

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2021

WITH

Independent Auditors' Reports

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2021

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Independent Auditors' Reports

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2021

WITH

Independent Auditors' Reports

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Northern Kentucky Area Development District
Florence, KY

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and schedules for pension and other postemployment benefits plans, as listed in the table of contents be presented to supplement the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Kentucky Area Development District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The statement of operations by grant and program, the statement of allocated costs, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of operations by grant and program 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 January 6, 2022, on our consideration of the Northern Kentucky 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 Northern Kentucky 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 Northern Kentucky Area Development District's internal control over financial reporting and compliance.



January 6, 2022
Crestview Hills, KY

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Our discussion and analysis of the Northern Kentucky Area Development District's (NKADD) financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the NKADD's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the NKADD's net position was a negative \$(6,872,018), an improvement of \$133,421 or 1.90% over FY 2020 net position.
- In the governmental funds, total revenues during the fiscal year increased by \$2,205,173 and total expenditures increased by \$1,654,711.
- At the close of the fiscal year, the NKADD's governmental fund balance was \$2,532,797 an increase of \$439,708 from June 30, 2020.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 6 and 7) provide information about the activities of the NKADD as a whole and present a longer-term view of the NKADD's finances. Fund financial statements start on page 8. For governmental activities, these statements tell how the services were financed in the short term as well as what remains for future spending. Fund financial statements also report the NKADD's operations in more detail than the government-wide statements by providing information about the NKADD's most significant funds. The remaining statements provide detail financial information for the benefit of those outside of the government.

Reporting the NKADD as a Whole

Our analysis of the NKADD financial statements as a whole begins on page 6. One of the most important questions asked about the NKADD's finances is, "Is the NKADD as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the NKADD as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the NKADD's net position and changes in them. You can think of the NKADD's net position—the difference between assets and liabilities—as one way to measure the NKADD's financial health, or financial position. Over time, increases or decreases in the NKADD's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the NKADD's revenue base and the condition of the NKADD's facilities, to assess the overall health of the NKADD.

In the Statement of Net Position and the Statement of Activities, we show the NKADD's one activity:

- Governmental activities—All of the NKADD's basic services are reported here, grant administration and general administration. State, local, and federal grants finance most of these activities.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Reporting the NKADD’s Most Significant Funds

Our analysis of the NKADD’s major funds and the fund financial statements begin on page 8 and provide detailed information about the most significant funds—not the NKADD as a whole. All grant administration is considered in one major fund. However, the NKADD accounts for grants by separate work elements to help it control and manage money for particular purposes and to show that it is meeting legal responsibilities for using certain grants, and other money.

- Governmental funds – Most of the NKADD’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the NKADD’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the NKADD’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 9 and 11.
- Special revenue funds – reports the activities of the revolving loan fund and Kentucky Housing Corporation (KHC) Economic Development Administration (EDA) loan program. These activities are reported in a separate column on the balance sheet on page 8 and on the statement of revenues, expenditures and changes of fund balances on page 10. We separate these activities from the NKADD’s other activities because the NKADD cannot use these assets to finance its operations. The NKADD is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE NKADD AS A WHOLE

The total net position serves over time as an indicator of an organization’s financial position. In the case of the NKADD, liabilities and deferred inflows exceeded assets and deferred outflows by \$6,872,018. The beginning net position was a negative \$(7,005,349). The unrestricted net position as of June 30, 2021 was a negative \$(7,970,778).

Total governmental funds revenue for the period ending June 30, 2021 was \$22,391,635. For the previous fiscal year, the total revenue was \$20,186,462. This results in a 10.92% increase in revenues. The net increase in revenues for FY 2021 is due to changes in multiple programs across federal, state, and local funding with higher levels of funding in the Cabinet for Health and Family Services and Commodities programs, with some of those increases directly related to COVID-19 relief programs.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

**Table 1
Net Position**

	FY '21	FY '20
Current and other assets	\$ 6,166,412	\$ 5,353,178
Capital assets	<u>2,324,434</u>	<u>2,316,492</u>
Total assets	8,490,846	7,669,670
Deferred outflows of resources	<u>2,697,805</u>	<u>2,494,359</u>
Total assets and deferred outflows	<u>\$11,188,651</u>	<u>\$10,164,029</u>
Current liabilities	\$ 3,662,790	\$ 3,290,827
Net pension liability	9,084,787	8,705,362
Net OPEB liability	2,859,290	2,081,352
Long term debt	<u>1,604,597</u>	<u>2,030,126</u>
Total liabilities	17,211,464	16,107,667
Deferred inflows of resources	<u>849,205</u>	<u>1,061,801</u>
Total liabilities and deferred inflows	<u>\$18,060,669</u>	<u>\$17,169,468</u>
Investment in capital assets, net of related debt items	\$ 719,837	\$ 586,366
Restricted for:		
Building construction	29,275	30,837
Loan program	349,648	157,305
Unrestricted	<u>(7,970,778)</u>	<u>(7,779,947)</u>
Total net position	<u>\$ (6,872,018)</u>	<u>\$ (7,005,439)</u>

**Table 2
Change in Net Position**

	FY '21	FY '20
REVENUES		
Program revenues		
Charges for services	\$ 210,774	\$ 182,130
Operating grants and contributions	22,065,392	19,758,811
General revenues		
Municipal contributions	89,210	113,285
PPP loan forgiveness	300,000	-
Interest income	<u>602</u>	<u>448</u>
Total revenues	<u>22,665,978</u>	<u>20,054,674</u>
PROGRAM EXPENSES		
Cabinet for Health and Family Services	14,087,400	13,111,448
Workforce Innovation & Opportunity Act	2,235,537	2,503,747
Commodities	3,011,249	2,564,208
Loan Program	27,918	14,824
Joint Funding Administration	408,318	262,543
Other federal contracts	1,286,054	1,017,703
Other state contracts	191,874	203,356
Other local contracts	1,285,770	1,583,939
Interest on long term debt	<u>(1,563)</u>	<u>(1,350)</u>
Total expenses	<u>22,532,557</u>	<u>21,260,418</u>
CHANGE IN NET POSITION	<u>\$ 133,421</u>	<u>\$ (1,205,744)</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

General Fund Budgetary Highlights

In Fiscal Year 2021, the NKADD had an initial total projected budget of \$19,409,724 in revenues and \$18,711,417 in expenditures and net other financing uses, with net change in fund balance of \$698,307. Of these dollars \$12,100,000 were projected pass-thru. During Fiscal Year 2021, the budget was amended to increase revenues to \$20,771,933 and increase expenditures and net other financing uses to \$23,218,876. The actual revenues on the budgetary basis for Fiscal Year 2021 were \$19,726,395 and \$19,479,030 in actual expenditures and net other financing uses, compared to Fiscal Year 2020 revenues of \$17,839,187 and expenditures and net other financing uses of \$17,835,701.

CAPITAL ASSETS

The capital assets of the NKADD are its office building, the land it sits upon, computer equipment, furnishings, and computer software. The land has a historical cost of \$226,975 for both June 30, 2021 and June 30 2020. This represents the only capital asset not depreciated. The office building has a historical cost of \$2,927,591 for both June 30, 2021 and June 30, 2020. The accumulated depreciation for the office building at June 30, 2021 was \$1,129,067 and at June 30, 2020 was \$1,044,603. The increase of \$84,464 was depreciation expense for fiscal year 2021. Computer equipment has a historical cost of \$688,465 for June 30, 2021 and \$562,622 for June 30, 2020. During the fiscal year there were additions to computer equipment for \$170,692 and disposals of \$44,849. Accumulated depreciation for computer equipment was \$410,116 at June 30, 2021 and \$398,205 at June 30, 2020. Accumulated depreciation for computer equipment increased \$56,584 for depreciation, and decreased \$44,673 for disposals. Furniture and fixtures have a historical cost of \$254,090 for both June 30, 2021 and June 30, 2020. The accumulated depreciation for furniture and fixtures was \$241,150 at June 30, 2021 and \$230,784 at June 30, 2020. Accumulated depreciation for furniture and fixtures increased \$10,366 for depreciation. Computer software has a historical cost of \$76,888 for both June 30, 2021 and June 30, 2020. The accumulated depreciation for computer software was \$69,242 at June 30, 2021 and \$58,082 at June 30, 2020. Accumulated depreciation for computer software increased \$11,160 for depreciation.

DEBT ADMINISTRATION

Of the capital items, the land and office building are financed by long-term debt. This debt represents the only capital assets financed debt of the NKADD. In December 2013, the NKADD's remaining U.S. Department of Agriculture (USDA) "First Mortgage Revenue Bonds," Series 2001 were paid in full with funds provided by the City of Florence under a capital lease arrangement. The lease/financing arrangement with the City of Florence has an average interest rate of 3.5%, payable semi-annually. The unpaid balance was \$1,595,000 at June 30, 2021. The debt service total principal and interest for Fiscal Year 2022 will be \$183,350.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The NKADD budget and financial stability is closely connected to receipt of federal and state public dollars. For Fiscal Year 2022, budgeted revenues are \$21,249,545 and expenditures are \$20,510,671. The difference between Fiscal Year 2022 budgeted revenues and expenditures is \$738,874.

Retirement costs continue to be a long-term financial issue for the NKADD. The Fiscal Year 2022 employer contribution rate for the NKADD in the County Employees Retirement System (CERS) is 26.95%. In Fiscal Year 2023, the CERS rate will increase; however, the exact rate is unknown, and could increase up to 12% per the statutory cap in KRS 61.565(5).

In 2022, the Kentucky General Assembly will be conducting a regular session. The budget situation will continue to be tight, and while we have increased revenues in some programs due to COVID-19 relief, these are one-time revenues and will likely not continue in the future. The NKADD has budgeted conservatively and we are hopeful to maintain steady revenues.

The NKADD strives to position itself for emergencies. The unassigned fund balance in the Governmental Fund Statements as of June 30, 2021 was \$1,951,968 compared to \$1,782,887 at the end of Fiscal Year 2020. While still low for an organization the size of the NKADD, it is critical to operations to maintain an adequate level. The Governmental Accounting Standards Board Statement Nos. 68 and 75, require the NKADD to reflect in the Government-wide Financial Statements its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employees Retirement System (CERS), a cost sharing multiple employer plan, in which the NKADD is a participant. As a result, the unrestricted net position as of June 30, 2021 was a negative \$(7,970,778) compared to a negative \$(7,779,947) at the end of Fiscal Year 2020.

