\$ 1,343,245</u>

**Lake Cumberland Area Development District  
Management's Discussion and Analysis  
June 30, 2025  
(Continued)**

**Financial Analysis Of The District (Continued)**

The Condensed Statement of Statement of Activities had the following changes:

	FY 2024	FY 2025	Change
Operating Revenues			
Federal	\$ 5,897,320	\$ 4,506,230	\$ (1,391,090)
State	12,602,758	16,862,970	4,260,212
In-Kind	72,315	31,198	(41,117)
Other and Local	502,925	494,169	(8,756)
Total Operating Revenues	<u>19,075,318</u>	<u>21,894,567</u>	<u>2,819,249</u>
Operating Expenses			
Salaries and Fringe	2,132,729	2,582,958	450,229
Subgrantees and Contractual	12,294,639	14,913,417	2,618,778
Other	2,208,487	1,959,009	(249,478)
Total Operating Expenses	<u>16,635,855</u>	<u>19,455,384</u>	<u>2,819,529</u>
Operating Income	2,439,463	2,439,183	(280)
Non-Operating Income (Expense)			
Bank Interest Income	100,347	133,736	33,389
Total Non-Operating Income	<u>100,347</u>	<u>133,736</u>	<u>33,389</u>
Change in Net Position	2,539,810	2,572,919	33,109
Net Position - Beginning	<u>1,166,450</u>	<u>3,706,260</u>	<u>2,539,810</u>
<b>Net Position - Ending</b>	<u>\$ 3,706,260</u>	<u>\$ 6,279,179</u>	<u>\$ 2,572,919</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.

**Note 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. The District made \$365,000 in new loans in the current year. Loan balances at June 30, 2025 totaled \$2,409,946 compared to \$2,593,040 in 2024.

**Capital Assets**

The district did not purchase or retire any fixed assets in the current year. Depreciation expense for the current year was \$42,486 for the fiscal year 2025, leaving a remaining balance of \$833,859 in net capital assets.

**Lake Cumberland Area Development District  
Management's Discussion and Analysis  
June 30, 2025  
(Continued)**

**Long Term Debt**

LCADD has no long term debt at the end of fiscal year 2025.

**Economic Factors and Next Year's Budget**

LCADD considered many factors when initially setting the fiscal year 2025 budget, including the changes to normal operations due to various grant and grant programs. The District receives the majority of its funding from federal, state and local contracts. Significant changes in the original and final budget are associated with increased number of PDS program participants as well as a rate increase during the year.

**Workforce Innovation and Opportunity Act**

The Workforce Innovation and Opportunity Act (WIOA) formula funding for Adults increased from \$719,988.60 in FY-24 to \$769,811.00 in FY-25, representing an increase of 6.92%, which amounts to \$49,822.40.

Conversely, the WIOA formula funding for Dislocated Workers decreased from \$633,572.59 in FY-24 to \$485,985.00 in FY-25, reflecting a decrease of 23.29%, totaling \$147,587.59.

Additionally, WIOA formula funding for Youth services increased from \$682,120.73 in FY-24 to \$731,677.00 in FY-25, which is a 7.27% increase, or \$49,556.27.

No funding for Trade training was received this year, as there were no Trade participants in training.

The funding amounts for Adults, Dislocated Workers, and Youth continue to fluctuate due to federal funding and unemployment rates across the state, which influence the proration of funds. In FY-25, special funding awards of \$800,000 were applied for from the Quest grant to support National Dislocated Workers. The LCADD Workforce Department had 16 staff in FY-24 and currently has 11, which is a 31.25% decrease in staff.

**Planning Department**

During FY-25, the LCADD Planning Department had an income totaling \$242,174.00 through contracts with the Kentucky Transportation Cabinet, and the Kentucky Infrastructure Authority. These contracts were \$61,921.00 more than the previous year.

These contracts are as follows:

Transportation Planning	\$	83,453
Waster and Wastewater Planning		137,920
Local Road Updates		20,800
Total:	\$	<u>242,173</u>

The planning department also assisted with City of Burkesville Walk/Bike Master Plan and Safe Streets with grand administration.

**Lake Cumberland Area Development District  
Management's Discussion and Analysis  
June 30, 2025  
(Continued)**

**Aging and Independent Living**

The Lake Cumberland Area Agency on Aging and Independent Living (LCAAAIL) Aging Programs FY25 allocations \$3,436,763.

During FY25 LCAAAIL had new staff additions to our Service Advisor team. LCADD has severed 474 clients and the case load for Service Advisors is around 40.

The Aging and Disability Resource Center again played a vital role in connecting community members with services and resources having received 7,073 calls in FY25.

Homecare services were provided to 380 clients in FY25. There were 1,180 clients served through our ESMP and Title III-C2, Home Delivered meals. Our 10 senior centers served 1,242 clients with a nutritious meal, socialization and activities. The caseload for our managers is around 80.

Veteran Directed-Services served 13 Veteran participants in the Upper Cumberland area and 3 in Kentucky during FY25.

One hundred and twenty clients were provided services through our National Family Caregiver and grandparent caregivers. We served 72 grandparents through the Kentucky Grandparent program.

Long Term Care Ombudsman provides advocacy to residents of long term care facilities. The LTCO provided 165 visits to the facilities in FY 25.

SHIP (State Health Insurance Program) in FY25 provided assistance to 195 clients.

**Community and Economic Development**

In FY-25, staff had administration contracts for a number of projects. Staff is currently assisting with 51 on-going projects. Ten projects have been completed and closed-out during FY25. Staff prepared 40 applications for potential new projects.

Staff closed 3 loans totaling \$365,000, creating 7 new jobs. 2 loans were closed using funds from the CARES RLF program and 1 loan was closed using the original RLF funds.

In FY-25, a new Community Development Specialist, Assistant, and Transportation Planner/GIS Specialist were hired. The positions are being funded from JFA and Transportation allocation.

**FY25 RLF Write-Offs**

There were no loans written off during fiscal year ended June 30, 2025.

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  
BASIC FINANCIAL STATEMENTS**

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

**June 30, 2025**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,828,254	\$ 576,841	\$ 8,405,095
Accounts Receivable			
Federal, State, and Local Grants	1,958,329		1,958,329
Prepaid Expenses	52,867		52,867
Total Current Assets	<u>9,839,450</u>	<u>576,841</u>	<u>10,416,291</u>
Other Assets:			
Restricted Cash		622,345	622,345
Internal Balances	19,622	(19,622)	-
RLF Notes Receivable, current, restricted		493,619	493,619
RLF Notes Receivable, restricted		1,916,327	1,916,327
Net OPEB Asset	149,967		149,967
Right of Use Asset	115,535		115,535
Depreciable Capital Assets, Net of Depreciation		833,858	833,858
Total Other Assets	<u>285,124</u>	<u>3,846,527</u>	<u>4,131,651</u>
Total Assets	<u>10,124,574</u>	<u>4,423,368</u>	<u>14,547,942</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows - Pension	1,148,639		1,148,639
Deferred Outflows - OPEB	392,348		392,348
Total Deferred Outflows of Resources	<u>1,540,987</u>		<u>1,540,987</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,311,418	4,227	1,315,645
Deferred Revenue	792,550		792,550
Accrued Expenses	263,512		263,512
Current Portion of Lease Liability	47,076		47,076
Current Portion of Accrued Leave	9,030		9,030
Total Current Liabilities	<u>2,423,586</u>	<u>4,227</u>	<u>2,427,813</u>
Long-Term Liabilities:			
Accrued Leave	155,611		155,611
Net Pension Liability	5,180,004		5,180,004
Lease Liability	71,626		71,626
Total Long-Term Liabilities	<u>5,407,241</u>		<u>5,407,241</u>
Total Liabilities	<u>7,830,827</u>	<u>4,227</u>	<u>7,835,054</u>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows - Pension	781,869		781,869
Deferred Inflows - OPEB	1,192,827		1,192,827
Total Deferred Inflows of Resources	<u>1,974,696</u>		<u>1,974,696</u>
<b>NET POSITION</b>			
Net Invested in Capital Assets		833,858	833,858
Restricted		3,012,669	3,012,669
Unrestricted	1,860,038	572,614	2,432,652
Total Net Position	<u>\$ 1,860,038</u>	<u>\$ 4,419,141</u>	<u>\$ 6,279,179</u>

