

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

Report on Audit of  
Financial Statements  
For the Year Ended June 30, 2024



**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
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YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Lake Cumberland Area Development District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Lake Cumberland Area Development District 's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Cumberland Area Development District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

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

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, on our consideration of the Lake Cumberland Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lake Cumberland Area Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Cumberland Area Development District's internal control over financial reporting and compliance.

*Campbell, Myers & Rutledge, PLLC*

Glasgow, Kentucky  
December 3, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis provides an overview of Lake Cumberland Area Development District's financial performance during the fiscal year 2024. Please read the following in conjunction with the District's audited financial statements. A comparative analysis has been presented as a single fund, special-purpose government.

### OVERVIEW OF THE ANNUAL REPORT

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

### REQUIRED FINANCIAL STATEMENTS

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

### FINANCIAL ANALYSIS OF THE DISTRICT

The Condensed Statement of Net Position reveals the following changes for the fiscal year 2024:

	FY 2024	FY 2023	Change
Current Assets	\$ 8,477,446	\$ 7,321,388	\$ 1,156,058
Capital and Other Assets	4,088,392	4,020,775	67,617
Deferred Outflows of Resources	<u>2,179,846</u>	<u>2,571,525</u>	<u>(391,679)</u>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b><u>\$ 14,745,684</u></b>	<b><u>\$ 13,913,688</u></b>	<b><u>\$ 831,996</u></b>
Current Liabilities	\$ 1,761,044	\$ 1,419,956	\$ 341,088
Long Term Liabilities	6,132,123	9,107,955	(2,975,832)
Deferred Inflows of Resources	<u>3,146,257</u>	<u>2,219,327</u>	<u>926,930</u>
Total Liabilities & Deferred Inflows of Resources	<u>11,039,424</u>	<u>12,747,238</u>	<u>(1,707,814)</u>
Net Position			
Net Investment in Capital assets	\$ 876,345	\$ 924,197	\$ (47,852)
Restricted	2,920,228	2,865,783	54,445
Unrestricted	<u>(90,313)</u>	<u>(2,623,530)</u>	<u>2,533,217</u>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Net Position</b>	<b><u>\$ 14,745,684</u></b>	<b><u>\$ 13,913,688</u></b>	<b><u>\$ 831,996</u></b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	FY 2024	FY 2023	Change
<b>Operating Revenues</b>			
Federal	\$ 5,897,320	\$ 6,348,636	\$ (451,316)
State	12,602,758	9,654,627	2,948,131
In-Kind	72,315	48,931	23,384
Other and Local	<u>502,925</u>	<u>556,077</u>	<u>(53,152)</u>
Total Operating Revenues	<u>19,075,318</u>	<u>16,608,271</u>	<u>2,467,047</u>
<b>Operating Expenses</b>			
Salaries and Fringe	2,132,729	3,187,834	(1,055,105)
Subgrantees and Contractual	12,294,639	10,236,308	2,058,331
Other	<u>2,208,487</u>	<u>1,915,161</u>	<u>293,326</u>
Total Operating Expenses	<u>16,635,855</u>	<u>15,339,303</u>	<u>1,296,552</u>
Operating Income	<u>2,439,463</u>	<u>1,268,968</u>	<u>1,170,495</u>
<b>Non-Operating Income (Expense)</b>			
Bank Interest Income	<u>100,347</u>	<u>32,158</u>	<u>68,189</u>
Total Non-Operating Income	<u>100,347</u>	<u>32,158</u>	<u>68,189</u>
Change in Net Position	2,539,810	1,301,126	1,238,684
Net Position, Beginning of Year	<u>1,166,450</u>	<u>(134,676)</u>	<u>1,301,126</u>
Net Position, End of Year	<u>\$ 3,706,260</u>	<u>\$ 1,166,450</u>	<u>\$ 2,539,810</u>

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

### **NOTES RECEIVABLE, RLF**

The District, in order to stimulate economic development and assist businesses in obtaining and acquiring low interest rate loans, has chosen to participate in the Revolving Loan Program. Through a federal grant and local funding, the District created a loan program for the before mentioned reasons. The loans are repaid from payments collected from borrowers. The District made \$1,265,000 in new loans in the current year. Loan balances at June 30, 2024 totaled \$2,593,040 compared to \$1,879,937 in 2023.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **CAPITAL ASSETS**

The district did not purchase or retire any fixed assets in the current year. Depreciation expense for the current year was \$47,853 for the fiscal year 2024, leaving a remaining balance of \$876,345 in net capital assets.

### **LONG-TERM DEBT**

LCADD has no long term debt at the end of fiscal year 2024.

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

LCADD considered many factors when initially setting the fiscal year 2024 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.

### **Workforce Innovation and Opportunity Act**

WIOA formula funding for Adults decreased from \$731,463.03 in FY-23 to \$ 719,988 in FY-24 for a decrease of 1.5%. This is an \$11,474 decrease. WIOA formula funding for Dislocated Workers decreased from \$766,327 in FY-23 to \$633,572 for FY-24 for a decrease of 17.33%. This is a \$132,754 decrease. WIOA formula funding for Youth services increased from \$680,877 in FY-23, to \$682,120 in FY-24 for an increase of .19%. This was a \$1,243 increase. No funding Trade training was received due to no Trade participants being in training. The Adult, Dislocated Worker and Youth funding amounts continue to fluctuate due to Federal Funding and the unemployment rates across the state which dictates the proration of funding.

Special funding awards during FY-24, \$300,000 was received from the Quest grant to serve the National Dislocated Workers.

LCADD Workforce Department had no new employees during FY-24.

## Planning Department

During FY-24, the LCADD Planning Department had an income totaling \$180,253 through contracts with the Kentucky Transportation Cabinet, and the Kentucky Infrastructure Authority. These contracts were \$1,000 more than the previous year.

These contracts are as follows:

Transportation Planning	\$83,453
Water and Wastewater Planning	\$76,000
Local Road Updates	<u>\$20,800</u>
Total:	<u>\$180,253</u>

The planning department also assisted with Magisterial Reapportionment, Voting Precincts, City of Campbellsville Bicycle Pedestrian Plan and Safe Streets 4 All grant administration.

## Aging and Independent Living

The Lake Cumberland Area Agency on Aging and Independent Living (LCAAIL) Aging Programs FY24 allocations \$4,349,414.

During FY24 LCADD utilized some of the American Rescue Plan Act (ARPA) funds for upgrading our Senior Centers with a variety of items for the clients to enjoy, raised garden beds, pool tables, karaoke machines, puzzles, art supplies.

During FY24, LCAAIL had new staff additions to our Service Advisor team.

The Aging and Disability Resource Center again played a vital role in connecting community members with services and resources having received 3,061 calls in FY24.

Homecare services were provided to 175 clients in FY24. There were 632 clients served through our ESMP and Title III-C2 Home Delivered meals. Our 10 senior centers served 1,323 clients with a nutritious meal, socialization and activities.

Veteran Directed-Services served 11 Veteran participants in the Upper Cumberland area and 1 in Kentucky as we have partnered with the a VA in Kentucky during FY24. The number of (PDS) Participant Directed Service 339 Traditional Waiver participants served 75 for FY24.

107 clients were provided services through our National Family Caregiver and grandparent caregivers. We served 74 grandparents through the Kentucky Grandparent program.

Long Term Care Ombudsman provides advocacy to residents of long term care facilities. The LTCO provided 151 visits to the facilities.