CONTACTING THE NKADD'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the NKADD's finances and to show the NKADD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the NKADD office at 22 Spiral Drive, Florence, KY 41042.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Governmental
- ASSETS -	
Cash and cash equivalents	\$ 2,117,911
Cash - building construction account	29,275
Accounts receivable	3,343,105
Prepaid expenses	150,186
Loans receivable	
Due within one year	158,559
Due in more than one year	367,376
Capital assets, net	2,324,434
Total assets	8,490,846
 - DEFERRED OUTFLOWS OF RESOURCES -	
Deferred outflows related to pension plan	1,409,362
Deferred outflows related to OPEB	1,288,443
Total deferred outflows of resources	2,697,805
 - LIABILITIES -	
Accounts payable	845,770
Accrued expenses	581,987
Funds received in excess of revenues earned	2,073,896
Employees accrued annual leave	161,137
Long-term liabilities:	
Due within one year	125,000
Due in more than one year	
Long-term debt	1,479,597
Net pension liability	9,084,787
Net OPEB liability	2,859,290
Total liabilities	17,211,464
 - DEFERRED INFLOWS OF RESOURCES -	
Deferred inflows related to pension plan	241,118
Deferred inflows related to OPEB	608,087
Total deferred inflows of resources	849,205
 - NET POSITION -	
Investment in capital assets, net of related debt items	719,837
Restricted for:	
Building construction	29,275
Loan program	349,648
Unrestricted	(7,970,778)
Total net position	\$ (6,872,018)

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions	Direct Expenses	Indirect Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Cabinet for Health and Family Services	\$ 13,732,464	\$ 354,936	\$ -	\$ 14,157,532	\$ 70,132
Workforce Innovation & Opportunity Act	2,161,605	73,932	-	2,165,370	(70,167)
Commodities	2,985,328	25,921	-	2,987,139	(24,110)
Loan Program	24,710	3,208	3,599	213,589	189,270
Joint Funding Administration	357,170	51,148	-	362,658	(45,660)
Other federal contracts	1,150,921	135,133	-	1,160,831	(125,223)
Other state contracts	170,319	21,555	-	170,843	(21,031)
Other local contracts	1,192,295	93,475	207,175	847,430	(231,165)
Interest on long term debt	59,383	(60,946)	-	-	1,563
Total governmental activities	<u>21,834,195</u>	<u>698,362</u>	<u>210,774</u>	<u>22,065,392</u>	<u>(256,391)</u>
GENERAL REVENUES:					
Municipal contributions					89,210
PPP loan forgiveness					300,000
Interest income					602
Total general revenues					<u>389,812</u>
Change in net position					133,421
NET POSITION, BEGINNING					<u>(7,005,439)</u>
NET POSITION, ENDING					<u>\$ (6,872,018)</u>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Special Revenue	Total Governmental Funds
- ASSETS -			
Cash and cash equivalents	\$ 2,117,911	\$ -	\$ 2,117,911
Cash - building construction account	29,275	-	29,275
Accounts receivable	3,343,105	-	3,343,105
Prepaid expenses	150,186	-	150,186
Loans receivable	-	525,935	525,935
Due (to)/from other funds	(117,884)	117,884	-
Total assets	\$ 5,522,593	\$ 643,819	\$ 6,166,412
- LIABILITIES AND FUNDS EQUITY -			
- LIABILITIES -			
Accounts payable	\$ 845,770	\$ -	\$ 845,770
Accrued expenses	552,812	-	552,812
Funds received in excess of revenues earned	1,831,445	242,451	2,073,896
Employees accrued annual leave	161,137	-	161,137
Total liabilities	3,391,164	242,451	3,633,615
- FUND BALANCES -			
Non-spendable			
Prepaid expenses	150,186	-	150,186
Restricted			
Building construction	29,275	-	29,275
Loan program	-	349,648	349,648
Assigned			
Working capital	-	51,720	51,720
Unassigned	1,951,968	-	1,951,968
Total fund balances	2,131,429	401,368	2,532,797
Total liabilities and fund balances	\$ 5,522,593	\$ 643,819	\$ 6,166,412

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balance - governmental funds	\$	2,532,797
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		2,324,434
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Lease obligation	\$	(1,595,000)
Net pension liability		(9,084,787)
Net OPEB liability		(2,859,290)
		(13,539,077)
Costs incurred with the issuance of long term debt are not financial resources and therefore are not reported as assets in governmental funds:		
Accrued interest expense		(29,175)
Bond premium		(9,597)
		(38,772)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reportable in the governmental funds:		
Deferred outflows of resources		1,409,362
Deferred inflows of resources		(241,118)
		1,168,244
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reportable in the governmental funds:		
Deferred outflows of resources		1,288,443
Deferred inflows of resources		(608,087)
		680,356
 <i>Net position (deficit) of governmental activities</i>	 \$	 (6,872,018)

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	General	Special Revenue	Totals
REVENUES:			
Applied to all programs:			
Federal revenues	\$ 6,537,695	\$ 223,052	\$ 6,760,747
State revenues	11,580,400	-	11,580,400
Federal commodities	2,438,589	-	2,438,589
Interest income	602	3,599	4,201
Local revenues	1,607,698	-	1,607,698
Net revenues	<u>22,164,984</u>	<u>226,651</u>	<u>22,391,635</u>
EXPENDITURES:			
CHFS - other sub-grantees	10,757,386	-	10,757,386
WIOA sub-grantees	1,572,470	-	1,572,470
Commodities	2,438,589	-	2,438,589
Other federal contracts sub-grantees	6,023	-	6,023
Other local contracts sub-grantees	230,172	-	230,172
Revolving loans	-	218,000	218,000
Direct salaries	3,268,375	13,839	3,282,214
Direct employee benefits	1,596,882	7,197	1,604,079
Direct travel	12,938	-	12,938
Direct contracts	212,923	330	213,253
Uncollectible government funds	123,084	-	123,084
Direct other	768,688	271	768,959
Direct local non-grant expenses	135,584	-	135,584
Shared expenses	756,100	3,208	759,308
Total expenditures	<u>21,879,214</u>	<u>242,845</u>	<u>22,122,059</u>
Excess of revenues (expenditures)	<u>285,770</u>	<u>(16,194)</u>	<u>269,576</u>
OTHER FINANCING SOURCES (USES):			
Operating sources in	104,915	208,537	313,452
Operating uses out	(143,320)	-	(143,320)
Net other financing sources (uses)	<u>(38,405)</u>	<u>208,537</u>	<u>170,132</u>
Net change in fund balances	247,365	192,343	439,708
Fund balances - beginning of year	<u>1,884,064</u>	<u>209,025</u>	<u>2,093,089</u>
Fund balances - end of year	<u>\$ 2,131,429</u>	<u>\$ 401,368</u>	<u>\$ 2,532,797</u>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net change in fund balances - total government funds	\$	439,708
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$170,692) exceeded depreciation expense (\$162,574) and loss on disposal (\$176).</p>		
		7,941
<p>The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long term debt and related items.</p>		
Principal payment on lease financing	\$ 125,000	
Forgiveness of PPP loan	300,000	
Accretion of bond premium	529	
Difference between interest expense on modified accrual basis vs. accrual basis	<u>1,563</u>	
		<u>427,092</u>
<p>The NKADD pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the NKADD's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities</p>		
NKADD pension contributions	600,735	
Cost of benefits earned	<u>(1,221,383)</u>	
		<u>(620,648)</u>
<p>The NKADD OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net OPEB liability is measured a year before the NKADD's report date. OPEB expense, which is the change in the net OPEB liability adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the Statement of Activities</p>		
NKADD insurance contributions	148,160	
Cost of benefits earned	<u>(268,832)</u>	
		<u>(120,672)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>133,421</u></u>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northern Kentucky Area Development District (NKADD) is a non-profit public agency, functioning as an instrumentality of a political subdivision of the Commonwealth of Kentucky. The NKADD operates under legislative authority 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 the eight county area in Northern Kentucky. The accounting policies of the NKADD conform to generally accepted accounting principles.

The NKADD's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The following is a summary of the more significant policies:

A. Basic Financial Statements – Government-Wide Statements: The NKADD's basic financial statements include both government-wide (reporting the NKADD as a whole) and fund financial statements (reporting the NKADD's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The NKADD currently has no funds that are classified as business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The NKADD's net position are reported in three parts – invested in capital assets, net of related debt, unrestricted net position, and restricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the NKADD's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants. Net costs, if any, (by function) are normally covered by general revenue.

This government-wide focus is more on the sustainability of the NKADD as an entity and the change in the NKADD's net position resulting from the current year's activities.

B. Basic Financial Statements-Fund Financial Statements: The financial transactions of the NKADD are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of their assets, liabilities, reserves, fund equity, revenues and expenditures, as appropriate.

The following funds are used by the NKADD:

Governmental Fund Types:

General Fund - The general operating fund of the NKADD is used to account for all financial resources except those required to be accounted for in another fund.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue sources not considered part of the other funds, which includes the revolving loan fund and the KHC EDA loan fund.

Fund Balances:

GASB Statement 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the NKADD's fund balances more transparent. In the fund financial statements, governmental fund balances can be presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, governmental laws regulations or imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the NKADD imposes on itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned –resources neither restricted nor committed for which a government has a stated intended use as established by the governing body or by an official to which the governing body delegates authority.

Unassigned – amounts that are available for any purpose. The General Fund is the only fund that reports an unassigned fund balance amount.

C. Basis of Accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounting system of the NKADD also provides for the following:

- (1) Revenues are applied to program elements on the basis of total expenses incurred on the projects during the period and on the sharing ratios specified in the grant agreements.
- (2) Equipment acquired with grant funds is expensed immediately rather than capitalized and depreciated.

D. Shared Costs: Shared costs were distributed over the benefiting programs on the basis of direct salary and employee benefit charges. Shared costs are those (a) incurred for a common or joint purpose benefiting more than one program, and (b) not readily assignable to the programs specifically benefited without effort disproportionate to the results achieved.

E. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Cash Equivalents: For purposes of these financial statements, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. As of June 30, 2021, the NKADD held no cash equivalents.

G. Accounts Receivable: Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations, as uncollectible governmental funds, when that determination is made.