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF ACTIVITIES**

**For The Year Ended June 30, 2025**

Function/Program	Expenses	Program Revenues Received			Net (Expenses) Revenues and Changes in Net Position		
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
WIOA	\$ 1,837,974	\$ 220,397	\$	\$ 2,058,371	\$	\$	\$
Aging	3,123,643	290,512		3,397,653	(16,502)		(16,502)
JFA	440,469	73,448		513,917			
Transportation	272,913	43,572		303,900	(12,585)		(12,585)
PDS/VDS	13,289,438	215,052		14,623,752	1,119,262		1,119,262
Other and Internal	518,307	24,794		531,562	(11,539)		(11,539)
Local Unrestricted	(1,067,185)			200,921	1,268,106		1,268,106
<b>Total Governmental Activities</b>	<b>18,415,559</b>	<b>867,775</b>		<b>21,630,076</b>	<b>2,346,742</b>		<b>2,346,742</b>
Business-type Activities:							
Lake Cumberland Development Council	155,056		155,056				
Title IX RLF	14,706	2,289	108,956			91,961	91,961
<b>Total Business-type Activities</b>	<b>169,762</b>	<b>2,289</b>	<b>264,012</b>			<b>91,961</b>	<b>91,961</b>
<b>Total Primary Government</b>	<b>\$ 18,585,321</b>	<b>\$ 870,064</b>	<b>\$ 264,012</b>	<b>\$ 21,630,076</b>	<b>\$ 2,346,742</b>	<b>\$ 91,961</b>	<b>\$ 2,438,703</b>
<b>General Revenues:</b>							
Interest Income					132,972	1,244	134,216
<b>Total General Revenues</b>					<b>132,972</b>	<b>1,244</b>	<b>134,216</b>
Change in Net Position					2,479,714	93,205	2,572,919
Net Position - Beginning - July 1, 2024					(619,676)	4,325,936	3,706,260
Net Position - Ending - June 30, 2025					<b>\$ 1,860,038</b>	<b>\$ 4,419,141</b>	<b>\$ 6,279,179</b>

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2025**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,817,308	\$ 1,010,946	\$ 7,828,254
Accounts Receivable:			
Federal and State Contributions		1,958,329	1,958,329
Prepaid Expenses		52,867	52,867
Due from Special Revenue	598,556		598,556
Due from Other Funds	19,622		19,622
Total Assets	\$ 7,435,486	\$ 3,022,142	\$ 10,457,628
<b>LIABILITIES</b>			
Accounts Payable - Vendors		1,311,418	1,311,418
Deferred Revenue		792,550	792,550
Accrued Payroll		263,512	263,512
Accrued Leave		9,030	9,030
Lease Liabilities		47,076	47,076
Due To General Fund		598,556	598,556
Total Liabilities		3,022,142	3,022,142
<b>FUND BALANCE</b>			
Unassigned	7,435,486		7,435,486
Total Fund Balances	\$ 7,435,486		\$ 7,435,486
Total Liabilities and Fund Balances	\$ 7,435,486	\$ 3,022,142	\$ 10,457,628

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**June 30, 2025**

Total Fund Balances - Total Governmental Funds	\$ 7,435,486
Amounts reported for governmental activities in the Statement of Net Position are different because	
Right of use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. More specifically, right to use leased assets, net of amortization are reported on the Statement of Net Position.	115,535
Deferred outflows of resources related to pension and OPEB are applicable to future periods and, therefore are not reported in the funds.	1,540,987
Deferred Inflows of Resources Related to Pensions and OPEB are applicable to future periods and, therefore are not reported in the funds.	(1,974,696)
Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	
Net Pension Liability	(5,180,004)
Net OPEB Liability	149,967
Lease Liabilities	(71,626)
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.	
Accrued Annual Leave	<u>(155,611)</u>
Net Position Of Governmental Activities - End of Year	<u><u>\$ 1,860,038</u></u>

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For The Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Federal and State Grants	\$	\$ 6,745,448	\$ 6,745,448
PDS and Veterans Program Administration		14,623,752	14,623,752
Other	200,921	59,955	260,876
Total Revenues	<u>200,921</u>	<u>21,429,155</u>	<u>21,630,076</u>
<b>EXPENDITURES</b>			
Current Programs:			
JFA		440,469	440,469
Aging		3,123,643	3,123,643
WIOA		1,837,974	1,837,974
Transportation		272,913	272,913
PDS		13,289,438	13,289,438
Other		518,307	518,307
Allocation of Indirect Costs		920,877	920,877
Internal	113,687		113,687
Total Expenditures	<u>113,687</u>	<u>20,403,621</u>	<u>20,517,308</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)			
Financing Sources (Uses)	<u>87,234</u>	<u>1,025,534</u>	<u>1,112,768</u>
<b>Other Financing Sources (Uses)</b>			
Interest Income	132,972		132,972
Operating Transfers In (Out)	1,025,534	(1,025,534)	
Total Other Financing Sources (Uses)	<u>1,158,506</u>	<u>(1,025,534)</u>	<u>132,972</u>
Net Change in Fund Balances	1,245,740		1,245,740
Fund Balances - Beginning - July 1, 2024	6,189,746		6,189,746
Fund Balances - Ending - June 30, 2025	<u>\$ 7,435,486</u>	<u>\$ 0</u>	<u>\$ 7,435,486</u>

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

**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, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ 1,245,740

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report pension CERS contributions when paid during the year as expenditures. 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 related to pensions and OPEB.

CERS actuarial expense - District Pension and OPEB Contributions 1,181,206

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.

52,768

Change in Net Position of Governmental Activities

\$ 2,479,714

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**

**June 30, 2025**

	<b>Business Type Activities</b>		
	<b>RLF</b>	<b>Lake Cumberland Development Council</b>	<b>Totals</b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$	\$ 576,841	\$ 576,841
Total Current Assets		576,841	576,841
Other Assets:			
Cash, Restricted	622,345		622,345
Notes Receivable, current-restricted	493,619		493,619
Notes Receivable, restricted	1,916,327		1,916,327
Capital Assets, Being Depreciated, Net		833,858	833,858
Total Assets	3,032,291	1,410,699	4,442,990
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	-	4,227	4,227
Interfund Payables	19,622		19,622
Total Liabilities	19,622	4,227	23,849
<b>Net Position</b>			
Invested in Capital Assets, Net		833,858	833,858
Restricted	3,012,669		3,012,669
Unrestricted		572,614	572,614
Total Net Position	\$ 3,012,669	\$ 1,406,472	\$ 4,419,141

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUNDS**

**For The Year Ended June 30, 2025**

	<b>RLF Fund</b>	<b>Lake Cumberland Development Council</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Buildings and Equipment Rentals and Other	\$	\$ 155,056	\$ 155,056
Program Income	108,956		108,956
Total Operating Revenues	<u>108,956</u>	<u>155,056</u>	<u>264,012</u>
<b>Operating Expenses</b>			
Salaries	10,403		10,403
Fringe Benefits	2,863		2,863
Depreciation		42,486	42,486
Other	1,440	112,570	114,010
Indirect Costs	<u>2,289</u>		<u>2,289</u>
Total Operating Expenses	16,995	155,056	172,051
Operating Income (Loss)	91,961		91,961
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	<u>480</u>	<u>764</u>	<u>1,244</u>
Total Nonoperating Revenues (Expenses)	480	764	1,244
Change In Net Assets	<u>\$ 92,441</u>	<u>\$ 764</u>	<u>\$ 93,205</u>
Total Net Position - Beginning July 1, 2024	<u>2,920,228</u>	<u>1,405,708</u>	<u>4,325,936</u>
Total Net Position - Ending June 30, 2025	<u>\$ 3,012,669</u>	<u>\$ 1,406,472</u>	<u>\$ 4,419,141</u>

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**For The Year Ended June 30, 2025**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>RLF Fund</b>	<b>Lake Cumberland Development Council</b>	<b>Totals</b>
<b>Cash Flows From Operating Activities</b>			
Program Income	\$ 108,956	\$ 155,056	\$ 264,012
Payments to Suppliers	(80)	(147,466)	(147,546)
Net Cash Provided (Used) By Operating Activities	108,876	7,590	116,466
<b>Cash Flows From Noncapital Financing Activities</b>			
Payments on Notes Receivable	548,094		548,094
Issuance of Notes Receivable	(365,000)		(365,000)
Net Cash Provided (Used) By Noncapital Financing Activities	183,094	0	183,094
<b>Cash Flows From Investing Activities</b>			
Interest Earned	480	764	1,244
Net Cash Provided (Used) By Investing Activities	480	764	1,244
Net Increase (Decrease) in Cash and Cash Equivalents	292,450	8,354	300,804
Cash and Cash Equivalents - July 1, 2024	329,895	568,487	898,382
Cash and Cash Equivalents - June 30, 2025	\$ 622,345	\$ 576,841	\$ 1,199,186
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 91,961	\$	\$ 91,961
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities			
Depreciation Expense		42,486	42,486
Increase (Decrease) in Interfund Payables	16,915		16,915
Increase (Decrease) in Accounts and Other Payables		(34,897)	(34,897)
Net Cash Provided (Used) By Operating Activities	\$ 108,876	\$ 7,589	\$ 116,465
Cash and Cash Equivalents Consists of the following:			
Unrestricted Cash		576,841	576,841
Restricted Cash	622,345		622,345
Total Cash and Cash Equivalents	\$ 622,345	\$ 576,841	\$ 1,199,186

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

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TO THE FINANCIAL STATEMENT**

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**Note 1. Summary of Significant Accounting Policies**

**A. 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.

**B. 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.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

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.