## MANAGEMENTS DISCUSSION AND ANALYSIS, CONCLUDED

### **Community & Economic Development**

In FY-24, staff had administration contracts for a number of projects. Staff is currently assisting with 31 on-going projects. Nine projects have been completed and closed-out during FY-24. Staff prepared 38 applications for potential new projects.

Staff closed 4 loans totaling \$1,265,000 creating 15 new jobs and retaining 40 jobs. Three loans were closed using funds from the CARES RLF program and 1 loan was closed using the original RLF funds. Three loans that were funded by CARES RLF program were paid off and two loans that were funded by the original RLF program were paid off.

In FY-24, a new Community Development Specialist was hired. This position is being funded from JFA allocation and ARC READY grant.

### **FY24 RLF Write-Offs**

There were no loans written-off during fiscal year ended June 30, 2024.

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 5,999,142	\$ 568,487	\$ 6,567,629
Accounts receivable			
Federal, state and local grants	1,854,711	-	1,854,711
Prepaid expenses	55,106	-	55,106
Total current assets	<u>7,908,959</u>	<u>568,487</u>	<u>8,477,446</u>
Other assets			
Restricted cash	-	329,895	329,895
Internal balances	2,707	(2,707)	-
RLF notes receivable, current, restricted	-	753,360	753,360
RLF notes receivable, restricted	-	1,839,680	1,839,680
Net OPEB asset	124,870	-	124,870
Right of use asset	164,242	-	164,242
Property and equipment, net	-	876,345	876,345
Total other assets	<u>291,819</u>	<u>3,796,573</u>	<u>4,088,392</u>
Total assets	<u>8,200,778</u>	<u>4,365,060</u>	<u>12,565,838</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - Pension	1,568,897	-	1,568,897
Deferred outflows - OPEB	610,949	-	610,949
Total deferred outflows of resources	<u>2,179,846</u>	<u>-</u>	<u>2,179,846</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	1,372,344	39,124	1,411,468
Deferred Revenue	52,515	-	52,515
Accrued expenses	249,384	-	249,384
Current portion of lease liability	46,306	-	46,306
Current portion of accrued leave	1,371	-	1,371
Total current liabilities	<u>1,721,920</u>	<u>39,124</u>	<u>1,761,044</u>
Long-term liabilities			
Net pension liability	5,803,411	-	5,803,411
Lease liability	117,936	-	117,936
Accrued leave	210,776	-	210,776
Total long-term liabilities	<u>6,132,123</u>	<u>-</u>	<u>6,132,123</u>
Total liabilities	<u>7,854,043</u>	<u>39,124</u>	<u>7,893,167</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pension	1,171,517	-	1,171,517
Deferred Inflows - OPEB	1,974,740	-	1,974,740
Total Deferred inflows of resources	<u>3,146,257</u>	<u>-</u>	<u>3,146,257</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	876,345	876,345
Restricted	-	2,920,228	2,920,228
Unrestricted	(619,676)	529,363	(90,313)
Total net position	<u>\$ (619,676)</u>	<u>\$ 4,325,936</u>	<u>\$ 3,706,260</u>

The accompanying notes are an integral part of the financial statements.  
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024**

Function/Program			Program Revenues		Net (Expense) Revenue and Change in Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Government activities:							
WIOA	\$ 1,881,239	\$ 264,867	\$ -	\$ 2,146,106	\$ -	\$ -	\$ -
Aging	4,142,569	322,313	-	4,464,112	(770)	-	(770)
JFA	412,533	114,728	-	525,464	(1,797)	-	(1,797)
Transportation	151,165	38,511	-	179,564	(10,112)	-	(10,112)
PDS	10,250,515	208,632	-	10,958,053	498,906	-	498,906
Other and Internal	321,765	19,730	-	335,966	(5,529)	-	(5,529)
Local Unrestricted	<u>(1,662,809)</u>	<u>-</u>	<u>-</u>	<u>242,776</u>	<u>1,905,585</u>	<u>-</u>	<u>1,905,585</u>
Total Governmental Activities	15,496,977	968,781	-	18,852,041	2,386,283	-	2,386,283
Business Activities:							
Lake Cumberland							
Development Council	152,228	-	149,868	-	-	(2,360)	(2,360)
Title IX RLF	<u>16,819</u>	<u>1,050</u>	<u>71,049</u>	<u>-</u>	<u>-</u>	<u>53,180</u>	<u>53,180</u>
Total Business-type Activities	<u>169,047</u>	<u>1,050</u>	<u>220,917</u>	<u>-</u>	<u>-</u>	<u>50,820</u>	<u>50,820</u>
Total Primary Government	<u>\$ 15,666,024</u>	<u>\$ 969,831</u>	<u>\$ 220,917</u>	<u>\$ 18,852,041</u>	<u>\$ 2,386,283</u>	<u>\$ 50,820</u>	<u>\$ 2,437,103</u>
General Revenues:							
					\$ -	\$ 2,360	\$ 2,360
					98,358	1,989	100,347
					<u>98,358</u>	<u>4,349</u>	<u>102,707</u>
						2,484,641	2,539,810
						55,169	2,594,979
					<u>(3,104,317)</u>	<u>4,270,767</u>	<u>1,166,450</u>
					<u>\$ (619,676)</u>	<u>\$ 4,325,936</u>	<u>\$ 3,706,260</u>

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
June 30, 2024**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 5,380,634	\$ 618,508	\$ 5,999,142
Accounts receivable:			
Federal and state contributions	248,240	1,606,471	1,854,711
Due from other funds	2,707	-	2,707
Prepaid expenses	-	55,106	55,106
Due from special revenue	<u>558,165</u>	<u>-</u>	<u>558,165</u>
Total assets	<u>\$ 6,189,746</u>	<u>\$ 2,280,085</u>	<u>\$ 8,469,831</u>
<b>LIABILITIES:</b>			
Accounts payable:			
Vendors	\$ -	\$ 1,372,344	\$ 1,372,344
Deferred Revenue	-	52,515	52,515
Accrued payroll	-	249,384	249,384
Accrued leave	-	1,371	1,371
Lease liabilities	-	46,306	46,306
Due to general fund	<u>-</u>	<u>558,165</u>	<u>558,165</u>
Total liabilities	<u>-</u>	<u>2,280,085</u>	<u>2,280,085</u>
<b>FUND BALANCE:</b>			
Unassigned	<u>6,189,746</u>	<u>-</u>	<u>6,189,746</u>
Total fund balance	<u>6,189,746</u>	<u>-</u>	<u>6,189,746</u>
Total liabilities and fund balance	<u>\$ 6,189,746</u>	<u>\$ 2,280,085</u>	<u>\$ 8,469,831</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
For the Year Ended June 30, 2024**

Total fund balance - Governmental funds	\$	6,189,746
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Amounts reported for governmental activities in the statement of net position are different because:

Right of use assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		164,242
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Deferred outflows of resources related to pension and OPEB are applicable to future periods and, therefore are not reported in the funds.		2,179,846
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Deferred inflows of resources related to pension and OPEB are applicable to future periods and, therefore are not reported in the funds.		(3,146,257)
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Long term liabilities are not due and payable in the current period and therefore are not reported in the government funds.