H. Income Taxes: The NKADD is exempt from income taxes.

I. Property and Equipment: Equipment is generally acquired by the NKADD in part with grant funds. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Capital assets purchased or acquired with an original cost of \$500 or more are reported at cost. Other costs incurred for repairs and maintenance are expensed as incurred. Property acquired by the NKADD is stated at cost, less accumulated depreciation computed by the straight line method over the following estimated useful lives:

Building and improvements	10 – 40 years
Furniture and fixtures	7 years
Computer equipment	3 years
Computer software	10 years

J. Use of Restricted Resources: When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the NKADD's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the NKADD's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

K. Long Term Debt: In the government-wide financial statements, long term debt plus unamortized premium is reported as liabilities in the applicable governmental activities financial statements. In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Revenues: Substantially all governmental fund revenues are accrued.

M. Expenditures: Expenditures are recognized when the related fund liability is incurred.

N. Compensated Absences: Employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the NKADD. Sick leave accrues to employees to specified maximums. Employees are entitled to limited accrued vacation leave upon termination. The estimated liability for vested vacation leave benefits is recorded as an expenditure and liability in the respective funds.

O. Deferred Outflows of Resources: The NKADD reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's financial statements relate to the NKADD's pension plan and OPEB plan and include (1) contributions made to the NKADD's pension plan and OPEB plan between the measurement date of the net pension liability and the end of the NKADD's fiscal year; (2) differences between the expected and actual experience; (3) changes in assumptions; (4) changes in the proportionate share of the NKADD's contributions to the pension fund and OPEB plan; and (5) difference between projected and actual earnings on plan investments. The deferred amount related to the differences between expected and actual experience, changes of assumptions in the pension fund and OPEB fund, and changes in the proportionate share of the NKADD's contributions to the pension fund and OPEB fund will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. The deferred amount related to the difference between projected and actual earnings on plan investments will be recognized over a closed five-year period beginning in the current reporting period. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

P. Deferred Inflows of Resources: The NKADD's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources reported in this year's financial statements relate to the NKADD's pension plan and OPEB plan and include (1) changes in the proportionate share of the NKADD's contributions to the pension fund and OPEB fund (2) difference between expected and actual experience and (3) changes in assumptions. The deferred amount related to the changes in the proportionate share of the NKADD's contributions to the pension fund and OPEB fund, the amount related to the differences between expected and actual experience, and changes of assumptions in the pension fund and OPEB fund will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Q. Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – CASH AND INVESTMENTS

At June 30, 2021, the carrying amount of the NKADD's deposits (cash and cash equivalents) was \$2,147,186 and the bank balances totaled \$2,271,853. Of these deposits the building construction account balance was \$29,275, which consists of a money market government fund, and is uninsured. Of the remaining cash, \$250,000 at each bank is covered by the Federal Depository Insurance (FDIC) with the balance secured by pledged securities held by the pledging financial institution's agent as collateral for the bank balances in excess of the FDIC insured amount.

Kentucky Revised Statutes authorize the NKADDs to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies and deposits in national or state chartered banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security, obligations of the United States government or its agencies.

NOTE 3 - LEASES

The NKADD leased warehouse space under an operating lease until March 2021 when they moved to a new location. The current year lease costs approximate \$27,000. There were no minimum future rental payments under this cancelable lease having remaining terms in excess of one year as of June 30, 2021. The new lease is under a multi-year lease agreement and included in the schedule below.

The NKADD leased an office space for the Kentucky Workforce Investment Board, Inc. under an operating lease. The current year lease costs approximate \$3,000 and ended December 2020. There were no minimum future rental payments under this cancelable lease having remaining terms in excess of one year as of June 30, 2021.

The NKADD leases office space for the One Stop, Kentucky Works, and Workforce Investment Board programs under multi-year rental agreements. The current year gross lease expense was \$276,022. The current year gross sublease income was \$111,921. The NKADD leases a copier and printers under a five-year agreement ending in February 2022. The approximate future minimum lease payments relative to these leases as of June 30, 2021 are summarized as follows:

<u>Fiscal Year Ending June 30</u>	
2022	\$ 321,178
2023	287,668
2024	254,776
2025	199,580
2026 and after	<u>199,580</u>
	<u>\$ 1,262,782</u>

Total minimum lease payments have not been reduced by \$441,429 to be received in the future under non-cancelable subleases.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – EMPLOYEE’S PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the NKADD are provided with pensions through the County Employees Retirement System (CERS)—a cost-sharing multiple-employer defined benefit pension plan. Per Kentucky Revised Statute Section 61.645, the Board of Trustees (the Board) of Kentucky Retirement Systems (KRS) administers the CERS. KRS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

Benefits provided. CERS provides retirement, disability, and death benefits. Retirement benefits are calculated based on a formula (final compensation times a benefit factor times years of service) and may be extended to beneficiaries of plan members under certain circumstances. Disability benefits are determined in a similar manner as retirement benefits, but vary based upon hire date, age and years of service. Death benefits vary based upon whether the employee was retired or working at the date of death and whether or not it was a duty-related death.

For retirement purposes, non-hazardous duty employees are grouped into three tiers, based on their 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	On or after January 1, 2014
	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

Employees are vested in the plan after five years of service. Cost of living adjustments are provided at the discretion of the Kentucky General Assembly. No COLA has been granted since July 1, 2011.

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rates set by the Board for the year ended June 30, 2021 was 24.06%, of which 19.30% was for the pension fund and 4.76% was for the insurance fund. Contributions to the pension plan from the NKADD were \$748,895 for the year ended June 30, 2021, of which \$600,735 was for the pension fund and \$148,160 was for the insurance fund.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the NKADD reported a liability of \$9,084,787 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2020, using generally accepted actuarial principles. During the 2020 Legislative Session, Senate Bill 249 and House Bill 271 passed impacting changes in the funding period for the amortization of the unfunded liability as of June 30, 2019 and payments to a surviving spouse. The NKADD’s proportionate share of the net pension liability was determined using the NKADDs’ actual contributions for the fiscal year ending June 30, 2020. This method was expected to be reflective of the NKADDs’ long-term contribution effort. At June 30, 2020, the NKADD’s proportion was 0.118447%, which was a decrease of 0.005331% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the NKADD recognized pension expense of \$1,221,383. At June 30, 2021, the NKADD 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
Differences between expected and actual experience	\$ 226,546	\$ -
Changes of assumptions	354,746	-
Net difference between projected and actual earnings on plan investments	227,335	-
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	-	241,118
NKADD contributions subsequent to the measurement date	600,735	-
	\$ 1,409,362	\$ 241,118

The \$600,735 reported as deferred outflows of resources related to pensions resulting from the NKADD contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 242,801
2023	137,357
2024	96,048
2025	91,303
2026	-
	\$ 567,509

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation date of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth rate	2.00%
Investment rate of return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 - June 30, 2018.

Changes of assumptions. Since the prior measurement date, there were no changes in assumptions.

Discount rate. The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

Long-Term Expected Rate of Return. The long-term expected rate of return was determined by using a building-block method in which 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 tables below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	<u>100%</u>	

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Sensitivity of the NKADD’s proportionate share of the net pension liability to changes in the discount rate. The following presents the NKADD’s proportionate share of the net pension liability, calculated using the discount rate of 6.25%, as well as what the NKADD’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
NKADD's proportionate share of the net pension liability	\$ 11,203,519	\$ 9,084,787	\$ 7,330,396

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued KRS financial report.

Payables to the pension plan

The NKADD makes legally required contributions to the pension plan on a monthly basis. The monthly payment is due by the 10th of the following month. As of June 30, 2021, \$118,694 was payable to the pension plan, of which \$95,212 was for the pension fund and \$23,482 was for the insurance fund.

NOTE 5 – POSTEMPLOYMENT BENEFITS

Plan description. Employees of the NKADD are provided with health care benefits through the Kentucky Retirement System Insurance Fund (Insurance Fund)—a cost-sharing multiple-employer health insurance plan. The Insurance Fund is part of CERS. Per Kentucky Revised Statute Section 61.701, the Board of Trustees (the Board) of Kentucky Retirement Systems (KRS) administers the health insurance benefit. KRS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

Benefits provided. The Insurance Fund provides hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The eligible Medicare retirees receive benefits through a Medicare Advantage Plan. The amount of plan premium (contribution) paid by the Insurance Fund is based on years of service and participation date. For members participating prior to July 1, 2003, members completing 20 or more years of service received 100% contribution. Members completing 15 – 19 years, 10-14 years, and 4-9 years received 75%, 50%, and 25% respectively. Members completing less than 4 years of service receive no insurance benefit. 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 a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The monthly dollar contribution for 2020 is \$13.58 for CERS Non-hazardous employees. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are not required to contribute to the insurance fund. Tier 2 and 3 employees are required to contribute 1% of their creditable compensation to the insurance fund. Employers contribute at the rate determined by the Board. As stated in Note 4 Employee’s Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2021 was 24.06%, of which 19.30 % was for the pension fund and 4.76% was for the insurance fund. See Note 4 for contributions to the plan from the NKADD during the current fiscal year.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the NKADD reported a liability of \$2,859,290 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2020, using generally accepted actuarial principles. During the 2020 Legislative Session, Senate Bill 249 passed impacting changes in the funding period for the amortization of the unfunded liability as of June 30, 2019. The NKADD’s proportionate share of the net OPEB liability was determined using the NKADDs’ actual contributions for the fiscal year ending June 30, 2020. This method is expected to be reflective of the NKADDs’ long-term contribution effort. At June 30, 2020, the NKADD’s proportion was 0.118412%, which was a decrease of 0.005334% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the NKADD recognized OPEB expense of \$268,832. At June 30, 2021, the NKADD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 477,727	\$ 478,100
Changes of assumptions	497,347	3,024
Net difference between projected and actual earnings on plan investments	95,036	-
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	-	126,963
NKADD contributions subsequent to the measurement date	218,333	-
	\$ 1,288,443	\$ 608,087

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – POSTEMPLOYMENT BENEFITS (CONTINUED)

The \$218,333 reported as deferred outflows of resources related to OPEB resulting from the NKADD contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 123,223
2023	151,348
2024	97,533
2025	97,970
2026	(8,051)
2027	-
	\$ 462,023

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation date of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	Pre – 65: Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years Post – 65: Initial trend starting at 2.90% at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 - June 30, 2018.