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.

II. 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.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT  
June 30, 2025  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**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”.

**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.

**C. 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.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Non-Operating Income**

The District recognizes investment income as non-operating income. All other income is recognized as operating income.

**E. 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. The District has \$212,182 of deferred revenue associated with PDS, \$353,028 associated with WIOA and \$227,339 of deferred revenue associated with the SS4A program and Opioid Abatement.

**F. 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.

**G. 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.

**H. 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.

**I. In-Kind**

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

**J. 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.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**J. Compensated Absences (Continued)**

The accrued liability for accumulated annual leave as reported on the statement of net position at June 30, 2025 is \$164,641. Included in this amount is \$9,030 shown on the governmental funds balance sheet. This represents retirees that were paid out after June 30, 2025.

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Compensated Absences \$	212,147		\$ 47,506	\$ 164,641

**K. 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 \$155,056 in rentals for the year ended June 30, 2025. Total annual rentals are based upon operating expenses of the LCDC.

**L. 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.

**M. 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, 2025. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

**N. Accounting for 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 \$115,535 and a lease liability, current and non-current portion, in the amount of \$118,702 that is included in this category.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 2. Cash and Investments**

**Custodial Credit Risk:**

Custodial credit risk refers to the potential loss a government could face if a financial institution fails, making it unable to recover deposits or investments. The District does not have a formal investment policy. At year end, the carrying amount of the District's cash deposits and investments was \$9,027,440. Of this total amount, \$500,000 was covered by Federal Depository Insurance with the remaining balance of \$8,527,440 covered by securities pledged by financial institutions in the organization's name.

**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 varying interest rates with maturity dates ranging from three to twelve months.

**Note 3. Grants Receivable**

Federal, state and local grants receivable consist of the following at June 30, 2025:

WIOA	\$ 178,282
Aging	313,693
PDS	1,171,377
Other Programs	<u>294,977</u>
Total Grants Receivable	<u>\$ 1,958,329</u>

**Note 4. Loan 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	\$ 4,010,556
Less: Loan Repayments	<u>(1,600,610)</u>
Total Outstanding Loans	<u>\$ 2,409,946</u>
Less: Allowance for Bad Debts	-
Net Loans Receivable	<u>\$ 2,409,946</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.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2025**

**(Continued)**

**Note 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 \$42,486, for the year ended June 30, 2025. The following summarizes the changes in fixed assets during the year ended:

Primary Government: <u>Business-Type Activities:</u>	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets				
Land	\$ 70,000	\$	\$	\$ 70,000
Buildings	1,868,133			1,868,133
Equipment and Vehicles	479,507			479,507
Total	<u>2,417,640</u>			<u>2,417,640</u>
Less:				
Accumulated Depreciation	<u>(1,541,296)</u>	<u>(42,486)</u>		<u>(1,583,782)</u>
Business-Type Activities Net Capital Assets	<u>\$ 876,344</u>	<u>\$ (42,486)</u>	<u>\$</u>	<u>\$ 833,858</u>

**Note 6. Pension Plan**

The District participates in the County Employee Retirement System (CERS), a cost-sharing multiple-employer retirement system administered by the CERS Board of Trustees. CERS issues a stand-alone financial report, which may be obtained from Kentucky Public Pensions Authority (KPPA), 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at [www.kyret.ky.gov](http://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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 6. Pension Plan (Continued)**

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.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

There have been no plan provision changes that would materially impact the total pension liability since June 30, 2023.

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

Employer contribution rates for CERS are determined by the CERS Board without further legislative review. The methods used to determine the employer rates for CERS are specified in Kentucky Revised Statute 78.635. 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, 2025, the District reported a liability for its proportionate share of the net pension liability for CERS of \$5,180,004.

The net pension liability for each plan was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 6. Pension Plan (Continued)**

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, 2023, the District's proportion was .086616%.

For the year ended June 30, 2025, the District recognized pension expense (income) of \$(50,630). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 250,722	\$
Changes in assumptions		234,034
Net difference between projected and actual earnings on pension plan investments	355,750	269,750
Changes in proportion and difference between employer contributions and proportionate share of contributions		278,085
District contributions subsequent to the measurement date	<u>542,167</u>	
	<u>\$ 1,148,639</u>	<u>\$ 781,869</u>

The fiscal year 2025 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, 2025. 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:

Years Ended <u>June 30,</u>	Net Deferred <u>Outflows (Inflows)</u>
2026	\$ 26,851
2027	(128,027)
2028	<u>(74,221)</u>
Total	<u>\$ (175,397)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 6. Pension Plan (Continued)**

Actuarial assumptions: The actuarial assumptions are as follows:

Inflation	2.50%
Payroll Growth Rate	2.00%
Investment Rate of Return, net of investment expense and inflation	6.50%
Salary Increase	3.30%-10.30%

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Boards and statutory funding requirements. Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of the Actuarial Experience Study. In general, the assumptions and methods used in the June 30, 2023 valuation are based on the most recent actuarial experience study performed as of June 30, 2022, submitted and adopted by the Boards in May 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022” and include a change in the investment return assumption from 6.25% to 6.50%.

*Mortality assumptions:* Pre-retirement mortality assumptions use PUB-2010 General Mortality table, for the nonhazardous systems, and the MP-2020 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 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. Post-retirement mortality (disabled) uses PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

*Discount rate:* the discount rate used to measure the total pension liability was 6.50%.

*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 CERS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

*Long term rate of return:* The long-term (10-year) expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected real rates of return by the target asset allocation percentage.

*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 STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 6. Pension Plan (Continued)**

*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 %	4.15 %
Private Equity	10.00 %	9.10 %
Core Fixed Income	10.00 %	2.85 %
Specialty Credit	10.00 %	3.82 %
Cash	0.00 %	1.70 %
Real Estate	7.00 %	4.90 %
Real Return	13.00 %	5.35 %
	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.

	1% Decrease	Current Discount	1% Increase
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 6,677,871	\$ 5,180,004	\$ 3,937,169

*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 CERS also determines the District's required contribution annually 19.71% pension and 0% OPEB for the year ended June 30, 2025. For the year ended June 30, 2025, the District's total covered payroll was approximately \$2,751,000. During 2025 the District contributed approximately \$542,000 to the plan and employees contributed approximately \$152,000 to the plan.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 7. Other Post-Employment Benefits (OPEB)**

The District participates in Kentucky Retirement Systems' Insurance Trust 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. KPPA issues a stand alone financial report, which may be obtained from KPPA, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at [www.kyret.ky.gov](http://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.

*Assumptions and plan provisions:* The Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2023.

*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:

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 7. Other Post-Employment Benefits (OPEB) (Continued)**

<b>Portion Paid By Insurance Fund</b>	
<u>Years of Service</u>	<u>Paid by Insurance Fund (%)</u>
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

**Dollar Contribution for Fiscal Year 2024**

For Member participation date on or after July 1, 2003

<u>System</u>	<u>(in whole dollars)</u>
KERS Non-hazardous \$	14.41
KERS Hazardous \$	21.62
CERS Non-hazardous \$	14.41
CERS Hazardous \$	21.62
SPRS \$	21.62

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 Trust Fund 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, 2025, the District reported an asset of (\$149,967) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. At June 30, 2024, the District's proportionate share was .086696%.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 7. Other Post-Employment Benefits (OPEB) (Continued)**

As a result of its requirement to contribute to the Plan, the District recognized OPEB (income) expense of (\$588,409) for the year ended June 30, 2025 and reported deferred inflows and deferred outflows of resources from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 83,200	\$ 592,268.00
Changes in assumptions	135,888	105,817
Net difference between projected and actual earnings on pension plan investments	131,825	268,678
Changes in proportion and difference between employer contributions and proportionate share of plan contributi	783	226,064
District contributions subsequent to the measurement date	<u>40,652</u>	<u>                    </u>
	<u>\$ 392,348</u>	<u>\$ 1,192,827</u>

The deferred outflows resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

Years Ended <u>June 30,</u>	Net Deferred <u>Outflows (Inflows)</u>
2026	\$ (455,783)
2027	(362,670)
2028	<u>(22,678)</u>
Total	<u>\$ (841,131)</u>

*Actuarial Assumptions:* The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2024 using generally accepted actuarial principles. The KRS Board of Trustees adopted the following actuarial assumptions used in performing the actuarial valuation as of June 30, 2023.