Net pension liabilities		(5,803,411)
Net OPEB liabilities		124,870
Lease liabilities		(117,936)

Certain liabilities, including accrued leave, are not reported in this fund financial statement because it is not due and payable in the current period, but it is presented in the statement of net position.		<u>(210,776)</u>
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Net position end of year - Governmental activities	\$	<u><u>(619,676)</u></u>
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2024**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u>
Revenues:			
Federal and state grants	\$ -	\$ 7,542,025	\$ 7,542,025
PDS and Veteran's Program Administration	-	10,958,053	10,958,053
Other	<u>242,776</u>	<u>109,187</u>	<u>351,963</u>
Total Revenues	<u>242,776</u>	<u>18,609,265</u>	<u>18,852,041</u>
Expenditures:			
Current programs:			
JFA	-	412,533	412,533
Aging	-	4,142,569	4,142,569
Transportation	-	151,165	151,165
WIOA	-	1,881,239	1,881,239
PDS	-	10,250,515	10,250,515
Other	-	321,281	321,281
Internal	75,109	-	75,109
Allocation of indirect costs	<u>-</u>	<u>968,781</u>	<u>968,781</u>
Total Expenditures	75,109	18,128,083	18,203,192
Excess of Revenues over (under) Expenditures	167,667	481,182	648,849
Other financing sources:			
Interest Income	98,358	-	98,358
Operating transfers in (out)	<u>481,182</u>	<u>(481,182)</u>	<u>-</u>
Total other financing sources (uses)	<u>579,540</u>	<u>(481,182)</u>	<u>98,358</u>
Excess of revenues and other sources over (under) expenditures	747,207	-	747,207
Fund balance, July 1, 2023	<u>5,442,539</u>	<u>-</u>	<u>5,442,539</u>
Fund balance, June 30, 2024	<u>\$ 6,189,746</u>	<u>\$ -</u>	<u>\$ 6,189,746</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024**

Net change in fund balances - Governmental Funds	\$	747,207
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Governmental funds report CERS contributions when paid.  
However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB.

CERS actuarial expense - pension and OPEB		1,739,052
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Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses such as accrued leave are recognized in the statement of activities when they are incurred.		(1,618)
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Change in net position of Governmental Activities	\$	2,484,641
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2024**

	<b>Business type Activities</b>		
	<u>RLF</u>	<u>Lake Cumberland Development Council</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash	\$ -	\$ 568,487	\$ 568,487
Total current assets	-	568,487	568,487
Other assets			
Cash, restricted	329,895	-	329,895
Notes Receivable, current- restricted	753,360	-	753,360
Notes receivable, restricted	1,839,680	-	1,839,680
Property and Equipment, net	-	876,345	876,345
Total assets	\$ 2,922,935	\$ 1,444,832	\$ 4,367,767
<b>LIABILITIES</b>			
Current liabilities			
Accounts Payable	\$ -	\$ 39,124	\$ 39,124
Interfund Payables	2,707	-	2,707
Total current liabilities	2,707	39,124	41,831
Total liabilities	2,707	39,124	41,831
<b>NET POSITION</b>			
Net investment in capital assets	-	876,345	876,345
Restricted	2,920,228	-	2,920,228
Unrestricted	-	529,363	529,363
Total net position	\$ 2,920,228	\$ 1,405,708	\$ 4,325,936

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2024**

	<u>RLF</u>	<u>Lake Cumberland Development Council</u>	<u>Total</u>
<b>REVENUES</b>			
Building and equipment rentals and other	\$ -	\$ 149,868	\$ 149,868
Program Income	<u>71,049</u>	<u>-</u>	<u>71,049</u>
 Total operating Revenue	 <u>71,049</u>	 <u>149,868</u>	 <u>220,917</u>
<b>EXPENSES</b>			
Salaries	10,615	-	10,615
Fringe benefits	5,011	-	5,011
Depreciation	-	47,853	47,853
Other	1,193	104,375	105,568
Indirect costs	<u>1,050</u>	<u>-</u>	<u>1,050</u>
 Total Operating Expenses	 <u>17,869</u>	 <u>152,228</u>	 <u>170,097</u>
 Operating Income	 53,180	 (2,360)	 50,820
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain/(Loss) on sale of equipment	-	2,360	2,360
Interest income	<u>1,265</u>	<u>724</u>	<u>1,989</u>
 Total Non-Operating Revenues (Expenses)	 <u>1,265</u>	 <u>3,084</u>	 <u>4,349</u>
 <b>Increase In Net Position</b>	 54,445	 724	 55,169
 <b>Net position, July 1, 2023</b>	 <u>2,865,783</u>	 <u>1,404,984</u>	 <u>4,270,767</u>
 <b>Net position, June 30, 2024</b>	 <u>\$ 2,920,228</u>	 <u>\$ 1,405,708</u>	 <u>\$ 4,325,936</u>

The accompanying notes are an integral part of the financial statements.  
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**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2024**

	RLF	Lake Cumberland Development Council	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Program Income	\$ 71,049	\$ 149,868	\$ 220,917
Payments to suppliers	<u>(37,056)</u>	<u>(83,076)</u>	<u>(120,132)</u>
Net cash provided by operating activities	<u>33,993</u>	<u>66,792</u>	<u>100,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Bank interest income	<u>1,265</u>	<u>724</u>	<u>1,989</u>
Net cash provided by investing activities	<u>1,265</u>	<u>724</u>	<u>1,989</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from the sale of equipment	<u>-</u>	<u>2,360</u>	<u>2,360</u>
Net cash (used in) capital and related financing activities	<u>-</u>	<u>2,360</u>	<u>2,360</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Payments on notes receivable	551,897	-	551,897
Issuance of notes receivable	<u>(1,265,000)</u>	<u>-</u>	<u>(1,265,000)</u>
Net cash provided by (used in) non capital financing activities	<u>(713,103)</u>	<u>-</u>	<u>(713,103)</u>
Net increase (decrease) in cash and cash equivalents	(677,845)	69,876	(607,969)
Cash and cash equivalents - beginning of the year	<u>1,007,740</u>	<u>498,611</u>	<u>1,506,351</u>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<u>\$ 329,895</u>	<u>\$ 568,487</u>	<u>\$ 898,382</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Increase (Decrease) in operating income	\$ 53,180	\$ (2,360)	\$ 50,820
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation and amortization	-	47,853	47,853
Increase (Decrease) in Interfund payables	(19,187)	-	(19,187)
Increase (Decrease) accounts and other payables	<u>-</u>	<u>21,299</u>	<u>21,299</u>
Net cash provided by operating activities	<u>\$ 33,993</u>	<u>\$ 66,792</u>	<u>\$ 100,785</u>
Cash and cash equivalents consists of the following:			
Unrestricted cash	\$ -	\$ 568,487	\$ 568,487
Restricted cash	<u>329,895</u>	<u>-</u>	<u>329,895</u>
Total cash and cash equivalents	<u>\$ 329,895</u>	<u>\$ 568,487</u>	<u>\$ 898,382</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The following is a summary of the basis of presentation.

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

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

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

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

I. Governmental Fund Types

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

I. Proprietary Fund Types (Enterprise Fund)

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

**District-wide Financial Statements – Net Position**

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

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fund Financial Statements**

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

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

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

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

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

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

**Deferred Revenue** – Deferred revenue arises when funds are received before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District has \$52,515 of deferred revenue associated with the SS4A program.