Discount rate. The discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year (closed) amortization period of the unfunded actuarial accrued liability.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – POSTEMPLOYMENT BENEFITS (CONTINUED)

The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

The long-term expected rate of return on plan assets is the same as disclosed in Note 4 Employee’s Pension Plan. Additionally, the target allocation and best estimates of arithmetic nominal rates of return for each major asset class are the same as disclosed in Note 4.

Sensitivity of the NKADD’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the NKADD’s proportionate share of the net OPEB liability, calculated using the discount rate of 5.34%, as well as what the NKADD’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
NKADD's proportionate share of the net OPEB liability	\$ 3,673,348	\$ 2,859,290	\$ 2,190,677

Sensitivity of the NKADD’s proportionate share of the net OPEB liability to changes in the healthcare trend rate. The following presents the NKADD’s proportionate share of the net OPEB liability, calculated using the healthcare trend rate of noted above, as well as what the NKADD’s proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
NKADD's proportionate share of the net OPEB liability	\$ 2,213,805	\$ 2,859,290	\$ 3,642,601

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued KRS financial report.

Payables to the OPEB plan

The NKADD makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10th of the following month. See Note 4 Employee’s Pension Plan for payable as of June 30, 2021.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 226,975	\$ -	\$ -	\$ 226,975
Total capital assets not being depreciated	<u>226,975</u>	<u>-</u>	<u>-</u>	<u>226,975</u>
Other capital assets:				
Buildings and improvements	2,927,591	-	-	2,927,591
Computer software	76,888	-	-	76,888
Computer equipment	562,622	170,692	(44,849)	688,465
Furniture and fixtures	<u>254,090</u>	<u>-</u>	<u>-</u>	<u>254,090</u>
Total capital assets being depreciated	<u>3,821,191</u>	<u>170,692</u>	<u>(44,849)</u>	<u>3,947,034</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,044,603)	(84,464)	-	(1,129,067)
Computer software	(58,082)	(11,160)	-	(69,242)
Computer equipment	(398,205)	(56,584)	44,673	(410,116)
Furniture and fixtures	<u>(230,784)</u>	<u>(10,366)</u>	<u>-</u>	<u>(241,150)</u>
Total accumulated depreciation	<u>(1,731,674)</u>	<u>(162,574)</u>	<u>44,673</u>	<u>(1,849,575)</u>
Other capital assets, net	<u>2,089,517</u>	<u>(8,118)</u>	<u>(176)</u>	<u>2,097,459</u>
Governmental activities capital assets, net	<u>\$ 2,316,492</u>	<u>\$ (8,118)</u>	<u>\$ (176)</u>	<u>\$ 2,324,434</u>

NOTE 7 – LONG TERM DEBT

The following is a summary of changes in the long term debt for the year ended June 30, 2021:

	<u>June 30, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2021</u>
Lease Obligation	\$ 1,720,000	\$ -	\$ (125,000)	\$ 1,595,000
Premium on long-term debt	10,126	-	(529)	9,597
PPP loan	300,000	-	(300,000)	-
Total long term debt	<u>\$ 2,030,126</u>	<u>\$ -</u>	<u>\$ (425,529)</u>	<u>\$ 1,604,597</u>

Permanent financing of the NKADD's office building, improvements, and related real estate is provided by the City of Florence under a capital lease arrangement. The capital lease arrangement provided approximately \$2,415,000 to the NKADD at an average interest rate of 3.5% payable semi-annually.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG TERM DEBT (CONTINUED)

This lease obligation is payable through January 1, 2034 and is secured by the NKADD’s office building and related real estate. Debt service requirements on this capital lease are as follows:

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2.75%	\$ 125,000	\$ 58,350	\$ 183,350
2023	3.00%	125,000	54,913	179,913
2024	3.00%	135,000	51,163	186,163
2025	3.00%	135,000	47,113	182,113
2026	3.75%	140,000	43,063	183,063
2027-2031	3.75%-4.25%	730,000	129,563	859,563
2032-2034	4.25%	205,000	17,635	222,635
Totals		<u>\$ 1,595,000</u>	<u>\$ 401,800</u>	<u>\$ 1,996,800</u>

NOTE 8 – GOVERNMENT GRANT

On April 30, 2020, the NKADD received loan proceeds of \$300,000 from Stockyards Bank and Trust Company pursuant to the Paycheck Protection Program (PPP), which is sponsored by the United States Small Business Administration (SBA) as part of the Coronavirus Act Relief and Economic Security’s (CARES) Act. The PPP provides for loans to qualifying entities, the proceeds of which may only be used for payroll costs, rent, utilities, mortgage interest and interest on other pre-existing indebtedness (the “permissible expenses”). The PPP loan and accrued interest, is fully forgiven if the proceeds were used according to the applicable SBA guidelines.

The NKADD has spent all the proceeds according to the applicable SBA guidelines. In June 2021, the loan was fully forgiven. The amount of \$300,000 is recognized as PPP loan forgiveness on the statement of activities in the government-wide financial statements.

NOTE 9 - OTHER FINANCING SOURCES (USES)

Other financing sources (uses) consist of fixed asset transfers, loan proceeds and transfers between funds.

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Special Revenue Fund Types</u>
Principal payment on long term debt	\$ (125,000)	\$ -
Transfer from general fixed assets	104,552	-
Transfer (to) general fixed assets	(2,126)	-
Loss on disposal of fixed assets	176	-
Net capital lease activity	187	-
Transfer from general fund to special revenue fund	(16,194)	16,194
Net revolving loan principal activity	-	192,343
Net other financing sources (uses)	<u>\$ (38,405)</u>	<u>\$ 208,537</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – CONTINGENCIES

The NKADD participates in numerous state and federal grant programs which are governed by various rules and regulations of the funding agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the funding agencies. Therefore, to the extent that the NKADD has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related revenues earned in excess of funds received at June 30, 2021 may be impaired. Based on prior experience, management believes that the NKADD will not incur significant losses from possible grant disallowances. Amounts that management anticipates will be refunded are included in funds received in excess of revenues earned.

The NKADD passes a significant portion of the local, state and federal grant funds it receives through to sub-grantees. The NKADD monitors the activities of the sub-grantees and requires that applicable sub-grantees have financial and compliance audits performed. To the extent that audits of sub-grantees indicate failures to comply with applicable grant requirements, the NKADD assesses the likelihood of grant refunds payable as a result of such noncompliance, and records a liability for amounts management deems to be in excess of amounts recoverable from the sub-grantee. Management also assesses the likelihood of noncompliance by sub-grantees that have not yet submitted audited results. The NKADD has not received nor reviewed many of the FY '21 audits of its sub-grantees. It is possible that audits of these funds could disclose questionable costs and/or non-compliance with laws, regulations and grant conditions that would have an adverse effect upon the financial statements and reports.

NOTE 11 – RESTRICTED NET POSITION

Net position restricted for loan programs include the excess of assets over liabilities restricted for the revolving loan fund and the Kentucky Housing Corporation and Economic Development Administration loan fund. The government-wide statements include restricted net position of \$349,648 for small business loans reported as funds to reflect purpose restrictions imposed by the grantors. Net position restricted for building construction includes the cash restricted by the lease/financing agreement to be used in the construction of the building addition. These restrictions are functionally classified in the statement of net position.

NOTE 12 – COVID-19 CONTINGENCY

As of and subsequent to the date of these financial statements, the World has been responding to an outbreak of respiratory disease caused by a novel coronavirus (COVID-19). COVID-19 has been declared a pandemic by the World Health Organization, and declared a national emergency in the United States of America. The outbreak and response have impacted financial and economic markets across the world and within the United States of America. While the NKADD continues to monitor this emergency and adjust accordingly, the impact to the NKADD's is uncertain as of the date of these financial statements, and as such, no adjustment has been made to these financial statements.

NOTE 13 – SUBSEQUENT EVENTS

The NKADD has evaluated subsequent events through January 6, 2022, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the NKADD as of that date.

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance (restated) July 1, 2020	\$ 1,884,064	\$ 1,884,064	\$ 1,884,064	\$ -
RESOURCES (inflows):				
Federal and state revenues	6,037,578	3,559,710	5,782,216	2,222,506
Local contract revenue	1,042,358	1,183,359	1,200,208	16,849
Local contribution revenue	199,774	177,318	177,318	-
Annual meeting	-	-	-	-
Miscellaneous revenue	30,014	602	602	-
Pass-through revenue	12,100,000	15,850,944	12,566,051	(3,284,893)
Total resources	19,409,724	20,771,933	19,726,395	(1,045,538)
Amounts available for use	21,293,788	22,655,997	21,610,459	(1,045,538)
EXPENDITURES (outflows):				
Direct salaries	3,248,526	3,485,982	3,268,375	217,607
Direct employee benefits	1,683,171	1,689,783	1,596,882	92,901
Direct travel	111,890	45,660	12,938	32,722
Direct contracts	118,000	215,923	212,923	3,000
Uncollectible government funds	-	109,035	123,084	(14,049)
Direct other	643,310	938,962	768,688	170,274
Direct local non-grant expenses	1,120	1,487	135,584	(134,097)
Shared expenses	680,400	756,100	756,100	-
Pass-through expenditures	12,100,000	15,850,944	12,566,051	3,284,893
Total expenditures before other sources	18,586,417	23,093,876	19,440,625	3,653,251
Net other financing (sources) uses	125,000	125,000	38,405	86,595
Net expenditures	18,711,417	23,218,876	19,479,030	3,739,846
Budgetary fund balance June 30, 2021	\$ 2,582,371	\$ (562,879)	\$ 2,131,429	\$ 2,694,308

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2021**

NOTE 1 - BUDGETING POLICIES

The executive director submits an annual budget to the Board of Directors in accordance with the NKADD procedures. Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures. Each funds' budget is prepared on a detailed work element/line item basis. Revenues are budgeted by source. Expenditures are budgeted by department, work element and line item. Revisions to the budget were made throughout the year. Because the NKADD did not have sufficient information to accurately prepare certain forecasts, some work elements do not have budgets.