Assumed Investment return	6.50%
Inflation factor	2.50%
Payroll Growth	2.00%
Salary Increase	3.30%-10.30%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 7. Other Post-Employment Benefits (OPEB) (Continued)**

Mortality rates were based on system specific mortality table based on mortality experience from 2013-2022, projected with the ultimate trend rates from MP-2020 mortality improvement scale using a base year of 2023.

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 %	4.15 %
Private Equity	10.00 %	9.10 %
Core Fixed Income	10.00 %	2.85 %
Specialty Credit	10.00 %	3.82 %
Cash	0.00 %	1.70 %
Real Estate	7.00 %	4.90 %
Real Return	13.00 %	5.35 %
	100.00 %	

*Discount Rate:* The single discount rate of 5.99% was used to measure the total OPEB liability as of June 30, 2024. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2024. 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:

	1% Decrease	Current Discount	1% Increase
CERS	4.99%	5.99%	6.99%
Non-Hazardous District's proportionate share of net pension liability	\$ 202,772	\$ (149,967)	\$ (446,550)

*Healthcare Trend Rate:* The initial trend rate for participants under 65 years of age starts at 6.2% at January 1, 2024 and gradually decreases to an ultimate trend rate of 4.05% over a period of 12 years. For those over 65 years of age the trend rate starts at 9% at January 1, 2024 and gradually decreases to an ultimate trend rate of 4.05% over a period of 12 years. The premiums were known at the time of valuation and were incorporated into the liability measurement. The following table presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 7. Other Post-Employment Benefits (OPEB) (Continued)**

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
Non-Hazardous District's proportionate share of net pension liability	\$ (360,802)	\$ (149,967)	\$ 95,641

**Note 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.

**Note 9. Lake Cumberland Area Development 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, 2025 the District reported commission revenue of \$2,262,281 from the PDS program for administration.

**Note 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 58. The District is in conformity with 2 CFR Part 200.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 11. Right of Use 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, 2025. Lease expense for the year ended June 30, 2025 was \$48,666. Annual requirements to amortize this lease liability and related interest are as follows:

Fiscal Year Ended June 30	Interest	Principal	Total
6/30/2026	\$ 1,591	\$ 47,076	\$ 48,667
6/30/2027	809	47,859	48,668
6/30/2028	111	23,767	23,878
	<u>\$ 2,511</u>	<u>\$ 118,702</u>	<u>\$ 121,213</u>

**Note 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.

**Note 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.

	Special Revenue Fund	Total Transfers In
General Fund	<u>\$ 1,025,534</u>	<u>\$ 1,025,534</u>
Total Transfers Out	<u>\$ 1,025,534</u>	<u>\$ 1,025,534</u>

At June 30, 2025, interfund balances were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$ 598,556
General Fund	Proprietary Fund - RLF	\$ 19,622

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 14. Disaggregation of Accounts Payable**

Federal, state, and local grants payable consist of the following at June 30, 2025:

<u>Grants Payables</u>	<u>Governmental Activities</u>
Aging	\$ 105,459
WIOA	88,982
PDS/VDS	1,026,502
JFA	11,490
Special Fund Personnel	56,881
Other Programs	<u>22,104</u>
	<u>\$ 1,311,418</u>

**Note 15. Subsequent Events**

In July, 2025, the Lake Cumberland Development Council received a grant in the amount of \$3,000,000. This grant is to be used for the construction of a new America Job Center, a regional facility serving as a comprehensive workforce development site for Adair, Casey, Clinton, Cumberland, Green, Laurel, McCreary, Pulaski, Rockcastle, Russell, Taylor, Wayne, and Whitley counties. This facility will house the Workforce Innovation and Opportunity Act, Vocational Rehab, Office of Unemployment and other career development services. Grant funds have been received; however, construction of the facility has not been started as of December 18, 2025.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
BUDGETARY COMPARISON SCHEDULES  
Required Supplementary Information - Budgetary Basis**

**For The Year Ended June 30, 2025**

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
BUDGETARY COMPARISON SCHEDULES  
Required Supplementary Information - Budgetary Basis**

**For The Year Ended June 30, 2025**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Other Revenues	\$ 80,000	\$ 202,000	\$ 200,921	\$ (1,079)
Total Revenues	<u>80,000</u>	<u>202,000</u>	<u>200,921</u>	<u>(1,079)</u>
<b>EXPENDITURES</b>				
Subcontracts and Other Expenses	119,500	119,500	102,108	17,392
Travel	25,000	25,000	11,579	13,421
Total Expenditures	<u>144,500</u>	<u>144,500</u>	<u>113,687</u>	<u>30,813</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(64,500)</u>	<u>57,500</u>	<u>87,234</u>	<u>29,734</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest Income	129,000	129,000	132,972	3,972
Operating Transfers In (Out)	(114,500)	(291,500)	1,025,534	1,317,034
Total Other Financing Sources (Uses)	<u>14,500</u>	<u>(162,500)</u>	<u>1,158,506</u>	<u>1,321,006</u>
Net Changes in Fund Balance	(50,000)	(105,000)	1,245,740	1,350,740
Fund Balance - Beginning - July 1, 2024	<u>6,189,746</u>	<u>6,189,746</u>	<u>6,189,746</u>	
Fund Balance - Ending - June 30, 2025	<u>\$ 6,139,746</u>	<u>\$ 6,084,746</u>	<u>\$ 7,435,486</u>	<u>\$ 1,350,740</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<b>SPECIAL REVENUE FUND</b>			
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Federal and State Grants	\$ 16,703,776	\$ 21,479,518	\$ 21,369,200	\$ (110,318)
Other Revenues			59,955	59,955
Total Revenues	<u>16,703,776</u>	<u>21,479,518</u>	<u>21,429,155</u>	<u>(50,363)</u>
<b>EXPENDITURES</b>				
Salaries	3,080,645	3,080,645	2,641,126	439,519
Fringe Benefits	1,678,951	1,678,951	1,260,197	418,754
Subcontracts and Other Expenses	11,873,680	16,826,422	16,378,699	447,723
Travel	185,000	185,000	123,599	61,401
Total Expenditures	<u>16,818,276</u>	<u>21,771,018</u>	<u>20,403,621</u>	<u>1,367,397</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(114,500)</u>	<u>(291,500)</u>	<u>1,025,534</u>	<u>1,317,034</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In (Out)	114,500	291,500	(1,025,534)	(1,317,034)
Total Other Financing Sources (Uses)	<u>114,500</u>	<u>291,500</u>	<u>(1,025,534)</u>	<u>(1,317,034)</u>
Net Changes in Fund Balance				
Fund Balance - Beginning - July 1, 2024				
Fund Balance - Ending - June 30, 2025	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
PENSION AND OPEB SCHEDULES  
Required Supplementary Information**

**June 30, 2025**

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY - CERS  
Required Supplementary Information**

**June 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total Net Pension Liability (Asset) for County Employee Retirement System					
Lake Cumberland Area Development District's Proportion of the Net Pension Liability (Asset)	0.086616%	0.090445%	0.094935%	0.107689%	0.110806%
Lake Cumberland Area Development District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,180,004	\$ 5,803,411	\$ 6,862,864	\$ 6,866,018	\$ 8,498,728
Lake Cumberland Area Development District's Covered Payroll	\$ 2,751,000	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000	\$ 2,817,000
Lake Cumberland Area Development District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	188.30%	211.11%	254.46%	253.55%	301.69%
Plan Fiduciary Net Position as a Percentage of the Total Net Position Liability	61.61%	57.48%	52.42%	57.33%	47.81%
	<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>
Total Net Pension Liability (Asset) for County Employee Retirement System					
Lake Cumberland Area Development District's Proportion of the Net Pension Liability (Asset)	0.111733%	0.110230%	0.115167%	0.124840%	0.126000%
Lake Cumberland Area Development District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,858,232	\$ 6,713,343	\$ 6,741,079	\$ 6,146,609	\$ 5,417,490
Lake Cumberland Area Development District's Covered Payroll	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895	\$ 2,825,763	\$ 2,968,342
Lake Cumberland Area Development District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	273.62%	235.47%	244.69%	217.52%	182.51%
Plan Fiduciary Net Position as a Percentage of the Total Net Position Liability	50.45%	53.54%	53.32%	55.50%	59.97%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS - CERS**  
**Required Supplementary Information**