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

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

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



**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**

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

**Compensated Absences** - Employees of the District accrue sick leave at the rate of 1 ¼ days per month. Sick leave that may be accrued is unlimited. Sick leave is forfeited upon termination of employment. Employees retiring under the CERS retirement system will receive credit for accrued but unused sick leave up to 120 days. Annual leave (vacation) earned is based on seniority at the rates of 12 to 24 days per year and can be carried forward from one year to the next. A maximum of 30 days may be carried forward. All days in excess of 30 are converted to sick. The District pays the balance of vacation upon separation with an employee. The accrued liability for accumulated annual leave as reported on the statement of net position at June 30, 2024 is \$212,147. Included in this amount is \$1,371 shown on the governmental funds balance sheet. This represents retirees that were paid out after June 30, 2024.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Compensated Absences	210,039	2,108	-	212,147

**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 \$149,868 in rentals for the year ended June 30, 2024. Total annual rentals are based upon operating expenses of the LCDC.

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

**Allowance of Loan Losses** – The allowance for loan losses for the Revolving Loan Fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of the individual debtor credit, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs. There is no allowance for loan loss as of June 30, 2024. Any provision is recorded as other direct expense in the combining schedule of operations by program and supporting services.

**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 \$164,242 and a lease liability, current and non-current portion, in the amount of \$164,242 that is included in this category.

**2. CASH AND INVESTMENTS**

At year end, the carrying amount of the District’s cash deposits and investments was \$6,897,524. These deposits were covered by Federal Depository Insurance or by securities pledged by financial institutions.

**Interest Rate Risk:**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Currently the District has certificate of deposits with interest rates varying from 1% to 2% with maturity dates ranging from three to twelve months.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**3. GRANTS RECEIVABLE**

Federal, state and local grants receivable consist of the following at June 30, 2024:

WIOA	\$	312,374
Aging		309,328
PDS		248,240
Other programs		<u>984,769</u>
Total grants receivable	\$	<u><u>1,854,711</u></u>

**4. LOANS RECEIVABLE**

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

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

Revolving Loans	\$	3,895,556
Less; Loan Repayments		<u>(1,302,516)</u>
Total Outstanding Loans		2,593,040
Less: Allowance for Bad Debts		<u>-</u>
Net Loans Receivable	\$	<u><u>2,593,040</u></u>

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

**5. CAPITAL ASSETS**

The Development Council maintains buildings, property and equipment used for the District operations. Fixed assets are stated at cost and depreciated over their estimated useful lives of three (3) to forty (40) years using the straight-line method of depreciation. Property and equipment include furniture, office equipment, vehicles and leasehold improvements. Depreciation expense totaled \$47,853, for the year ended June 30, 2024. The following summarizes the changes in fixed assets during the year ended:

<b>Capital Assets</b>	<b>Balance</b>			<b>Balance</b>
	<b><u>June 30, 2023</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>June 30, 2024</u></b>
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Buildings	1,868,133	-	-	1,868,133
Equipment and Vehicles	<u>479,507</u>	<u>-</u>	<u>-</u>	<u>479,507</u>
Total	2,417,640	-	-	2,417,640
Accumulated depreciation	<u>(1,493,442)</u>	<u>(47,853)</u>	<u>-</u>	<u>(1,541,295)</u>
Net Capital Assets	<u>\$ 924,198</u>	<u>\$ (47,853)</u>	<u>\$ -</u>	<u>\$ 876,345</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**6. PENSION PLAN**

The District participates in the County Employee Retirement System (CERS), a cost-sharing multiple-employer retirement system administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). CERS issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at [www.kyret.ky.gov](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
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, 2022.

Required contributions by the employee are based on the tier:

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**6. PENSION PLAN, CONTINUED**

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability for CERS of \$5,803,411.

The net pension liability for each plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was .090445%.

For the year ended June 30, 2024, the District recognized pension expense (income) of \$(327,751). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 300,431	\$ 15,770
Changes in assumptions	-	531,887
Net difference between projected and actual earnings on pension plan investments	626,933	126,284
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	497,576
District contributions subsequent to the measurement date	641,533	-
	\$ 1,568,897	\$ 1,171,517

The fiscal year 2024 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:

	Net Deferred Outflows (Inflows)
2025	\$ (317,526)
2026	129,556
2027	(56,183)
2028	-
2029	-
Total	\$ (244,153)

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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 and June 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 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 KRS 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 STATEMENTS  
JUNE 30, 2024**

**6. PENSION PLAN, CONCLUDED**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Real Estate	7.00%	4.99%
Real Return	<u>13.00%</u>	5.15%
	100.00%	

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 7,327,157	\$ 5,803,411	\$4,537,121

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of CERS. The effect of the net pension liability on the District's net position has been determined on the same basis used by KRS.

Non-hazardous position employees are required to contribute 5% of gross compensation to the plan. The Board of Trustees of KRS also determines the District's required contribution annually 23.34% pension and 0% OPEB for the year ended June 30, 2024. For the year ended June 30, 2024 the District's total covered payroll was approximately \$2,749,000. The District contributed \$641,533 in 2024 for both pension and OPEB and employees contributed approximately \$151,000 to the plan.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The District participates in Kentucky Retirement Systems' Insurance Fund, which is a cost sharing multiple-employer defined benefit Other Post-Employment Benefit plan for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state departments, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. KRS issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at [www.kyret.ky.gov](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". Additionally, the single discount rate used to calculate the total OPEB liability within each plan changed since the prior year.

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 pension liability since June 30, 2022.

*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:

<b>Portion Paid by Insurance Fund</b>		<b>Dollar Contribution for Fiscal Year 2024</b>	
<u>Years of Service</u>	<u>Paid by Insurance Fund (%)</u>	For Member participation date on or after July 1, 2003	
20+ years	100.00%	<u>System</u>	(in whole dollars)
15-19 years	75.00%	KERS Non-hazardous	\$14.20
10-14 years	50.00%	KERS Hazardous	\$21.30
4-9 years	25.00%	CERS Non-hazardous	\$14.20
Less than 4 years	0.00%	CERS Hazardous	\$21.30
		SPRS	\$21.30

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

The projection of cash flows used to determine the single discount rate must include an assumption regarding the actual employer contributions made each future year. Except where noted below, the future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The fully insured premiums KRS pays for the CERS health insurance plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing it to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The distributions from the retiree health insurance trust pay the employers' portion of the blended premiums, not the employers' portion of the underlying retiree claims costs. As a result, the benefit payments and contribution amounts need to include an adjustment related to the implicit subsidy. Participating employers adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB 75 purposes.

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

At June 30, 2024, the District reported an asset of (\$124,870) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the District's proportionate share was .090442%.

As a result of its requirement to contribute to the Plan, the District recognized OPEB (income) expense of (\$769,768) for the year ended June 30, 2024 and reported deferred inflows and deferred outflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,053	\$ 1,273,149
Changes of assumptions	245,736	171,253
Net difference between projected and actual earnings on plan investments	233,690	262,670
Change in proportion and differences between employer contribution and proportionate share of plan contribution	3,684	267,668
District contributions subsequent to the measurement date	40,786	-
	\$ 610,949	\$ 1,974,740

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:

Year Ended	Net Deferred Outflows/(Inflows)
2025	\$ (590,992)
2026	(454,338)
2027	(359,247)
2028	-
2029	-
	\$ (1,404,577)



**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

*Actuarial Assumptions:* The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2022. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2023 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, 2022.