The budgets are prepared on the basis of accounting used by the appropriate fund. The actual and budget amounts for the Revolving Loan Fund and the Non-Cash Federal Commodities are not included in the General Fund budgetary comparison schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

SCHEDULE OF THE NKADD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

County Employees Retirement System

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NKADD's proportion of the net pension liability (asset)	0.118447%	0.123778%	0.124776%	0.126917%	0.132907%	0.136770%	0.137418%			
NKADD's proportionate share of the net pension liability (asset)	\$ 9,084,787	\$ 8,705,362	\$ 7,599,239	\$ 7,428,842	\$ 6,543,826	\$ 5,880,445	\$ 4,458,372			
NKADD's covered-employee payroll	\$ 3,035,839	\$ 3,132,771	\$ 3,130,822	\$ 3,103,141	\$ 3,198,046	\$ 3,209,306	\$ 3,155,009			
NKADD's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	299.25%	277.88%	242.72%	239.40%	204.62%	183.23%	141.31%			
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%			

* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

SCHEDULE OF NKADD PENSION CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 600,735	\$ 585,917	\$ 508,135	\$ 453,343	\$ 432,888	\$ 397,061	\$ 408,787	\$ 433,168		
Contributions in relation to the contractually required contribution	\$ (600,735)	\$ (585,917)	\$ (508,135)	\$ (453,343)	\$ (432,888)	\$ (397,061)	\$ (408,787)	\$ (433,168)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
NKADD's covered-employee payroll	\$ 3,112,616	\$ 3,035,839	\$ 3,132,771	\$ 3,130,822	\$ 3,103,141	\$ 3,198,046	\$ 3,209,306	\$ 3,155,009		
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.40%	12.74%	13.73%		

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION

June 30, 2021

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

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered structure for benefit accrual rates
2. New retirement eligibility requirements
3. Difference rules for the computation of final average compensation

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

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

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.

2019

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

SCHEDULE OF THE NKADD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

County Employees Retirement System

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NKADD's proportion of the net OPEB liability (asset)	0.118412%	0.123746%	0.124771%	0.126917%						
NKADD's proportionate share of the net OPEB liability (asset)	\$ 2,859,290	\$ 2,081,352	\$ 2,215,284	\$ 2,551,466						
NKADD's covered-employee payroll	\$ 3,035,839	\$ 3,132,771	\$ 3,130,822	\$ 3,103,141						
NKADD's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	94.18%	66.44%	70.76%	82.22%						
Plan fiduciary net position as a percentage of the total pension liability	51.67%	60.44%	57.62%	52.39%						

* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

SCHEDULE OF NKADD OPEB FUND CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 148,160	\$ 144,506	\$ 164,784	\$ 147,149	\$ 146,779					
Contributions in relation to the contractually required contribution	\$ (148,160)	\$ (144,506)	\$ (164,784)	\$ (147,149)	\$ (146,779)					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
NKADD's covered-employee payroll	\$ 3,112,616	\$ 3,035,839	\$ 3,132,771	\$ 3,130,822	\$ 3,103,141					
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%	4.73%					

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2021

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

2003: Medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003.

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

2017

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

2018

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

2019

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

2020

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

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED JUNE 30, 2021**

	<u>Cabinet for Health and Family Services</u>	<u>Workforce Innovation & Opportunity Act</u>	<u>Commodities</u>	<u>Loan Program</u>
REVENUES:				
Federal	\$ 2,728,277	\$ 2,164,791	\$ 530,069	\$ 223,052
State	11,286,422	269	-	-
Federal commodities	-	-	2,438,589	-
Local funds applied	8,233	-	18,481	16,194
Match - cash	278,228	-	-	-
Match - In kind	229,979	-	-	-
Program income	7,842	-	-	-
Interest income	-	-	-	3,599
Local revenue	134,600	310	-	-
Total revenues	<u>14,673,581</u>	<u>2,165,370</u>	<u>2,987,139</u>	<u>242,845</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	1,472,140	316,004	108,583	13,839
Employee benefits	769,857	152,271	55,402	7,197
Travel	9,543	262	857	-
Contracts	-	15,497	74,964	330
Uncollectible government funds	14,049	-	-	-
Other	382,608	34,934	282,823	271
Total direct expenses	<u>2,648,197</u>	<u>518,968</u>	<u>522,629</u>	<u>21,637</u>
Shared expenses applied	<u>354,936</u>	<u>73,932</u>	<u>25,921</u>	<u>3,208</u>
Sub-total expenditures	<u>3,003,133</u>	<u>592,900</u>	<u>548,550</u>	<u>24,845</u>
Sub-recipients/sub-grantees	<u>11,273,435</u>	<u>1,572,470</u>	<u>2,438,589</u>	<u>218,000</u>
Total expenditures	<u>14,276,568</u>	<u>2,165,370</u>	<u>2,987,139</u>	<u>242,845</u>
Excess revenues (expenditures) before transfers to (from)	<u>397,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to (from)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues (expenditures)	<u>\$ 397,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

<u>Joint Funding Administration</u>	<u>Other Federal Contracts</u>	<u>Other State Contracts</u>	<u>Other Local Contracts</u>	<u>Shared Expenses</u>	<u>Revenues and Expenditures</u>
\$ 219,225	\$ 895,333	\$ -	\$ -	\$ -	\$ 6,760,747
131,955	-	161,754	-	-	11,580,400
-	-	-	-	-	2,438,589
11,478	24,633	9,089	(88,108)	-	-
-	-	-	-	-	278,228
-	-	-	-	-	229,979
-	-	-	-	-	7,842
-	-	-	602	-	4,201
-	240,865	-	1,231,923	-	1,607,698
<u>362,658</u>	<u>1,160,831</u>	<u>170,843</u>	<u>1,144,417</u>	<u>-</u>	<u>22,907,684</u>
205,635	563,954	94,715	507,344	56,392	3,338,606
95,999	292,612	46,577	184,164	64,151	1,668,230
457	16	-	1,803	1,012	13,950
-	122,462	-	-	125,261	338,514
-	-	-	109,035	-	123,084
9,419	40,631	7,996	145,861	512,492	1,417,035
<u>311,510</u>	<u>1,019,675</u>	<u>149,288</u>	<u>948,207</u>	<u>759,308</u>	<u>6,899,419</u>
51,148	135,133	21,555	93,475	(759,308)	-
<u>362,658</u>	<u>1,154,808</u>	<u>170,843</u>	<u>1,041,682</u>	<u>-</u>	<u>6,899,419</u>
-	6,023	-	230,172	-	15,738,689
<u>362,658</u>	<u>1,160,831</u>	<u>170,843</u>	<u>1,271,854</u>	<u>-</u>	<u>22,638,108</u>
-	-	-	(127,437)	-	269,576
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (127,437)</u>	<u>\$ -</u>	<u>\$ 269,576</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

REFERENCE	Title III		Title VII	
	Pages 44-48		Pages 50-51	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 2,419,127	\$ 1,743,137	\$ 65,777	\$ 42,910
State	567,892	568,162	-	-
Local funds applied	-	8,160	-	-
Match - cash	229,843	243,230	-	-
Match - In kind	241,391	202,425	2,763	479
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	15,839	11,092	-	-
Total revenues	<u>3,474,092</u>	<u>2,776,206</u>	<u>68,540</u>	<u>43,389</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	375,922	355,978	10,047	959
Employee benefits	205,234	189,249	7,197	490
Travel	7,110	2,374	-	4
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	50,784	50,229	49,752	41,656
Total direct expenses	<u>639,050</u>	<u>597,830</u>	<u>66,996</u>	<u>43,109</u>
Shared expenses applied	<u>81,770</u>	<u>86,196</u>	<u>1,544</u>	<u>280</u>
Sub-total expenditures	720,820	684,026	68,540	43,389
Sub-recipients/sub-grantees	<u>2,753,272</u>	<u>2,092,180</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,474,092</u>	<u>2,776,206</u>	<u>68,540</u>	<u>43,389</u>
Excess revenues (expenditures) before transfers to (from)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to (from)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues (expenditures)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

NSIP 320-319		Homecare Pages 52-53		Personal Care Attendant Pages 54-55	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 121,316	\$ 97,995	\$ -	\$ -	\$ -	\$ -
-	-	1,221,208	1,221,208	538,155	538,155
-	-	73	73	-	-
-	-	45,476	34,998	-	-
-	-	27,075	27,075	-	-
-	-	7,507	7,507	-	-
-	-	-	-	-	-
-	-	17,587	17,587	-	-
<u>121,316</u>	<u>97,995</u>	<u>1,318,926</u>	<u>1,308,448</u>	<u>538,155</u>	<u>538,155</u>
-	-	323,350	323,350	3,263	3,263
-	-	164,740	164,740	1,509	1,509
-	-	1,282	1,282	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	19,404	19,404	588	588
-	-	508,776	508,776	5,360	5,360
-	-	78,259	78,259	668	668
-	-	587,035	587,035	6,028	6,028
<u>121,316</u>	<u>97,995</u>	<u>731,891</u>	<u>721,413</u>	<u>532,127</u>	<u>532,127</u>
<u>121,316</u>	<u>97,995</u>	<u>1,318,926</u>	<u>1,308,448</u>	<u>538,155</u>	<u>538,155</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

REFERENCE	SHIP		LTC Ombudsman	
	Pages 56-57		321-323	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 37,825	\$ 37,814	\$ -	\$ -
State	-	-	63,370	63,370
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	335	335	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	38,160	38,149	63,370	63,370
EXPENDITURES:				
Direct Expenses:				
Salaries	766	766	33,619	33,619
Employee benefits	426	425	19,212	19,212
Travel	-	-	1,727	1,727
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	2,894	2,894	1,273	1,273
Total direct expenses	4,086	4,085	55,831	55,831
Shared expenses applied	218	209	7,539	7,539
Sub-total expenditures	4,304	4,294	63,370	63,370
Sub-recipients/sub-grantees	33,856	33,855	-	-
Total expenditures	38,160	38,149	63,370	63,370
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