**June 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually Required Pension Contributions	\$ 542,167	\$ 641,533	\$ 631,116	\$ 573,293	\$ 543,740
Contributions in Relation to the Contractually Required Pension Contribution	<u>(542,167)</u>	<u>(641,533)</u>	<u>(631,116)</u>	<u>(573,293)</u>	<u>(543,740)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Lake Cumberland Area Development District's Covered Employee Payroll	\$ 2,751,000	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000	\$ 2,817,000
Pension Contributions as a Percentage of Lake Cumberland Area Development District's Covered Payroll	19.71%	23.34%	23.40%	21.17%	19.30%

	<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>
Contractually Required Pension Contributions	\$ 553,167	\$ 462,346	\$ 398,909	\$ 527,853	\$ 506,399
Contributions in Relation to the Contractually Required Pension Contribution	<u>(553,167)</u>	<u>(462,346)</u>	<u>(398,909)</u>	<u>(527,853)</u>	<u>(506,399)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Lake Cumberland Area Development District's Covered Employee Payroll	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895	\$ 2,825,763	\$ 2,968,342
Pension Contributions as a Percentage of Lake Cumberland Area Development District's Covered Payroll	19.26%	16.22%	14.48%	18.68%	17.06%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - CERS  
Required Supplementary Information**

**June 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Total Net Other Post-Employment Benefits Liability (Asset) for County Employee Retirement System				
Lake Cumberland Area Development District's Proportion of the Net Other Post-Employment Benefits Liability (Asset)	0.086696%	0.090442%	0.094924%	0.107664%
Lake Cumberland Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability (Asset)	\$ (149,967)	\$ (124,870)	\$ 1,873,338	\$ 2,061,173
Lake Cumberland Area Development District's Covered Payroll	\$ 2,751,000	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000
Lake Cumberland Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability as a Percentage of Its Covered Payroll	-5.45%	-4.54%	69.46%	76.11%
Plan Fiduciary Net Position as a Percentage of the Total Net Position	104.89%	104.23%	60.95%	62.91%

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total Net Other Post-Employment Benefits Liability (Asset) for County Employee Retirement System				
Lake Cumberland Area Development District's Proportion of the Net Other Post-Employment Benefits Liability (Asset)	0.110774%	0.111704%	0.110225%	0.115167%
Lake Cumberland Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability (Asset)	\$ 2,674,855	\$ 1,878,811	\$ 1,957,023	\$ 2,315,251
Lake Cumberland Area Development District's Covered Payroll	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
Lake Cumberland Area Development District's Proportionate Share of the Net Other Post-Employment Benefits Liability as a Percentage of Its Covered Payroll	94.95%	65.42%	68.64%	84.04%
Plan Fiduciary Net Position as a Percentage of the Total Net Position	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  
Required Supplementary Information**

**June 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually Required Other Post-Employment Benefits Contribution	\$ -	\$ -	\$ 91,431	\$ 156,525
Contribution in Relation to the Contractually Required Other Post-Employment Benefits Contribution	<u>-</u>	<u>-</u>	<u>(91,431)</u>	<u>(156,525)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Lake Cumberland Area Development District's Covered Payroll	\$ 2,751,000	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000
Contributions as a Percentage of Lake Cumberland Area Development District's Covered Payroll	0.00%	0.00%	3.39%	5.78%

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually Required Other Post-Employment Benefits Contribution	\$ 134,104	\$ 136,429	\$ 149,935	\$ 129,480
Contribution in Relation to the Contractually Required Other Post-Employment Benefits Contribution	<u>(134,104)</u>	<u>(136,429)</u>	<u>(149,935)</u>	<u>(129,480)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Lake Cumberland Area Development District's Covered Payroll	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
Contributions as a Percentage of Lake Cumberland Area Development District's Covered Payroll	4.76%	4.75%	5.26%	4.70%

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

Changes of benefit terms: There have been no changes of benefit terms since 2014.

Changes of assumptions: The following changes were made by the Kentucky Legislature and reflected in the actuarial valuation performed as of June 30, listed below:

**2017:**

- The assumed investment rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.

**2019:**

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is a PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**2024:**

- For active members, the mortality table used is a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. For non-disabled retired members, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. For disabled retired members, the mortality table used is a PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Changes of benefit terms: There have been no changes of benefit terms since 2003.

Changes of assumptions: The following changes were made by the Kentucky Legislature and reflected in the actuarial valuation performed as of June 30, listed below:

**2017:**

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.
- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years to an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.5% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years to an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

**2018**

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years to an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)****June 30, 2025****(Continued)****2019:**

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For nondisabled retired members, the mortality table used is the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is a PUB2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**2020:**

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years to an initial trend starting at 6.40% and gradually decreasing to an ultimate rate of 4.05% over a period of 14 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years to an initial trend starting at 2.90%, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

**2021:**

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed healthcare trend rates for post – 65 members increased from an initial trend starting at 2.90% and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 5.50%, and gradually decreasing to an ultimate rate of 4.05% over a period of 14 years.

**2022:**

- The assumed healthcare trend rates for pre – 65 members increased from an initial trend starting 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
- The assumed healthcare trend rates for post – 65 members increased from an initial trend starting 5.50% and gradually decreasing to an ultimate rate of 4.05% over a period of 14 years to an initial trend starting at 6.30% and gradually decreasing to an ultimate rate of 4.05% over a period of 13 years.

**2023:**

- The assumed healthcare trend rates for pre – 65 members decreased from an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

**2024:**

- The assumed healthcare trend rates for pre – 65 members decreased from an initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 6.20% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
- The assumed healthcare trend rates for post – 65 members increased from an initial trend starting 6.30% and gradually decreasing to an ultimate rate of 4.05% over a period of 13 years to an initial trend starting at 9.00% and gradually decreasing to an ultimate rate of 4.05% over a period of 12 years.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Fiscal Year Ended June 30, 2025**

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Fiscal Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Health and Human Services</u></b>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services</i>				
<b>Aging Cluster:</b>				
Special Programs for the Aging, Title III, Part B, Administration	93.044	PON3 725 2400000102	\$	\$ 23,861
Special Programs for the Aging, Title III, Part B, Supportive Services	93.044	PON3 725 2400000102		285,378
Special Programs for the Aging, Title III, Part B, Supportive Services - ARPA	93.044	PON3 725 2400000102		83,566
Special Programs for the Aging, Title III, Part C-1, Nutrition Services	93.045	PON3 725 2400000102		515,613
Special Programs for the Aging, Title III, Part C-2, Nutrition Services	93.045	PON3 725 2400000102		366,767
Special Programs for the Aging, Title III, Part C-2, Nutrition Services - ARPA	93.045	PON3 725 2400000102		139,754
Nutrition Services Incentive Program	93.053	PON3 725 2400000082		122,739
<b>Sub-total for Aging Cluster:</b>			<u>\$</u>	<u>\$ 1,537,678</u>
Special Programs for the Aging, Title III, Part D, Disease Prevention	93.043	PON3 725 2400000102		31,756
Special Programs for the Aging, Title III, Part D, Disease Prevention - ARPA	93.043	PON3 725 2400000102		17,823
National Family Caregiver Support Title III, Part E	93.052	PON3 725 2400000102		158,327
National Family Caregiver Support Title III, Part E - ARPA	93.052	PON3 725 2400000102		23,649
<b>Special Programs for the Aging:</b>				
State Health Insurance Assistance Program (SHIP)	93.324	PON3 725 2400000094		27,788
Grants to States for Medicaid, Aging & Disability Resource Center (ADRC) - Medicaid Cluster	93.778	PON3 725 2400000066		15,000
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects (INNU)	93.048	PON3 725 2400000103		4,568
Medicare Enrollment Assistance Program (MIPPA-AAA)	93.071	PON3 725 2400000081		19,688
Medicare Enrollment Assistance Program (MIPPA-SHIP)	93.071	PON3 725 2400000081		19,951
Medicare Enrollment Assistance Program (MIPPA-ADRC)	93.071	PON3 725 2400000081		9,289
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services	93.042	PON3 725 2400000100		8,757
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse	93.041	PON3 725 2400000100		3,111
<b>Total U.S. Department of Health and Human Services</b>			<u>\$</u>	<u>\$ 1,877,385</u>
<b><u>U. S. Department of Commerce</u></b>				
<i>Passed-Through Economic Development Administration</i>				
COVID-19 - Economic Adjustment Assistance - RLF Cares Act	11.307	04-79-07497		1,455,146
<b>Sub-total for Economic Development Cluster:</b>			<u>\$</u>	<u>\$ 1,455,146</u>
<i>Passed-Through Kentucky Department for Local Government</i>				
Economic Development Support for Planning Organizations - Technical Assistance (JFA-EDA)	11.302	PON2 112 2400004765		92,847
<b>Total U.S. Department of Commerce</b>			<u>\$</u>	<u>\$ 1,547,993</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>				
Older Adults Home Modification Grant Program	14.921	KYHMR0006-21		325,230
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grants - Technical Assistance Program (JFA-CDBG)	14.228	PON2 112 2400004765		18,846
<b>Total U.S. Department of Housing and Urban Development</b>			<u>\$</u>	<u>\$ 344,076</u>
<b><u>U. S. Department of Environmental Protection Agency</u></b>				
Brownsfield Multipurpose and Assessment	66.818	02D06821		51,196
<b>Total U.S. Department of Environmental Protection Agency</b>			<u>\$</u>	<u>\$ 51,196</u>