Assumed investment return	6.50%
Inflation factor	2.50%
Payroll growth	2.00%
Salary increase	3.30%-10.30%

Mortality rates were based on system specific mortality table based on mortality experience from 2013-2022, 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term expected real rate of return</b>
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Real Estate	7.00%	4.99%
Real Return	<u>13.00%</u>	5.15%
	100.00%	

*Discount Rate:* The single discount rate of 5.93% was used to measure the total OPEB liability as of June 30, 2023. 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 3.86% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2023. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

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

	CERS--	<u>Non-Hazardous</u>
1% Decrease (4.93%)	\$	234,334
Current Discount Rate (5.93%)	\$	(124,870)
1% Increase (6.93%)	\$	(425,660)

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	CERS--	<u>Non-Hazardous</u>	
1% Decrease	\$		(400,231)
Current Healthcare Cost Trend Rate	\$		(124,870)
1% Increase	\$		213,384

**8. COMMITMENTS AND CONTINGENCIES**

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

**9. LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT PDS**

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

The District serves as the fiscal agent for the client and as a support broker. As clients opt for PDS, Medicaid reimbursement pays funds based on services provided. These funds reimburse payment for services on behalf of the client. Throughout the year, DAIL reassesses the PDS 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, 2024 the District reported commission revenue of \$1,534,027 from the PDS program for administration.

**10. COST ALLOCATION PLAN**

Lake Cumberland Area Development District is required by the Department of Local Government, to operate under a cost allocation plan that conforms with 2 CFR Part 200. A summary of the cost allocation plan begins on page 39. The District is in conformity with 2 CFR Part 200.

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**11. RIGHT OF USE LEASE LIABILITY**

The District leases various office equipment under operating leases through December 2027. At the time of initial measurement, there was no interest rate specified in the original lease agreement. The District used the risk free rate of 1.65% to discount the monthly lease payments and recognize the intangible right to use these assets and the lease liability as of June 30, 2024. Lease expense for the year ended June 30, 2024 was \$26,447. Annual requirements to amortize this lease liability and related interest are as follows:

<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
6/30/2025	\$ 2,360	\$ 46,306	\$ 48,666
6/30/2026	1,591	47,076	48,667
6/30/2027	809	47,859	48,668
6/30/2028	111	23,001	23,112
6/30/2029	-	-	-
	<u>\$ 4,871</u>	<u>\$ 164,242</u>	<u>\$ 169,113</u>

**12. OPERATING AGREEMENT**

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

**13. TRANSFER OF FUNDS**

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

	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Special Revenue	General	Operations	\$ 481,182

At June 30, 2024, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue	\$ 558,165
General	Proprietary - RLF	\$ 2,707

**14. SUBSEQUENT EVENTS**

The District has evaluated and considered the need to recognize or disclose subsequent events through December 3, 2024, which represents the date that these financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE, BUDGET AND ACTUAL – GENERAL FUND  
For the Year Ended, June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other	\$ 271,666	\$ 271,666	\$ 242,776	\$ (28,890)
Total revenues	<u>271,666</u>	<u>271,666</u>	<u>242,776</u>	<u>(28,890)</u>
Expenditures:				
Subcontracts and other expenses	70,000	70,000	66,451	3,549
Travel	<u>10,000</u>	<u>10,000</u>	<u>8,658</u>	<u>1,342</u>
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>75,109</u>	<u>4,891</u>
Excess (deficit) of revenues over expenditures	<u>191,666</u>	<u>191,666</u>	<u>167,667</u>	<u>(23,999)</u>
Other financing sources (uses):				
Interest income	60,000	60,000	98,358	38,358
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>481,182</u>	<u>481,182</u>
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>579,540</u>	<u>519,540</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	251,666	251,666	747,207	495,541
Fund balance, July 1, 2023	<u>5,442,539</u>	<u>5,442,539</u>	<u>5,442,539</u>	<u>-</u>
Fund balance, June 30, 2024	<u>\$ 5,694,205</u>	<u>\$ 5,694,205</u>	<u>\$ 6,189,746</u>	<u>\$ 495,541</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE  
For the Year Ended, June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal and State Grants	\$ 22,139,509	\$ 22,879,351	\$ 18,500,078	\$ (4,379,273)
Other	50,000	50,000	109,187	59,187
Total revenues	<u>22,189,509</u>	<u>22,929,351</u>	<u>18,609,265</u>	<u>(4,320,086)</u>
Expenditures:				
Salaries	3,080,645	3,080,645	2,624,799	455,846
Fringe benefits	1,678,951	1,678,951	1,400,404	278,547
Subcontracts and other expenses	17,314,913	18,054,755	14,001,144	4,053,611
Travel	115,000	115,000	101,736	13,264
Total expenditures	<u>22,189,509</u>	<u>22,929,351</u>	<u>18,128,083</u>	<u>4,801,268</u>
Excess (deficit) of revenues over expenditures:	-	-	481,182	481,182
Other financing sources (uses):				
Operating transfers in (out)	-	-	(481,182)	(481,182)
Total other financing sources (uses)	-	-	(481,182)	(481,182)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, July 1, 2023	-	-	-	-
Fund balance, June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's portion of the net pension liability	0.090445%	0.094935%	0.107689%	0.110806%	0.111733%	0.110230%	0.115167%	0.124840%	0.126000%	0.129170%
District's proportionate share of net pension liability	\$ 5,803,411	\$ 6,862,864	\$ 6,866,018	\$ 8,498,728	\$ 7,858,232	\$ 6,713,343	\$ 6,741,079	\$ 6,146,609	\$ 5,417,490	\$ 4,190,368
District's covered-employee payroll	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895	\$ 2,825,763	\$ 2,968,342	\$ 2,941,160
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	211.11%	254.46%	253.55%	301.69%	273.62%	235.47%	244.69%	217.52%	182.51%	142.47%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS – CERS**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 641,533	\$ 631,116	\$ 573,293	\$ 543,740	\$ 553,167	\$ 462,346	\$ 398,909	\$ 527,853	\$ 506,399	\$ 519,703
Contributions in relation to the contractually required contribution	<u>(641,533)</u>	<u>(631,116)</u>	<u>(573,293)</u>	<u>(543,740)</u>	<u>(553,167)</u>	<u>(462,346)</u>	<u>(398,909)</u>	<u>(527,853)</u>	<u>(506,399)</u>	<u>(519,703)</u>
Difference in actual and required contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895	\$ 2,825,763	\$ 2,968,342	\$ 2,941,160
Contributions as a percentage of covered-employee payroll	23.34%	23.40%	21.17%	19.30%	19.26%	16.22%	14.48%	18.68%	17.06%	17.67%



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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's portion of the net OPEB liability	0.090442%	0.094924%	0.107664%	0.110774%	0.111704%	0.110225%	0.115167%
District's proportionate share of net OPEB liability	\$ (124,870)	\$ 1,873,338	\$ 2,061,173	\$ 2,674,855	\$ 1,878,811	\$ 1,957,023	\$ 2,315,251
District's covered-employee payroll	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-4.54%	69.46%	76.11%	94.95%	65.42%	68.64%	84.04%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS – CERS**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ -	\$ 91,431	\$ 156,525	\$ 134,104	\$ 136,429	\$ 149,935	\$ 129,480
Contributions in relation to the contractually required contribution	<u>-</u>	<u>(91,431)</u>	<u>(156,525)</u>	<u>(134,104)</u>	<u>(136,429)</u>	<u>(149,935)</u>	<u>(129,480)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,749,000	\$ 2,697,000	\$ 2,708,000	\$ 2,817,000	\$ 2,872,000	\$ 2,851,000	\$ 2,754,895
Contributions as a percentage of covered-employee payroll	0.00%	3.39%	5.78%	4.76%	4.75%	5.26%	4.70%