MIPPA 2		MIPPA 3		CDO	
326-312		326-313		Pages 58-59	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 38,377	\$ 31,399	\$ 9,867	\$ 9,867	\$ 749,288	\$ 749,288
-	-	-	-	8,956,684	8,895,527
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	105,647
<u>38,377</u>	<u>31,399</u>	<u>9,867</u>	<u>9,867</u>	<u>9,705,972</u>	<u>9,750,462</u>
-	-	-	-	793,995	747,373
-	-	-	-	407,528	391,381
-	-	-	-	30,000	4,156
-	-	-	-	-	-
-	-	-	-	-	14,049
-	-	-	-	246,023	262,216
-	-	-	-	1,477,546	1,419,175
-	-	-	-	165,157	179,675
-	-	-	-	1,642,703	1,598,850
<u>38,377</u>	<u>31,399</u>	<u>9,867</u>	<u>9,867</u>	<u>7,937,374</u>	<u>7,754,599</u>
<u>38,377</u>	<u>31,399</u>	<u>9,867</u>	<u>9,867</u>	<u>9,580,077</u>	<u>9,353,449</u>
-	-	-	-	125,895	397,013
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,895</u>	<u>\$ 397,013</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

REFERENCE	No Wrong Door/ADRC 326-318		Cabinet for Health and Family Services Totals	
	Budget	Actual	Budget	Actual
	REVENUES:			
Federal	\$ 45,000	\$ 15,867	\$ 3,486,577	\$ 2,728,277
State	-	-	11,347,309	11,286,422
Local funds applied	-	-	73	8,233
Match - cash	-	-	275,319	278,228
Match - In kind	-	-	271,229	229,979
Program income	-	-	7,842	7,842
Interest income	-	-	-	-
Local revenue	5,000	274	38,426	134,600
Total revenues	50,000	16,141	15,426,775	14,673,581
EXPENDITURES:				
Direct Expenses:				
Salaries	16,023	6,832	1,556,985	1,472,140
Employee benefits	9,251	2,851	815,097	769,857
Travel	-	-	40,119	9,543
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	14,049
Other	19,726	4,348	390,444	382,608
Total direct expenses	45,000	14,031	2,802,645	2,648,197
Shared expenses applied	5,000	2,110	340,155	354,936
Sub-total expenditures	50,000	16,141	3,142,800	3,003,133
Sub-recipients/sub-grantees	-	-	12,158,080	11,273,435
Total expenditures	50,000	16,141	15,300,880	14,276,568
Excess revenues (expenditures) before transfers to (from)	-	-	125,895	397,013
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ 125,895	\$ 397,013

The accompanying notes are an integral part of this statement.

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	Administration		Supportive Services	
	320-300		320-301	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 83,980	\$ 61,912	\$ 555,843	\$ 386,939
State	47,866	47,866	325,946	325,946
Local funds applied	-	-	-	-
Match - cash	535	535	93,073	118,864
Match - In kind	-	-	218,296	197,943
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	132,381	110,313	1,193,158	1,029,692
EXPENDITURES:				
Direct Expenses:				
Salaries	72,840	61,013	140,967	148,586
Employee benefits	35,873	29,193	77,146	82,458
Travel	1,251	370	2,955	903
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	7,000	4,657	30,285	24,350
Total direct expenses	116,964	95,233	251,353	256,297
Shared expenses applied	15,417	15,080	30,834	35,427
Sub-total expenditures	132,381	110,313	282,187	291,724
Sub-recipients/sub-grantees	-	-	910,971	737,968
Total expenditures	132,381	110,313	1,193,158	1,029,692
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from):	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Congregate Meals		Home Delivered Meals		Preventive Health	
320-302		320-303		320-304	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 292,240	\$ 252,974	\$ 942,970	\$ 731,825	\$ 34,382	\$ 10,301
55,358	55,358	110,251	110,521	-	-
-	-	-	-	-	-
43,588	39,133	69,908	79,657	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	200	200
<u>391,186</u>	<u>347,465</u>	<u>1,123,129</u>	<u>922,003</u>	<u>34,582</u>	<u>10,501</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>391,186</u>	<u>347,465</u>	<u>1,123,129</u>	<u>922,003</u>	<u>34,582</u>	<u>10,501</u>
<u>391,186</u>	<u>347,465</u>	<u>1,123,129</u>	<u>922,003</u>	<u>34,582</u>	<u>10,501</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	Caregiver Administration		Caregiver Support	
	320-308		320-309	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 16,572	\$ 14,506	\$ 308,688	\$ 132,651
State	5,524	5,524	22,947	22,947
Local funds applied	-	-	-	8,160
Match - cash	-	-	21,929	5,038
Match - In kind	-	-	23,095	4,482
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	22,096	20,030	376,659	173,278
EXPENDITURES:				
Direct Expenses:				
Salaries	13,179	11,781	39,243	43,055
Employee benefits	6,188	5,531	22,655	24,816
Travel	114	5	400	115
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	-	-	12,601	20,399
Total direct expenses	19,481	17,317	74,899	88,385
Shared expenses applied	2,615	2,713	8,356	10,650
Sub-total expenditures	22,096	20,030	83,255	99,035
Sub-recipients/sub-grantees	-	-	293,404	74,243
Total expenditures	22,096	20,030	376,659	173,278
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from):	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Congregate Meals Admin. 320-316		Home Delivered Meals Admin. 320-317		Ombudsman 320-326	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 23,369	\$ 20,995	\$ 91,881	\$ 61,878	\$ 69,202	\$ 69,156
-	-	-	-	-	-
-	-	-	-	-	-
810	3	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	15,639	10,892	-	-
<u>24,179</u>	<u>20,998</u>	<u>107,520</u>	<u>72,770</u>	<u>69,202</u>	<u>69,156</u>
13,302	12,035	59,344	42,945	37,047	36,563
7,679	6,154	34,306	20,027	21,387	21,070
40	39	369	63	1,981	879
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	898	823
<u>21,021</u>	<u>18,228</u>	<u>94,019</u>	<u>63,035</u>	<u>61,313</u>	<u>59,335</u>
<u>3,158</u>	<u>2,770</u>	<u>13,501</u>	<u>9,735</u>	<u>7,889</u>	<u>9,821</u>
24,179	20,998	107,520	72,770	69,202	69,156
-	-	-	-	-	-
<u>24,179</u>	<u>20,998</u>	<u>107,520</u>	<u>72,770</u>	<u>69,202</u>	<u>69,156</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	Title III	
	Totals	
	Budget	Actual
REVENUES:		
Federal	\$ 2,419,127	\$ 1,743,137
State	567,892	568,162
Local funds applied	-	8,160
Match - cash	229,843	243,230
Match - In kind	241,391	202,425
Program income	-	-
Interest income	-	-
Local revenue	15,839	11,092
Total revenues	3,474,092	2,776,206
EXPENDITURES:		
Direct Expenses:		
Salaries	375,922	355,978
Employee benefits	205,234	189,249
Travel	7,110	2,374
Contracts	-	-
Uncollectible government funds	-	-
Other	50,784	50,229
Total direct expenses	639,050	597,830
Shared expenses applied	81,770	86,196
Sub-total expenditures	720,820	684,026
Sub-recipients/sub-grantees	2,753,272	2,092,180
Total expenditures	3,474,092	2,776,206
Excess revenues (expenditures) before transfers to (from)	-	-
Transfers to (from):	-	-
Excess revenues (expenditures)	\$ -	\$ -

The accompanying notes are an integral part of this statement.

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE VII
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	Elder Abuse		Ombudsman	
	320-305		320-306	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 5,805	\$ 1,516	\$ 32,809	\$ 14,377
State	-	-	-	-
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	946	323	1,817	156
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	6,751	1,839	34,626	14,533
EXPENDITURES:				
Direct Expenses:				
Salaries	-	-	9,484	396
Employee benefits	-	-	6,927	220
Travel	-	-	-	4
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	6,751	1,839	16,840	13,802
Total direct expenses	6,751	1,839	33,251	14,422
Shared expenses applied	-	-	1,375	111
Sub-total expenditures	6,751	1,839	34,626	14,533
Sub-recipients/sub-grantees	-	-	-	-
Total expenditures	6,751	1,839	34,626	14,533
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Ombudsman - Education		Title VII	
320-307		Totals	
Budget	Actual	Budget	Actual
\$ 27,163	\$ 27,017	\$ 65,777	\$ 42,910
-	-	-	-
-	-	-	-
-	-	-	-
-	-	2,763	479
-	-	-	-
-	-	-	-
-	-	-	-
<u>27,163</u>	<u>27,017</u>	<u>68,540</u>	<u>43,389</u>
563	563	10,047	959
270	270	7,197	490
-	-	-	4
-	-	-	-
-	-	-	-
<u>26,161</u>	<u>26,015</u>	<u>49,752</u>	<u>41,656</u>
26,994	26,848	66,996	43,109
<u>169</u>	<u>169</u>	<u>1,544</u>	<u>280</u>
27,163	27,017	68,540	43,389
-	-	-	-
<u>27,163</u>	<u>27,017</u>	<u>68,540</u>	<u>43,389</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
HOMECARE
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	Administration		Home Delivered Meals	
	321-320		321-321	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	172,663	172,663	135,017	135,017
Local funds applied	73	73	-	-
Match - cash	-	-	20,641	10,163
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	172,736	172,736	155,658	145,180
EXPENDITURES:				
Direct Expenses:				
Salaries	100,543	100,543	-	-
Employee benefits	45,714	45,714	-	-
Travel	335	335	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	2,809	2,809	-	-
Total direct expenses	149,401	149,401	-	-
Shared expenses applied	23,335	23,335	-	-
Sub-total expenditures	172,736	172,736	-	-
Sub-recipients/sub-grantees	-	-	155,658	145,180
Total expenditures	172,736	172,736	155,658	145,180
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Social Services		Homecare	
321-322		Totals	
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ -	\$ -
913,528	913,528	1,221,208	1,221,208
-	-	73	73
24,835	24,835	45,476	34,998
27,075	27,075	27,075	27,075
7,507	7,507	7,507	7,507
-	-	-	-
17,587	17,587	17,587	17,587
<u>990,532</u>	<u>990,532</u>	<u>1,318,926</u>	<u>1,308,448</u>
222,807	222,807	323,350	323,350
119,026	119,026	164,740	164,740
947	947	1,282	1,282
-	-	-	-
-	-	-	-
16,595	16,595	19,404	19,404
<u>359,375</u>	<u>359,375</u>	<u>508,776</u>	<u>508,776</u>
54,924	54,924	78,259	78,259
414,299	414,299	587,035	587,035
576,233	576,233	731,891	721,413
<u>990,532</u>	<u>990,532</u>	<u>1,318,926</u>	<u>1,308,448</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
PERSONAL CARE ATTENDANT
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	Administration		Evaluation and Coordination	
	324-340		324-341	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	8,028	8,028	530,127	530,127
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	8,028	8,028	530,127	530,127
EXPENDITURES:				
Direct Expenses:				
Salaries	3,263	3,263	-	-
Employee benefits	1,509	1,509	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	588	588	-	-
Total direct expenses	5,360	5,360	-	-
Shared expenses applied	668	668	-	-
Sub-total expenditures	6,028	6,028	-	-
Sub-recipients/sub-grantees	2,000	2,000	530,127	530,127
Total expenditures	8,028	8,028	530,127	530,127
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Personal Care Attendant	
Totals	
Budget	Actual
\$ -	\$ -
538,155	538,155
-	-
-	-
-	-
-	-
-	-
538,155	538,155
3,263	3,263
1,509	1,509
-	-
-	-
-	-
588	588
5,360	5,360
668	668
6,028	6,028
532,127	532,127
538,155	538,155
-	-
-	-
\$ -	\$ -