The accompanying notes are an integral part of this schedule.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2025  
(Continued)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Transportation</u></b>				
Safe Streets and Roads for All (SS4A)	20.939	693JJ32340508	\$	\$ 49,381
<b>Total U.S. Department of Transportation</b>			<u>\$</u>	<u>\$ 49,381</u>
<b><u>Appalachian Regional Commission</u></b>				
Appalachian Local Development Direct Assistance - Ready Appalachia: A Community Capacity	23.002	CC-21165-LDD-23	\$	\$ 61,439
<i>Passed-Through Kentucky Department for Local Government</i>				
Appalachian Local Development Direct Assistance - Appalachian Regional Commission (ARC)	23.009	PON2 112 2400004765		137,248
<b>Total Appalachian Regional Commission</b>			<u>\$</u>	<u>\$ 198,687</u>
<b><u>U. S. Department of Treasury</u></b>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services</i>				
COVID 19 (ARPA) Coronavirus State and Local Fiscal Recovery Funds	21.027	PON3 725 2400000102		5,043
<b>Total U.S. Department of Treasury</b>			<u>\$</u>	<u>\$ 5,043</u>
<b><u>U. S. Department of Labor</u></b>				
<i>Passed-Through Kentucky Education and Labor Cabinet Department of Workforce Development</i>				
<b>WIOA Cluster:</b>				
WIOA - Youth Activities:				
274YT25-PY 24	17.259	PON3 531 2400000136		569,632
WIOA - Adult Program:				
270AD25-PY 24	17.258	PON3 531 2400000136		175,377
273AD24-FY 24	17.258	PON3 531 2400000136		25,424
273AD25-FY 25	17.258	PON3 531 2400000136		483,234
WIOA - Dislocated Worker Formula Grants:				
271DW24- FY 24	17.278	PON3 531 2400000136		15,808
271DW25- FY 25	17.278	PON3 531 2400000136		364,974
272DW25 - PY 24	17.278	PON3 531 2400000136		142,472
<b>Sub-total for WIOA Cluster:</b>			<u>\$</u>	<u>\$ 1,776,921</u>
WIOA National Dislocated Worker Grants/ WIA National Emergency Grants - 258QT23	17.277	PON3 531 2400000136		110,694
<b>Total U. S. Department of Labor</b>			<u>\$</u>	<u>\$ 1,887,615</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 0</u>	<u>\$ 5,961,376</u>

The accompanying notes are an integral part of this schedule.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2025**

**Note 1. 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, 2025. 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.

**Note 2. 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.

**Note 3. Indirect Cost Rate**

Lake Cumberland Area Development District did not elect to use the 10 or 15 percent *de minimis* indirect cost rate for grants awarded or amended before October 1, 2024 or October 1, 2024 and later, respectively, as allowed under the uniform guidance.

**Note 4. Revolving Loan Fund Grant Calculation of Federal Amount**

<u>RLF Grant Calculation of Federal Amount:</u>	<u>11.307 Cares</u>
Balance of loans outstanding, June 30, 2025	\$ 1,151,622
Cash and Investments at June 30, 2025	303,489
Administrative Expenses	35
	<u>\$ 1,455,146</u>
EDA Percent	<u>100%</u>
Amounts reported on the schedule of federal awards	<u>\$ 1,455,146</u>
Original Funding:	<u>11.307 Cares</u>
Total Funding	\$ 1,340,000
EDA Share	<u>\$ 1,340,000</u>
Percent to total	100%

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF SHARED/INDIRECT COSTS  
Other Supplementary Information**

**June 30, 2025**

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF SHARED/INDIRECT COSTS  
Other Supplementary Information**

**For The Year Ended June 30, 2025**

**Cost Categories:**

Salaries	\$ 343,818
Personnel burden	124,782
Leave time	(14,383)
Travel, staff and board	41,254
Equipment maintenance and rent	24,168
Building rentals	88,000
Registration and meeting expense	8,843
Contractual services, audit and legal	75,337
Utilities and telephone	57,236
Janitorial expenses	28,211
Auto expense	40,545
Dues and memberships	7,335
Printing and publications	1,787
Supplies	5,725
Insurance	25,648
Postage	5,574
Other	3,895
Total Shared Cost	<u>\$ 867,775</u>

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
COST ALLOCATION POLICY  
Other Supplementary Information**

**For The Year Ended June 30, 2025**

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.
- 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.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
COST ALLOCATION POLICY  
Other Supplementary Information  
For The Year Ended June 30, 2025  
(Continued)**

Direct/Shared Costs (Continued)

**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, 2025**

Salaries	\$ 343,818
Personnel burden	124,782
Leave time	(14,383)
Travel, staff and board	41,254
Equipment maintenance and rent	24,168
Building rentals	88,000
Registration and meeting expense	8,843
Contractual services, audit and legal	75,337
Utilities and telephone	57,236
Janitorial expenses	28,211
Auto expense	40,545
Dues and memberships	7,335
Printing and publications	1,787
Supplies	5,725
Insurance	25,648
Postage	5,574
Other	3,895
Total Shared Cost	<u>\$ 867,775</u>

**B. Direct Salaries and Benefits:**

Salaries	\$2,641,126
Benefits	<u>1,123,038</u>
Total Direct Salaries and Benefits	\$3,764,164

<b>C. Total Shared Costs</b>	<u>867,775</u>
------------------------------	----------------

FY 2025 Shared Costs Rate 23.05%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY PROGRAM**

**SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2025**

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF OPERATIONS BY PROGRAM**  
**Supplementary Information**