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

**SUPPLEMENTARY INFORMATION**

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF SHARED/INDIRECT COSTS  
For the Year Ended June 30, 2024**

**Cost Categories:**

Salaries	\$ 381,157
Personnel burden	158,457
Leave time	3,434
Travel, staff and board	30,045
Equipment maintenance and rent	28,130
Building rentals	121,000
Registration and meeting expense	3,620
Contractual services, audit and legal	50,861
Utilities and telephone	56,244
Janitorial expenses	29,224
Auto expense	53,330
Dues and memberships	5,913
Printing and publications	3,343
Supplies	8,799
Insurance	24,841
Postage	6,435
Other	4,998
	<hr/>
	\$ 969,831

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
COST ALLOCATION POLICY  
For the Year Ended June 30, 2024**

All funds expended by the Lake Cumberland Area Development District (the District) are charged either to a specific grant and/or program element as a Direct Charge or spread to all grants and/or program elements as a shared (indirect) cost in conformity with 2 CFR Part 200. Direct charges are defined as those that can be identified specifically with a particular cost objective. Shared (indirect) costs are those incurred for a common or joint purposes benefiting more than one grant and/or program element. Below is a listing of direct and shared costs as they are charged by the District.

Direct/Shared Costs

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
COST ALLOCATION POLICY  
For the Year Ended June 30, 2024**

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

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

**Shown below is LCADD's indirect cost allocation percentage for the year ended  
June 30, 2024**

Salaries	\$	381,157	
Personnel burden		158,457	
Leave time		3,434	
Travel, staff and board		30,045	
Equipment maintenance and rent		28,130	
Building rentals		121,000	
Registration and meeting expense		3,620	
Contractual services, audit and legal		50,861	
Utilities and telephone		56,244	
Janitorial expenses		29,224	
Auto expense		53,330	
Dues and memberships		5,913	
Printing and publications		3,343	
Supplies		8,799	
Insurance		24,841	
Postage		6,435	
Other		4,998	
<b>Total Shared Costs</b>			<b>969,831</b>
B. Direct Salaries and Benefits:			
Salaries	\$	2,624,799	
Benefits		1,246,982	
<b>Total Direct Salaries and Benefits</b>			<b>3,871,781</b>
C. Total Shared Costs			<b>969,831</b>
FY 2024 Shared Costs Rate (C/ B)			25.05%

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY PROGRAM  
For the Year Ended June 30, 2024**

	<u>JFA</u>	<u>WIOA</u>	<u>AGING</u>	<u>PDS/VET</u>	<u>PLAN/TRANS</u>	<u>Other</u>	<u>Title IX RLF</u>	<u>LCDC</u>	<u>Local</u>	<u>G &amp; A Expense</u>	<u>Total</u>
<b>Revenues</b>											
Federal Grants	\$ 249,165	\$ 2,146,106	3,216,381	\$ -	\$ -	\$ 285,668	\$ -	\$ -	\$ -	\$ -	5,897,320
State Grants	276,299	-	1,138,544	10,958,053	179,564	50,298	-	-	-	-	12,602,758
Local	-	-	36,872	-	-	-	-	-	223,924	-	260,796
Interest on Savings	-	-	-	-	-	-	1,265	724	98,358	-	100,347
Interest on Loans	-	-	-	-	-	-	71,049	-	-	-	71,049
In-Kind	-	-	72,315	-	-	-	-	-	-	-	72,315
Program Income	-	-	-	-	-	-	-	152,228	18,852	-	171,080
<b>Total Revenues</b>	<u>525,464</u>	<u>2,146,106</u>	<u>4,464,112</u>	<u>10,958,053</u>	<u>179,564</u>	<u>335,966</u>	<u>72,314</u>	<u>152,952</u>	<u>341,134</u>	<u>-</u>	<u>\$ 19,175,665</u>
<b>Expenses</b>											
Salaries	239,444	597,463	748,997	484,995	96,516	65,612	10,615	-	-	381,157	2,624,799
Personnel Burden	114,053	288,655	349,870	262,295	38,900	30,340	4,412	-	(1,739,052)	158,457	(492,070)
Leave Time	13,368	50,433	45,631	30,967	5,930	3,060	599	-	-	3,434	153,422
Subgrantees & Contracts	20,950	826,117	1,752,032	9,424,026	-	211,153	-	-	9,500	50,861	12,294,639
Travel staff	9,737	5,610	13,312	28,272	1,716	4,386	-	-	8,658	30,045	101,736
Other Direct Expenses	14,981	112,961	72,316	19,960	8,103	7,214	1,193	152,228	58,085	345,877	792,918
In-Kind	-	-	1,160,411	-	-	-	-	-	-	-	1,160,411
Total Shared Costs	<u>114,728</u>	<u>264,867</u>	<u>322,313</u>	<u>208,632</u>	<u>38,511</u>	<u>19,730</u>	<u>1,050</u>	<u>-</u>	<u>-</u>	<u>(969,831)</u>	<u>-</u>
<b>Total Expenditures</b>	<u>527,261</u>	<u>2,146,106</u>	<u>4,464,882</u>	<u>10,459,147</u>	<u>189,676</u>	<u>341,495</u>	<u>17,869</u>	<u>152,228</u>	<u>(1,662,809)</u>	<u>-</u>	<u>16,635,855</u>
Excess Revenue Over (Under)											
Expenditures	\$ (1,797)	\$ -	\$ (770)	\$ 498,906	\$ (10,112)	\$ (5,529)	\$ 54,445	\$ 724	\$ 2,003,943	\$ -	\$ 2,539,810

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS  
JOINT FUNDING ADMINISTRATION PROGRAMS  
For the Year Ended June 30, 2024**

	<u>BUDGET</u>	<u>DIRECT</u>	<u>INDIRECT</u>	<u>TOTAL</u>	<u>ACTUAL FAVORABLE (UNFAVORABLE)</u>
<b>Revenues:</b>					
Federal	\$ 249,165	\$ 249,165	\$ -	\$ 249,165	\$ -
State	<u>276,299</u>	<u>276,299</u>	<u>-</u>	<u>276,299</u>	<u>-</u>
	<u>525,464</u>	<u>525,464</u>	<u>-</u>	<u>525,464</u>	<u>-</u>
<b>Expenditures:</b>					
Community and Economic Development EDA (120)	116,058	85,485	30,573	116,058	-
Community and Economic Development (125)	37,692	37,717	18,200	55,917	(18,225)
Community and Economic Development (130)	183,072	143,305	39,767	183,072	-
Management Assistance	94,321	64,437	14,115	78,552	15,769
Program Administration	<u>94,321</u>	<u>81,590</u>	<u>12,072</u>	<u>93,662</u>	<u>659</u>
	<u>525,464</u>	<u>412,534</u>	<u>114,727</u>	<u>527,261</u>	<u>(1,797)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 112,930</u>	<u>\$ (114,727)</u>	<u>\$ (1,797)</u>	<u>\$ (1,797)</u>



**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF AGING OPERATIONS BY PROGRAM  
For the Year Ended June 30, 2024**