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
SHIP
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	Administration 326-310		Regular 326-311	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 1,410	\$ 1,400	\$ 36,415	\$ 36,414
State	-	-	-	-
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	335	335
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	<u>1,410</u>	<u>1,400</u>	<u>36,750</u>	<u>36,749</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	766	766	-	-
Employee benefits	426	425	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	-	-	2,894	2,894
Total direct expenses	<u>1,192</u>	<u>1,191</u>	<u>2,894</u>	<u>2,894</u>
Shared expenses applied	<u>218</u>	<u>209</u>	<u>-</u>	<u>-</u>
Sub-total expenditures	<u>1,410</u>	<u>1,400</u>	<u>2,894</u>	<u>2,894</u>
Sub-recipients/sub-grantees	<u>-</u>	<u>-</u>	<u>33,856</u>	<u>33,855</u>
Total expenditures	<u>1,410</u>	<u>1,400</u>	<u>36,750</u>	<u>36,749</u>
Excess revenues (expenditures) before transfers to (from)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to (from)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues (expenditures)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SHIP	
Totals	
Budget	Actual
\$ 37,825	\$ 37,814
-	-
-	-
-	-
335	335
-	-
-	-
<u>38,160</u>	<u>38,149</u>
766	766
426	425
-	-
-	-
-	-
<u>2,894</u>	<u>2,894</u>
4,086	4,085
218	209
<u>4,304</u>	<u>4,294</u>
<u>33,856</u>	<u>33,855</u>
<u>38,160</u>	<u>38,149</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
CDO
PERIOD PERFORMANCE: JULY 1, 2020 TO JUNE 30, 2021**

Work Element	CDO Financial Management		PDS Services CDO	
	134-552		234-552	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 749,288	\$ 749,288	\$ -	\$ -
State	-	-	417,374	417,374
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	749,288	749,288	417,374	417,374
EXPENDITURES:				
Direct Expenses:				
Salaries	89,325	89,325	-	-
Employee benefits	49,418	49,418	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	214,662	214,662	-	-
Total direct expenses	353,405	353,405	-	-
Shared expenses applied	21,682	21,682	-	-
Sub-total expenditures	375,087	375,087	-	-
Sub-recipients/sub-grantees	-	-	417,374	417,374
Total expenditures	375,087	375,087	417,374	417,374
Excess revenues (expenditures) before transfers to (from)	374,201	374,201	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ 374,201	\$ 374,201	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CDO Program 334-552		CDO Totals	
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 749,288	\$ 749,288
8,539,310	8,478,153	8,956,684	8,895,527
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	105,647	-	105,647
<u>8,539,310</u>	<u>8,583,800</u>	<u>9,705,972</u>	<u>9,750,462</u>
704,670	658,048	793,995	747,373
358,110	341,963	407,528	391,381
30,000	4,156	30,000	4,156
-	-	-	-
-	14,049	-	14,049
<u>31,361</u>	<u>47,554</u>	<u>246,023</u>	<u>262,216</u>
1,124,141	1,065,770	1,477,546	1,419,175
<u>143,475</u>	<u>157,993</u>	<u>165,157</u>	<u>179,675</u>
1,267,616	1,223,763	1,642,703	1,598,850
<u>7,520,000</u>	<u>7,337,225</u>	<u>7,937,374</u>	<u>7,754,599</u>
<u>8,787,616</u>	<u>8,560,988</u>	<u>9,580,077</u>	<u>9,353,449</u>
<u>(248,306)</u>	<u>22,812</u>	<u>125,895</u>	<u>397,013</u>
-	-	-	-
<u>\$ (248,306)</u>	<u>\$ 22,812</u>	<u>\$ 125,895</u>	<u>\$ 397,013</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ALLOCATED COSTS CLAIMED
YEAR ENDED JUNE 30, 2021**

	<u>Costs Claimed</u>
Shared Expenses:	
Salaries	\$ 56,392
Employee benefits	64,151
Travel	1,012
Contractual	125,261
Other	
Financing costs	\$ 61,662
Miscellaneous	100,342
Depreciation	104,552
Insurance	90,246
Postage	7,882
Telephone	24,890
Consumable supplies	13,399
Utilities	25,417
Computer software and hardware	57,527
Janitor service	20,312
Organizational dues	3,156
Registration	1,090
Marketing and advertising	2,017
Total other	512,492
Total shared expenses	759,308
Shared expenses allocated (1)	<u>(759,308)</u>
Shared expenses over applied	\$ -

Explanatory Notes:

- (1) Shared costs are distributed on the basis of total direct salaries and employee benefits. The total shared expenses allocated is approximately 16% of total direct salaries and employee benefits.

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – BASIS OF ACCOUNTING

The supplementary information has been prepared in accordance with the reporting requirements of the various funding authorities. These requirements include the accrual basis of accounting and the inclusion of all reported fund sources and expenditures related to the contracts. Accordingly, the supplementary information includes the sub-grantees' reported program income, cash match and in-kind match. The supplementary information does not include statements of assets and liabilities of the programs. As such, these requirements differ from accounting principles generally accepted in the United States of America.

NOTE 2 – SUB-GRANTEE INFORMATION

As stated in Note 1 above, the supplementary information includes the reported program income and match information of the sub-grantees. Meals on Wheels of Greater Cincinnati/NKY, sub-grantee, is to be audited by independent certified public accountants in accordance with criteria established by terms of its agreement. Its audit report will be furnished to the Northern Kentucky Area Development District and will be available for review by the appropriate state agencies. The sub-grantees providing service under each contract are as follows:

Cabinet for Health and Family Services Contract

- Legal Aid of the Bluegrass
- Lifeline Homecare, Inc.
- Visiting Angels, Inc.
- Helping Hands NKY
- Help at Home
- PurFood LLC (MOMS Meals)
- Meals on Wheels of Greater Cincinnati/NKY
- RC Durr YMCA of Greater Cincinnati
- City of Williamstown
- City of Elsmere
- Campbell County Fiscal Court
- Carroll County Fiscal Court
- Gallatin County Fiscal Court
- Pendleton County Fiscal Court
- Owen County Fiscal Court

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**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 Directors of
Northern Kentucky Area Development District
Florence, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northern Kentucky Area Development District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Northern Kentucky Development District's basic financial statements, and have issued our report thereon dated January 6, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Kentucky 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 Northern Kentucky Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Kentucky Area Development District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Barnes, Dennig & Co., Ltd.

January 6, 2022
Crestview Hills, KY

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

To the Directors of
Northern Kentucky Area Development District
Florence, KY

Report on Compliance for Each Major Federal Program

We have audited Northern Kentucky 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 Northern Kentucky Area Development District's major federal programs for the year ended June 30, 2021. Northern Kentucky 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Northern Kentucky Area Development District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northern Kentucky Area Development District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northern Kentucky Area Development District's internal control over compliance.

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

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

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

Barnes, Dennig & Co., Ltd.

January 6, 2022
Crestview Hills, KY

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's ID Number
U. S. Department of Agriculture		
Passed through Kentucky Cabinet for Health and Family Services: State Administrative Matching Grants for Supplemental Nutrition Assistance Program (E&T)	10.561	PON2-736 2000001573
Food Distribution Cluster:		
Passed through Kentucky Department of Agriculture CASH:		
Commodity Supplemental Food Program	10.565	PON2-035 1900000064
Commodity Supplemental Food Program	10.565	PON2-035 2000002326
The Emergency Food Assistance Program (Administration)	10.568	PON2-035 2000002310
CARES ACT (Administration)	10.568	PON 2 035 2000003770
FAMILIES FIRST ACT (Administration)	10.568	PON2-035 2000002310
Trade Mitigation Program Foods (Administration, Phase II)	10.178	PON2-035 2000001372
NONCASH:		
Commodity Supplemental Food Program (Food Commodities)	10.565	PON2-035 2000002326
The Emergency Food Assistance Program (Food Commodities)	10.569	PON2-035 2000002310
Trade Mitigation Program Foods (Food Commodities)	10.178	PON2-035 2000001372
Sub-total for Food Distribution Cluster		
Sub-total for U.S. Department of Agriculture		
U. S. Department of Commerce		
Passed through Governors Office of Local Development: Economic Development Administration Partnership Planning Grant	11.302	PON2-112 2000003744
Economic Adjustment Assistance: Passed through Governors Office of Local Development: JFA Supplemental EDA CARES ACT	11.307	PON2-112 2100000403
Passed through Economic Development Administration: CARES Act Revolving Loan Fund Supplemental Disaster Recovery and Re: Revolving loan fund	11.307 11.307	04-79-07541 04-19-59014
Sub-total for Economic Adjustment Assistance		
Sub-total for U.S. Department of Commerce		
U. S. Department of Housing and Urban Development		
Passed through Governors Office of Local Development: Community Development Block Grant	14.228	PON2-112 2000003744
Passed through Housing Authority of Covington Jobs Plus Initiative	14.895	KY002FJP000117
Sub-total for U.S. Department of Housing and Urban Development		
U. S. Department of Justice		
Passed through Northern Kentucky University: Comprehensive Opioid Abuse Site-Based Program	16.838	2019-RURAL-0048
U. S. Department of Labor		
Passed through Kentucky Cabinet for Workforce Development Workforce Innovation and Opportunity Act Cluster:		
WIOA Adult Program	17.258	27319
WIOA Adult Program	17.258	273SR19
WIOA Adult Program	17.258	27020
WIOA Adult Program	17.258	27320
WIOA Adult Program	17.258	273SR20
WIOA Adult Program	17.258	27321
WIOA Adult Program	17.258	27021
WIOA Youth Activities	17.259	274YT19
WIOA Youth Activities	17.259	274SR19
WIOA Youth Activities	17.259	274YT20
WIOA Youth Activities	17.259	274YT21
WIOA Dislocated Workers	17.278	271DW19
WIOA Dislocated Workers	17.278	27120
WIOA Dislocated Workers	17.278	27220
WIOA Dislocated Workers - Rapid Response Local Activities	17.278	272RR20
WIOA Dislocated Workers - Rapid Response Trade Case Mgmt	17.278	272CM20
WIOA Dislocated Workers	17.278	27121
WIOA Dislocated Workers	17.278	27221
WIOA Dislocated Workers - Rapid Response (IRS)	17.278	27219
Sub-total for Workforce Innovation and Opportunity Act Cluster		

The accompanying notes to schedule of expenditures of federal awards are an integral part of this statement.