**For The Year Ended June 30, 2025**

	<b>Joint Funding Operations</b>	<b>WIOA</b>	<b>Aging</b>	<b>PDS/VET</b>	<b>Plan/Trans</b>
<b>Revenues</b>					
Federal Grants	\$ 248,941	\$ 1,887,615	\$ 1,882,427	\$	\$ 49,381
State Grants	264,976	170,756	1,455,271	14,623,752	254,519
Local			28,757		
Interest on Savings					
Interest on Loans					
In-Kind			31,198		
Program Income					
Total Revenues	<u>513,917</u>	<u>2,058,371</u>	<u>3,397,653</u>	<u>14,623,752</u>	<u>303,900</u>
<b>Expenditures</b>					
Direct Expenditures					
Salaries	225,978	533,178	773,286	576,231	126,175
Personnel Burden	99,860	216,877	357,926	258,601	41,493
Leave Time	14,598	41,960	48,562	35,784	7,416
Subgrantees & Contracts	47,582	925,767	1,048,474	12,361,471	52,018
Travel Staff	13,011	9,723	13,582	31,253	2,728
Other Direct Expenses	39,440	110,469	850,615	26,098	43,083
In-Kind			31,198		
Total Direct Expenditures	<u>440,469</u>	<u>1,837,974</u>	<u>3,123,643</u>	<u>13,289,438</u>	<u>272,913</u>
Total Shared Costs Applied	<u>73,448</u>	<u>220,397</u>	<u>290,512</u>	<u>215,052</u>	<u>43,572</u>
<b>Total Expenditures</b>	<u>513,917</u>	<u>2,058,371</u>	<u>3,414,155</u>	<u>13,504,490</u>	<u>316,485</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,502)</u>	<u>\$ 1,119,262</u>	<u>\$ (12,585)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF OPERATIONS BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	Other	Title IX RLF	LCDC	Local	G & A Expense	Total
<b>Revenues</b>						
Federal Grants	\$ 437,866	\$	\$	\$	\$	\$ 4,506,230
State Grants	93,696					16,862,970
Local				184,652		213,409
Interest on Savings			764	132,972		133,736
Interest on Loans		109,435				109,435
In-Kind						31,198
Program Income			155,056	16,269		171,325
<b>Total Revenues</b>	<b>531,562</b>	<b>109,435</b>	<b>155,820</b>	<b>333,893</b>		<b>22,028,303</b>
<b>Expenditures</b>						
<b>Direct Expenditures</b>						
Salaries	52,057	10,403			343,818	2,641,126
Personnel Burden	20,961	2,538		(1,181,206)	124,782	(58,168)
Leave Time	2,897	325			(14,383)	137,159
Subgrantees & Contracts	387,084			15,684	75,337	14,913,417
Travel Staff	469			11,579	41,254	123,599
Other Direct Expenses	54,839	1,440	155,056	89,046	296,967	1,667,053
In-Kind						31,198
<b>Total Direct Expenditures</b>	<b>518,307</b>	<b>14,706</b>	<b>155,056</b>	<b>(1,064,897)</b>	<b>867,775</b>	<b>19,455,384</b>
Shared Costs Applied	22,505	2,289			(867,775)	
<b>Total Expenditures</b>	<b>540,812</b>	<b>16,995</b>	<b>155,056</b>	<b>(1,064,897)</b>		<b>19,455,384</b>
<b>Excess of Revenues Over (Under)</b>						
<b>Expenditures</b>	<b>\$ (9,250)</b>	<b>\$ 92,440</b>	<b>\$ 764</b>	<b>\$ 1,398,790</b>	<b>\$ 0</b>	<b>\$ 2,572,919</b>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF OPERATIONS BY PROGRAM – JOINT FUNDING ADMINISTRATION PROGRAMS**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<u>Budget</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>	<u>Actual Favorable (Unfavorable)</u>
<b>Revenues</b>					
Federal	\$ 249,165	\$ 248,941	\$	\$ 248,941	\$ (224)
State	276,466	264,976		264,976	(11,490)
<b>Total Revenues</b>	<u>525,631</u>	<u>513,917</u>		<u>513,917</u>	<u>(11,714)</u>
<b>Expenditures</b>					
Community and Economic Development EDA (120)	120,948	102,227	18,721	120,948	
Community and Economic Development EDA (125)	38,047	30,305	7,742	38,047	
Community and Economic Development EDA (130)	184,409	150,184	34,225	184,409	
Management Assistance Program Administration	85,017	76,863	8,154	85,017	
	85,496	80,890	4,606	85,496	
<b>Total Expenditures</b>	<u>513,917</u>	<u>440,469</u>	<u>73,448</u>	<u>513,917</u>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 11,714</u>	<u>\$ 73,448</u>	<u>\$ (73,448)</u>	<u>\$ 0</u>	<u>\$ (11,714)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF AGING OPERATIONS BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<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>
<b>Revenues</b>					
Federal Grants	\$ 23,861	\$ 355,537	\$ 13,407	\$ 36,624	\$ 478,988
State Grants	9,683	173,600		13,681	59,831
Local		1,019			27,738
Other					
Interest on Loans					
In-Kind					
Program Income					
Total Revenues	<u>33,544</u>	<u>530,156</u>	<u>13,407</u>	<u>50,305</u>	<u>566,557</u>
<b>Expenditures</b>					
Direct Expenditures					
Salaries	15,589	145,355	6,394	27,542	207,298
Personnel Burden	7,107	66,084	3,617	12,623	89,347
Leave Time	1,316	8,653	488	1,833	11,264
Contracts		151,045			56,745
Travel Staff	663	2,634		405	938
In-Kind Expenses					
Other Direct Expenses	949	96,679		548	304,643
Total Direct Expenditures	<u>25,624</u>	<u>470,450</u>	<u>10,499</u>	<u>42,951</u>	<u>670,235</u>
Total Shared Costs Applied	<u>7,920</u>	<u>59,706</u>	<u>2,908</u>	<u>7,354</u>	<u>81,555</u>
<b>Total Expenditures</b>	<u>33,544</u>	<u>530,156</u>	<u>13,407</u>	<u>50,305</u>	<u>751,790</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (185,233)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF AGING OPERATIONS BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<b>III-C2 Meals Admin</b>	<b>III-C2 HD Meals</b>	<b>III-D Preventive Health</b>	<b>III-E Caregiver Admin</b>	<b>III-E Caregiver</b>
<b>Revenues</b>					
Federal Grants	\$ 13,624	\$ 492,897	\$ 49,579	\$ 10,310	\$ 171,666
State Grants	9,320			4,822	
Local					
Other					
Interest on Loans					
In-Kind					31,198
Program Income					
<b>Total Revenues</b>	<b>22,944</b>	<b>492,897</b>	<b>49,579</b>	<b>15,132</b>	<b>202,864</b>
<b>Expenditures</b>					
<b>Direct Expenditures</b>					
Salaries	10,817	16,055	22,635	7,857	26,820
Persomel Burden	4,283	7,358	10,574	3,181	15,615
Leave Time	976	928	1,560	721	1,702
Contracts		456,899	3,000		
Travel Staff	610	326			
In-Kind Expenses					31,198
Other Direct Expenses	512	59,417	2,557	248	133,429
<b>Total Direct Expenditures</b>	<b>17,198</b>	<b>540,983</b>	<b>40,326</b>	<b>12,007</b>	<b>208,764</b>
Shared Costs Applied	5,746	3,310	9,253	3,125	12,245
<b>Total Expenditures</b>	<b>22,944</b>	<b>544,293</b>	<b>49,579</b>	<b>15,132</b>	<b>221,009</b>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<b>\$ 0</b>	<b>\$ (51,396)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (18,145)</b>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF AGING OPERATIONS BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<b>Homcare Admin</b>	<b>Homecare Case Management</b>	<b>Homecare HD Meals</b>	<b>Total</b>
<b>Revenues</b>				
Federal Grants	\$	\$	\$	\$ 1,646,493
State Grants	82,067	565,915	359,009	1,277,928
Local				28,757
Other				
Interest on Loans				
In-Kind				31,198
Program Income				
Total Revenues	<u>82,067</u>	<u>565,915</u>	<u>359,009</u>	<u>2,984,376</u>
<b>Expenditures</b>				
Direct Expenditures				
Salaries	41,949	122,490	20,550	671,351
Persomel Burden	20,026	61,213	7,372	308,400
Leave Time	4,062	6,594	1,849	41,946
Contracts		290,168	87,487	1,045,344
Travel Staff	610	6,049		12,235
In-Kind Expenses				31,198
Other Direct Expenses	1,466	38,884	108	639,440
Total Direct Expenditures	<u>68,113</u>	<u>525,398</u>	<u>117,366</u>	<u>2,749,914</u>
Shared Costs Applied	<u>13,954</u>	<u>42,372</u>	<u>5,077</u>	<u>254,525</u>
<b>Total Expenditures</b>	<u>82,067</u>	<u>567,770</u>	<u>122,443</u>	<u>3,004,439</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>\$ 0</u>	<u>\$ (1,855)</u>	<u>\$ 236,566</u>	<u>\$ (20,063)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF AGING OPERATIONS BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<b>VII Ombudsman</b>	<b>VII Elder Abuse</b>	<b>NSIP</b>	<b>Caregiver Admin</b>	<b>Caregiver Services</b>
<b>Revenues</b>					
Federal Grants	\$ 8,757	\$ 3,110	\$ 122,739	\$	\$
State Grants	3,633	1,200		8,179	84,260
Local					
Other					
Interest on Loans					
In-Kind					
Program Income					
Total Revenues	<u>12,390</u>	<u>4,310</u>	<u>122,739</u>	<u>8,179</u>	<u>84,260</u>
<b>Expenditures</b>					
Direct Expenditures					
Salaries	5,805	1,927		4,673	14,833
Personnel Burden	3,329	1,091		1,767	8,701
Leave Time	458	153		509	1,015
Contracts					
Travel Staff					
In-Kind Expenses					
Other Direct Expenses			122,739	89	54,071
Total Direct Expenditures	<u>9,592</u>	<u>3,171</u>	<u>122,739</u>	<u>7,038</u>	<u>78,620</u>
Total Shared Costs Applied	<u>2,798</u>	<u>1,139</u>		<u>1,141</u>	<u>5,698</u>
<b>Total Expenditures</b>	<u>12,390</u>	<u>4,310</u>	<u>122,739</u>	<u>8,179</u>	<u>84,318</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (58)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF AGING OPERATIONS BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<u>SHIP Admin</u>	<u>SHIP Services</u>	<u>SLTC</u>	<u>Medicaid ADRC</u>	<u>Disaster Preparedness</u>