	<u>III-B Admin</u>	<u>III-B Support Services</u>	<u>III-B Ombudsman</u>	<u>III-C1 Meals Admin</u>	<u>III-C1 Cong. Meals</u>	<u>III-C2 Meals Admin</u>	<u>III-C2 HD Meals</u>
<b>Revenues</b>							
Federal Grants	\$ 34,195	\$ 501,151	\$ 15,686	\$ 45,521	\$ 822,213	\$ 30,746	\$ 472,419
State Grants	11,528	158,425	-	15,456	62,823	10,377	-
Local	-	1,938	-	-	34,934	-	-
Other	-	-	-	-	-	-	-
Interest on loans	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-
Program Revenue	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>45,723</u>	<u>661,514</u>	<u>15,686</u>	<u>60,977</u>	<u>919,970</u>	<u>41,123</u>	<u>472,419</u>
<b>Expenses</b>							
Salaries	19,621	136,253	7,242	31,213	236,308	21,044	-
Personnel Burden	7,578	61,247	4,184	12,376	110,543	9,166	-
Leave Time	1,280	7,921	447	2,193	12,578	2,214	-
Contracts	-	129,677	-	-	52,646	-	472,419
Travel Staff	744	3,021	-	374	2,202	-	-
In-Kind Expenses	-	-	-	-	-	-	-
Other Direct Expenses	590	271,500	-	189	403,423	322	-
Shared Costs	15,910	51,895	3,813	14,632	102,270	8,377	-
<b>Total Expenditures</b>	<u>45,723</u>	<u>661,514</u>	<u>15,686</u>	<u>60,977</u>	<u>919,970</u>	<u>41,123</u>	<u>472,419</u>
<b>Revenue Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF AGING OPERATIONS BY PROGRAM CONTINUED**  
**For the Year Ended June 30, 2024**

	<u>VII</u> <u>Ombudsman</u>	<u>VII Elder</u> <u>Abuse</u>	<u>NSIP</u>	<u>Caregiver</u> <u>Admin</u>	<u>Caregiver</u> <u>Services</u>	<u>SHIP Admin</u>	<u>SHIP</u> <u>Services</u>	<u>STLC</u>
<b>Revenues</b>								
Federal Grants	\$ 28,574	\$ 4,609	\$ 104,987	\$ -	\$ -	\$ 2,475	\$ 42,126	\$ -
State Grants	3,942	891	-	8,252	111,445	-	-	34,310
Local	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>32,516</u>	<u>5,500</u>	<u>104,987</u>	<u>8,252</u>	<u>111,445</u>	<u>2,475</u>	<u>42,126</u>	<u>34,310</u>
<b>Expenses</b>								
Salaries	11,742	2,468	-	4,063	24,636	1,129	21,240	13,798
Personnel Burden	6,972	1,445	-	1,788	14,755	447	10,695	8,057
Leave Time	935	192	-	415	1,500	154	1,053	1,006
Contracts	-	-	-	-	-	-	-	-
Travel Staff	-	-	-	-	-	-	479	757
In-Kind	-	-	-	-	-	-	-	-
Other Direct	8,857	-	104,987	25	62,499	83	2,339	3,039
Total Shared Costs	<u>4,010</u>	<u>1,395</u>	<u>-</u>	<u>1,961</u>	<u>8,055</u>	<u>662</u>	<u>6,320</u>	<u>7,733</u>
<b>Total Expenditures</b>	<u>32,516</u>	<u>5,500</u>	<u>104,987</u>	<u>8,252</u>	<u>111,445</u>	<u>2,475</u>	<u>42,126</u>	<u>34,390</u>
<b>Revenue Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80)</u>

<u>Medicaid</u> <u>ADRC</u>	<u>ADVC</u>	<u>FAST</u>	<u>IAO</u>	<u>INNU</u>	<u>MIPPA</u> <u>ADRC</u>	<u>MIPPA AAA</u>	<u>MIPPA SHIP</u>	<u>Total</u>
\$ 12,700	\$ 49,828	\$ -	\$ -	\$ 4,283	\$ 4,140	\$ 9,231	\$ 19,408	\$ 282,361
11,600	-	-	-	-	-	-	-	170,440
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>24,300</u>	<u>49,828</u>	<u>-</u>	<u>-</u>	<u>4,283</u>	<u>4,140</u>	<u>9,231</u>	<u>19,408</u>	<u>452,801</u>
10,112	11,743	-	-	594	1,985	2,191	6,050	111,751
6,105	5,650	-	-	264	1,210	1,093	2,741	61,222
501	752	-	-	10	96	75	257	6,946
-	-	-	-	-	-	-	-	-
-	31	-	-	-	-	-	173	1,440
-	-	-	-	-	-	-	-	-
88	29,762	-	-	3,304	-	5,449	7,160	227,592
<u>8,168</u>	<u>1,890</u>	<u>-</u>	<u>-</u>	<u>127</u>	<u>849</u>	<u>423</u>	<u>3,027</u>	<u>44,620</u>
<u>24,974</u>	<u>49,828</u>	<u>-</u>	<u>-</u>	<u>4,299</u>	<u>4,140</u>	<u>9,231</u>	<u>19,408</u>	<u>453,571</u>
<u>\$ (674)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (770)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS  
OTHER GRANTS AND CONTRACTS  
For the Year Ended June 30, 2024**

	<u>Transportation Planning</u>	<u>Transportation Road Updates</u>	<u>KIA</u>	<u>USDA Rural Housing</u>	<u>Hazard Mitigation</u>	<u>Brownsfields</u>	<u>OAHMP</u>	<u>US Energy BRIC</u>	<u>ARC Ready</u>	<u>BEAD</u>	<u>SS4A</u>	<u>Total</u>
<b>Revenues</b>												
Federal Grants	\$ -	\$ -	\$ -	\$ 2,148	\$ -	\$ 43,096	\$ 174,841	\$ -	\$ 38,535	\$ -	\$ 27,048	\$ 285,668
State Grants	83,453	20,111	76,000	-	-	-	-	13,036	-	30,500	6,762	229,862
Local	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Loans	-	-	-	-	-	-	-	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>83,453</u>	<u>20,111</u>	<u>76,000</u>	<u>2,148</u>	<u>-</u>	<u>43,096</u>	<u>174,841</u>	<u>13,036</u>	<u>38,535</u>	<u>30,500</u>	<u>33,810</u>	<u>515,530</u>
<b>Expenses</b>												
Salaries and wages	44,704	10,171	41,641	1,185	-	9,115	10,502	8,141	19,519	16,467	683	162,128
Personnel Burden	22,346	4,387	12,167	891	-	4,212	5,020	3,121	8,582	8,292	222	69,240
Leave Time	2,028	782	3,120	52	-	482	484	351	807	841	43	8,990
Contracts	-	-	-	-	3,113	28,500	149,794	-	-	-	29,746	211,153
Travel - Staff	1,716	-	-	-	-	591	3,260	-	535	-	-	6,102
Other Direct Expenses	703	3,362	4,038	-	-	196	2,096	48	626	1,220	3,028	15,317
Total Shared Costs	<u>20,951</u>	<u>1,412</u>	<u>16,148</u>	<u>1,017</u>	<u>-</u>	<u>3,305</u>	<u>3,685</u>	<u>1,375</u>	<u>8,466</u>	<u>1,794</u>	<u>88</u>	<u>58,241</u>
<b>Total Expenses</b>	<u>92,448</u>	<u>20,114</u>	<u>77,114</u>	<u>3,145</u>	<u>3,113</u>	<u>46,401</u>	<u>174,841</u>	<u>13,036</u>	<u>38,535</u>	<u>28,614</u>	<u>33,810</u>	<u>531,171</u>
Revenue Over (Under) Expenses	<u>\$ (8,995)</u>	<u>\$ (3)</u>	<u>\$ (1,114)</u>	<u>\$ (997)</u>	<u>\$ (3,113)</u>	<u>\$ (3,305)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,886</u>	<u>\$ -</u>	<u>\$ (15,641)</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY GRANT, WIOA  
For the Year Ended June 30, 2024**