Program Award Amounts	Federal Expenditures	Sub-recipient
\$ 88,870	\$ 75,454	\$ -
11,766	11,766	-
85,000	80,933	-
242,836	157,624	-
163,859	163,859	-
54,619	54,619	-
73,080	61,268	-
	300,321	300,321
	1,350,953	1,350,953
	787,315	787,315
	<u>2,968,658</u>	<u>2,438,589</u>
	3,044,112	2,438,589
66,667	66,667	-
392,000	134,946	-
550,000	194,902	-
500,000	405,125	-
	<u>734,973</u>	
	801,640	-
17,612	17,612	-
62,821	19,082	-
	<u>36,694</u>	
6,000	3,000	-
547,300	187	-
7,500	7,500	7,500
94,705	1,095	-
493,540	160,613	99,700
16,350	15,340	-
494,055	286,717	229,789
100,104	91,962	53,704
634,296	4,518	4,518
75,781	6,169	-
580,620	98,096	37,485
585,589	347,553	214,749
872,383	35,376	30,163
602,618	97,701	38,846
126,575	5,956	3,375
147,200	146,710	146,710
105,353	72,895	72,895
798,268	310,452	245,644
178,337	100,614	74,461
262,065	75,347	66,608
	<u>1,864,801</u>	<u>1,326,147</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's ID Number
Passed through Kentucky Cabinet for Workforce Development (continued)		
Trade Adjustment Assistance	17.245	205BE19
National Emergency Grant (Covid/Cares) Unemployment Insurance	17.225	Not available
COVID-19 NEG-NDWG	17.277	258CV20
Sub-total for U.S. Department of Labor		
U. S. Transportation Department		
Passed through Kentucky Transportation Department		
Kentucky Transportation Planning	20.505	P030120441
Passed through Ohio Kentucky Indiana Regional Council of Government		
Mobility Manager Grant	20.513	FAIN OH-2019-015-01-00
Mobility Manager Grant	20.513	FAIN OH-2017-005-03
Sub-total for U.S. Transportation Department		
U.S. Environmental Protection Agency		
Brownfields Multipurpose, Assessment, Revolving Loan Fund, & Cleanup	66.818	BF-01D12020-0
U. S. Department of Health and Human Services		
Passed through Kentucky Cabinet for Health and Family Services:		
Aging Cluster:		
Title III, Part B Support Services	93.044	PON2 725 2000002717_5
CARES Title III, Part B Support Services	93.044	PON2-725 2000000214-5
Title III, Part B Support Services (Administration)	93.044	PON2 725 2000002717_5
CARES Title III, Part B Support Services (Admin)	93.044	PON2-725 2000000214-5
Title III, Part C Nutrition Services	93.045	PON2 725 2000002717_5
COVID-19 Title III, Part C Nutrition Services	93.045	PON2-725 2000000214-5
Title III, Part C Nutrition Services	93.045	PON2 725 2000002717_5
COVID-19 Title III, Part C Nutrition Services	93.045	PON2-725 2000000217-5
CARES Title III, Part C Nutrition Services	94.045	PON2-725 2000000217-5
CRRSSA Title III, Part C Nutrition Services	93.045	PON2-725 2000000214-5
Nutrition Services Incentive Program, NSIP	93.053	PON2 725 1900000884_03
Nutrition Services Incentive Program, NSIP	93.053	PON2 725 2100000262_02
Sub-total for Aging Cluster		
Title VII, Elder Abuse Prevention	93.041	PON2 725 2000002714_03
Title VII, Ombudsman	93.042	PON2 725 2000002714_03
COVID-19 Title VII, Ombudsman	93.042	PON2-725 1900004491-3
Title VII, Ombudsman Education	93.042	PON2 725 2000002714_03
Title III, Part D Preventive Health	93.043	PON2 725 2000002717_5
Title III, Part E Family Caregiver Support (Administration)	93.052	PON2 725 2000002717_5
Title III, Part E Family Caregiver Support	93.052	PON2 725 2000002717_5
COVID-19 Title III, Part E Family Caregiver Support	93.052	PON2-725 2000000214-5
Functional Assessment Service Terms	93.069	PON2 725 2000002444_01
MIPPA SHIP	93.071	PON2-725 2000000094-2
MIPPA SHIP	93.071	PON2 725 2100000242_01
MIPPA AAA	93.071	PON2-725 2000000094-2
MIPPA AAA	93.071	PON2 725 2100000242_01
MIPPA ADRC	93.071	PON2-725 2000000094-2
MIPPA ADRC	93.071	PON2 725 2100000242_01
Centers for Medicare & Medicaid Services, CMS - (SHIP)	93.324	PON2 725 2000003467_02
Temporary Assistance for Needy Families - KY Works	93.558	PON2-736 2000001573
Medicaid ADRC	93.778	PON2-725 1900000816-6
No Wrong Door (ADRC)	93.048	PON2 725 2000004400_03
Passed through Northern Kentucky University		
Rural Communities Opioid Response-Implementation	93.912	1 GA1RH33528-01-00
Sub-total for U.S. Department of Health and Human Services		
Total Federal Expenditures		
Total Federal Expenditures - Cash		
Total Federal Expenditures - Non-cash		

The accompanying notes to schedule of expenditures of federal awards are an integral part of this statement.

Program Award Amounts	Federal Expenditures	Sub-recipient
\$ 70,000	\$ 23,246	\$ 23,246
63,792	12,472	12,472
789,182	264,272	210,605
	2,164,791	1,572,470
30,000	30,000	-
206,665	-	-
103,240	35,582	-
	65,582	-
300,000	59,442	-
430,577	430,532	199,222
194,468	25,563	3,931
64,457	42,389	-
19,523	19,523	-
313,292	273,969	252,974
85,596	-	-
329,893	118,748	100,920
171,193	10,722	-
513,579	500,051	466,723
180,657	164,182	164,182
67,565	34,674	34,674
86,642	63,321	63,321
	1,683,674	1,285,947
5,805	1,516	-
11,599	2,104	-
21,429	12,273	-
27,163	27,017	-
34,382	10,301	10,301
16,572	14,506	-
203,912	121,878	64,723
104,776	10,773	-
1,000	-	-
20,075	5,018	5,018
19,793	16,194	16,194
13,706	3,428	3,428
13,447	11,002	11,002
5,687	1,421	1,421
5,137	4,203	4,203
37,825	37,814	33,855
938,694	669,773	6,023
14,040	-	-
45,000	15,867	-
9,000	3,000	-
	2,651,762	1,442,115
	\$ 8,827,023	\$ 5,453,174
	\$ 6,388,434	\$ 3,014,585
	\$ 2,438,589	\$ 2,438,589

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northern Kentucky Area Development District. 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 the NKADD, it is not intended to and does not present the financial position, changes in net position or cash flows of the NKADD. Although many of these programs are jointly funded by Federal, Kentucky and local sources, only Federal expenditures are reported on this schedule. The amounts shown are based on the Federal share of the combined allocations.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. 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. Pass-through entity identifying numbers are presented where available. The NKADD has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Commodities Distribution

Amounts reported represent the dollar values of commodities distributed during the year. Dollar values were determined using USDA prescribed wholesale values per unit. At June 30, 2021, the NKADD had USDA food commodities totaling \$1,022,528 in inventory.

Note 4 - Revolving Loan Fund Calculations

Revolving loan fund (#04-19-59014):

Balance of loans outstanding	\$160,580
Plus: Cash and investment balance	242,201
Plus: Administrative expenses	2,344
Plus: Loans written off during the fiscal year	-
Subtotal	<u>405,125</u>
Multiplied by federal share of initial capitalization	<u>100%</u>
Total	<u>\$405,125</u>

Revolving loan fund (#04-79-07541):

Balance of loans outstanding	\$188,345
Plus: Cash and investment balance	250
Plus: Administrative expenses	6,307
Plus: Loans written off during the fiscal year	-
Subtotal	<u>194,902</u>
Multiplied by federal share of initial capitalization	<u>100%</u>
Total	<u>\$194,902</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Note 5 – Reconciliation of Federal Revenues - Cash

Statement of Revenues, Expenditures and Changes in Fund Balance (page 10)	
Federal Revenues	\$6,760,747
Less: CDO (Federal Medicaid)	(749,288)
Adjustment for Revolving Loan Fund	
Amount reported on page 10	(223,052)
Amount reported on page 69	194,902
Amount reported on page 69	<u>405,125</u>
 Federal Expenditures–Cash	
Schedule of Expenditures of Federal Awards (page 71)	<u>\$6,388,434</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? _____ Yes X No

• Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? _____ Yes X No

• Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

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 Section 2 CFR Section 200.516(a)? _____ Yes X No

Identification of Major Programs

CFDA No.	Name of Federal Programs or Clusters
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds
10.565/10.568/10.569	Food Distribution Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reportable.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reportable.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

Summary Schedule of Prior Audit Findings Year Ended June 30, 2021

2020-01 - Accounts Receivable Adjustment

Summary of Finding - During the audit, the District identified uncollectible amounts of accounts receivable related to prior years that were not initially identified by the District's internal controls. A prior period adjustment was necessary to correct the errors in the financial statements.

Status – The District implemented a software that tracks accounts receivable on a timely basis and has determined which accounts will be collected and which need to be written off throughout the year. No significant adjustments were noted during the current year audit.