<b>Revenues</b>					
Federal Grants	\$ 2,435	\$ 25,354	\$	\$ 15,000	\$ 5,043
State Grants			65,071	15,000	
Local					
Other					
Interest on Loans					
In-Kind					
Program Income					
Total Revenues	<u>2,435</u>	<u>25,354</u>	<u>65,071</u>	<u>30,000</u>	<u>5,043</u>
<b>Expenditures</b>					
Direct Expenditures					
Salaries	1,257	10,964	25,860	13,519	
Personnel Burden	495	4,877	13,940	4,800	
Leave Time	114	529	2,158	639	
Contracts				3,130	
Travel Staff		231	390		
In-Kind Expenses					
Other Direct Expenses	9	2,213	13,913	253	5,029
Total Direct Expenditures	<u>1,875</u>	<u>18,814</u>	<u>56,261</u>	<u>22,341</u>	<u>5,029</u>
Shared Costs Applied	<u>563</u>	<u>6,540</u>	<u>9,135</u>	<u>3,465</u>	
<b>Total Expenditures</b>	<u>2,438</u>	<u>25,354</u>	<u>65,396</u>	<u>25,806</u>	<u>5,029</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ (3)</u>	<u>\$ 0</u>	<u>\$ (325)</u>	<u>\$ 4,194</u>	<u>\$ 14</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF AGING OPERATIONS BY PROGRAM**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<u>INNU</u>	<u>MIPPA ADRC</u>	<u>MIPPA AAA</u>	<u>MIPPA SHIP</u>	<u>Total</u>
<b>Revenues</b>					
Federal Grants	\$ 4,568	\$ 9,289	\$ 19,688	\$ 19,951	\$ 235,934
State Grants					177,343
Local					
Other					
Interest on Loans					
In-Kind					
Program Income					
Total Revenues	<u>4,568</u>	<u>9,289</u>	<u>19,688</u>	<u>19,951</u>	<u>413,277</u>
<b>Expenditures</b>					
Direct Expenditures					
Salaries	712	5,874	7,880	8,631	101,935
Personnel Burden	505	2,508	3,566	3,947	49,526
Leave Time	51	272	320	398	6,616
Contracts					3,130
Travel Staff	520		78	128	1,347
In-Kind Expenses					
Other Direct Expenses	<u>2,334</u>		<u>5,732</u>	<u>4,793</u>	<u>211,175</u>
Total Direct Expenditures	<u>4,122</u>	<u>8,654</u>	<u>17,576</u>	<u>17,897</u>	<u>373,729</u>
Shared Costs Applied	<u>447</u>	<u>667</u>	<u>2,110</u>	<u>2,284</u>	<u>35,987</u>
Total Expenditures	<u>4,569</u>	<u>9,321</u>	<u>19,686</u>	<u>20,181</u>	<u>409,716</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ (1)</u>	<u>\$ (32)</u>	<u>\$ 2</u>	<u>\$ (230)</u>	<u>\$ 3,561</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF OPERATIONS – OTHER GRANTS AND CONTRACTS**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<u>Transportation Planning</u>	<u>Transportation Road Updates</u>	<u>KIA</u>	<u>SS4A</u>	<u>Brownfields</u>
<b>Revenues</b>					
Federal Grants	\$	\$	\$	\$ 49,381	\$ 51,196
State Grants	83,454	20,800	137,920	12,345	
Local					
Other					
Interest on Loans					
In-Kind					
Program Income					
Total Revenues	<u>83,454</u>	<u>20,800</u>	<u>137,920</u>	<u>61,726</u>	<u>51,196</u>
<b>Expenditures</b>					
Direct Expenditures					
Salaries	47,645	14,251	55,661	8,618	4,972
Persomel Burden	18,735	4,647	15,120	2,991	1,741
Leave Time	2,717	684	3,599	416	499
Contracts			4,296	47,722	43,999
Travel Staff	2,578		31	119	
In-Kind Expenses					
Other Direct Expenses	4,937	156	37,990		
Total Direct Expenditures	<u>76,612</u>	<u>19,738</u>	<u>116,697</u>	<u>59,866</u>	<u>51,211</u>
Total Shared Costs Applied	<u>17,264</u>	<u>1,940</u>	<u>22,508</u>	<u>1,860</u>	<u>3,068</u>
<b>Total Expenditures</b>	<u>93,876</u>	<u>21,678</u>	<u>139,205</u>	<u>61,726</u>	<u>54,279</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ (10,422)</u>	<u>\$ (878)</u>	<u>\$ (1,285)</u>	<u>\$ 0</u>	<u>\$ (3,083)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF OPERATIONS – OTHER GRANTS AND CONTRACTS**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<u>OAHP</u>	<u>US Energy BRIC</u>	<u>ARC Ready</u>	<u>KY Opioid Abatement</u>	<u>Total</u>
<b>Revenues</b>					
Federal Grants	\$ 325,231	\$	\$ 61,439	\$	\$ 487,247
State Grants		3,311		90,385	348,215
Local					
Other					
Interest on Loans					
In-Kind					
Program Income					
<b>Total Revenues</b>	<u>325,231</u>	<u>3,311</u>	<u>61,439</u>	<u>90,385</u>	<u>835,462</u>
<b>Expenditures</b>					
Direct Expenditures					
Salaries	6,497	4,114	32,933	3,541	178,232
Personnel Burden	2,831	1,695	13,861	833	62,454
Leave Time	327	419	1,530	122	10,313
Contracts	311,376			31,709	439,102
Travel Staff				469	3,197
In-Kind Expenses					
Other Direct Expenses	1,735	32	448	52,624	97,922
<b>Total Direct Expenditures</b>	<u>322,766</u>	<u>6,260</u>	<u>48,772</u>	<u>89,298</u>	<u>791,220</u>
Shared Costs Applied	3,596	2,030	12,724	1,087	66,077
<b>Total Expenditures</b>	<u>326,362</u>	<u>8,290</u>	<u>61,496</u>	<u>90,385</u>	<u>857,297</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ (1,131)</u>	<u>\$ (4,979)</u>	<u>\$ (57)</u>	<u>\$ 0</u>	<u>\$ (21,835)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF OPERATIONS BY GRANT – WIOA**  
**Supplementary Information**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	Federal Assistance <u>Listing Number</u>	
<b>Revenues</b>		
WIA Revenue By Grant		
WIA-Youth:		
274YT25- PY 24	17.259	\$ 569,632
WIA-Adult:		
270AD25- PY 24	17.258	175,377
273AD24- FY 24	17.258	25,424
273AD25- FY 25	17.258	483,234
WIA-Dislocated Workers:		
271DW24- FY 24	17.278	15,808
271DW25- FY 25	17.278	364,974
272DW25- PY 24	17.278	<u>142,472</u>
<b>Total Revenues</b>		<u><u>\$ 1,776,921</u></u>
<b>Expenditures</b>		
WIA-Youth:		
274YT25- PY 24	17.259	569,632
WIA-Adult:		
270AD25- PY 24	17.258	175,377
273AD24- FY 24	17.258	25,424
273AD25- FY 25	17.258	483,234
WIA-Dislocated Workers:		
271DW24- FY 24	17.278	15,808
271DW25- FY 25	17.278	364,974
272DW25- PY 24	17.278	<u>142,472</u>
<b>Total Expenditures</b>		<u><u>\$ 1,776,921</u></u>
<b>Excess of Revenues Over (Under)</b>		
<b>Expenditures</b>		<u><u>\$ 0</u></u>

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

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors  
Lake Cumberland Area Development District  
Russel 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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lake Cumberland Area Development District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lake Cumberland Area Development District's basic financial statements, and have issued our report thereon dated December 18, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the Lake Cumberland Area Development District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lake Cumberland Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

***Report on Compliance And Other Matters***

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

December 18, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With The Uniform Guidance

Independent Auditor's Report

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Lake Cumberland Area Development District's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Lake Cumberland Area Development District's major federal programs for the year ended June 30, 2025. The 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 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, 2025.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.



Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance  
(Continued)

***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 GAAS, *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 GAAS, *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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance  
(Continued)

**Report on Internal Control Over Compliance (Continued)**

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

December 18, 2025

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2025**

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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2025**

**Section I: Summary of Auditor’s Results**

***Financial Statement***

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

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor’s report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u> 93.044, 93.045, 93.053	<u>Name of Federal Program or Cluster</u> Aging Cluster
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Dollar threshold used to distinguish between Type A and Type B programs: Auditee qualified as a low-risk auditee?	\$750,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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**Section II: Financial Statement Findings**

None noted.

**Section III: Federal Award Findings And Questioned Costs**

None noted.

**Section IV: Summary Schedule of Prior Audit Findings**

None noted.