WIA Revenue by Grant	Federal Assistance Listing Number		
WIA-Youth:			
274YT24 - PY 23	17.259	\$	508,832
274YT25 - PY 24	17.259		136,650
WIA-Adult:			
270AD24 - PY 23	17.258		150,104
273AD24 - FY 24	17.258		544,460
WIA-Dislocated Workers:			
271DW23 - FY 23	17.278		100
271DW24 - FY 24	17.278		485,137
272DW24 - PY 23	17.278		132,628
Total Revenue		\$	<u>1,957,911</u>
Expenditures:			
WIA-Youth:			
274YT24 - PY 23	17.259	\$	508,832
274YT25 - PY 24	17.259		136,650
WIA-Adult:			
270AD24 - PY 23	17.258		150,104
273AD24 - FY 24	17.258		544,460
WIA-Dislocated Workers:			
271DW23 - FY 23	17.278		100
271DW24 - FY 24	17.278		485,137
272DW24 - PY 23	17.278		132,628
Total Expenditures		\$	<u>1,957,911</u>
Revenues Over (Under) Expenditures		\$	<u>-</u>

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024**

	<u>Pass-Through Grantor's Number</u>	<u>Federal Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Dept of Health and Human Services</b>				
<b>Passed Through KY Cabinet for Health and Family Services</b>				
Programs for Aging Title III:				
Title III - B Administration	09-11891	93.044	\$ -	\$ 34,195
Part B: Supportive Services	09-11891	93.044	-	516,837
Part C1: Nutrition Services	09-11891	93.045	-	867,734
Part C2: Nutrition Services	09-11891	93.045	-	503,165
Nutrition Services Incentive Program (USDA)	09-11891	93.053	-	104,987
Total Aging Cluster			-	2,026,918
Part D: Disease Prevention	09-11891	93.043	-	41,356
Part E: National Family Caregiver Support	09-11891	93.052	-	246,936
Specialty Contracts:				
Center for Medicare & Medicaid Services (SHIP)	09-11891	93.324	-	44,601
Aging & Disability Resource Center (ADRC)	09-11891	93.778	-	12,700
INNU		93.048	-	4,283
ADVC		93.048	-	49,828
MIPPA - AAA		93.071	-	9,231
MIPPA - SHIP		93.071	-	19,408
MIPPA - ADRC		93.071	-	4,140
Programs for Aging Title VII:				
Ombudsman	09-11891	93.042	-	28,574
Elder Abuse	09-11891	93.041	-	4,609
Total U.S. Department of Health and Human Services			-	2,492,584
<b>US Department of Commerce:</b>				
<b>Economic Development Cluster</b>				
Revolving Loan Fund (1) Economic Adjustment Assistance		11.307	-	1,442,347
Total Economic Development Cluster			-	1,442,347
<b>Passed through Department for Local Government</b>				
Economic Development Technical Assistance (JFA-EDA)		11.302	-	92,847
CDBG - Technical Assistance Program (JFA-CDBG)		14.218	-	18,846
			-	111,693
Total Department of Commerce			-	1,554,040
<b>Department of Transportation</b>				
Safe Streets and Roads for All		20.939	-	27,048
<b>USDA Rural Development</b>				
Healthy Living Project		10.766	-	2,148
<b>USDA HUD</b>				
OAHMP		14.921	-	174,841
<b>U.S. Environmental Protection Agency</b>				
Brownsfield Multipurpose and Assessment		66.818	-	43,096

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONCLUDED  
For the Year Ended June 30, 2024**

	<u>Pass-Through Grantor's Number</u>	<u>Federal Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>Appalachian Regional Commission</b>				
Appalachian Local Development District Assistance		23.009	-	137,473
Ready Appalachia: A Community Capacity		23.009	-	38,536
Total Appalachian Regional Commission			-	176,009
<b>Department of the Treasury</b>				
Coronavirus State and Local Fiscal Recovery Funds	ESMP	21.027	-	723,797
<b>U.S. Department of Labor, Passed Through Kentucky Cabinet for Workforce Services: WIOA</b>				
WIOA-Youth:				
274YT24 - PY 23	M-04127521	17.259	-	508,832
274YT25 - PY 24	M-04127521	17.259	-	136,650
WIOA-Adult:				
270AD24 - PY 23	M-04127521	17.258	-	150,104
273AD24 - FY 24	M-04127521	17.258	-	544,460
WIOA-Dislocated Workers:				
271DW23 - FY 23	M-04127521	17.278	-	100
271DW24 - FY 24	M-04127521	17.278	-	485,137
272DW24 - PY 23	M-04127521	17.278	-	132,628
Total WIOA Cluster			-	1,957,911
<b>U.S. Department of Labor, Passed Through Kentucky Cabinet for Workforce Services: WIOA</b>				
WIOA-Dislocated Workers National Emergency Grants:				
258QT23	M-04127521	17.277	-	188,196
			-	188,196
Total WIOA Federal Financial Assistance			-	2,146,107
Total Federal Financial Assistance			\$ -	\$ 7,339,670



**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024**

RLF Grant Calculation of Federal Amount:

	<b>11.307</b>
	<b><u>Cares</u></b>
Balance of loans outstanding, June 30, 2024	\$ 1,225,235
Cash and Investments at June 30, 2024	199,243
Administrative expenses	<u>17,869</u>
	1,442,347
EDA percent	<u>100%</u>
Amounts reported on the schedule of federal awards	<u>\$ 1,442,347</u>
	<b>11.307</b>
<b>Original Funding:</b>	<b><u>Cares</u></b>
Total Funding	1,240,000
EDA share	<u>1,240,000</u>
Percent to total	100%

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lake Cumberland Area Development District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Lake Cumberland Area Development District, it is not intended to and does not present the financial position, changes in net position or cash flows of Lake Cumberland Area Development District.

Summary of Significant Accounting Policies:

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

Indirect Cost Rate:

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

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**Identification of Major Programs:**

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>
<b>US Department of Commerce</b>	
Revolving Loan Fund - Economic Adjustment Assistance	11.307
<b>Department of the Treasury</b>	
Coronavirus State and Local Fiscal Recovery Funds	21.027

**LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED  
For the Year Ended June 30, 2024**

**II. FINANCIAL STATEMENTS FINDINGS**

NONE

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

**IV. NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

NONE

**V. PRIOR AUDIT FINDINGS**

NONE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Cumberland Area Development District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Campbell, Myers & Rutledge, PLLC*

Glasgow, Kentucky  
December 3, 2024



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

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

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

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

We have audited Lake Cumberland Area Development District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lake Cumberland Area Development District's major federal programs for the year ended June 30, 2024. Lake Cumberland Area Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lake Cumberland Area Development District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Campbell, Myers & Rutledge, PLLC*

Glasgow, Kentucky  
December 3, 2024



