

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2022

WITH

Independent Auditors' Reports

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

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Independent Auditors' Reports

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND
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Year Ended June 30, 2022

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Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northern Kentucky Area Development District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Northern Kentucky Area Development District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northern Kentucky Area Development District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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 18, 2023 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases, effective as of July 1, 2021. Our opinion is not modified with respect to this matter.



January 18, 2023

Crestview Hills, KY

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022. 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 \$(6,431,530), an improvement of \$440,488 or 6.41% over FY 2021 net position.
- In the governmental funds, total revenues during the fiscal year increased by \$1,682,363 and total expenditures increased by \$1,415,018.
- At the close of the fiscal year, the NKADD's governmental fund balance was \$3,044,927 an increase of \$512,130 from June 30, 2021.

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, 2022**

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 \$6,431,530. The beginning net position was a negative \$(6,872,018). The unrestricted net position as of June 30, 2022 was a negative \$(7,515,559).

Total governmental funds revenue for the period ending June 30, 2022 was \$24,073,998. For the previous fiscal year, the total revenue was \$22,391,635. This results in a 7.51% increase in revenues. The net increase in revenues for FY 2022 is due to changes in multiple programs across federal and state funding with higher levels of funding in the Cabinet for Health and Family Services and Commodities programs. The increases are directly related to COVID-19 relief programs and increases in Consumer Directed Options Program reimbursement rates.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

**Table 1
Net Position**

	<u>FY '22</u>	<u>FY '21</u>
Current and other assets	\$ 7,161,383	\$ 6,166,412
Capital assets	<u>3,130,724</u>	<u>2,324,434</u>
Total assets	10,292,107	8,490,846
Deferred outflows of resources	<u>2,309,744</u>	<u>2,697,805</u>
Total assets and deferred outflows	<u>\$12,601,851</u>	<u>\$11,188,651</u>
Current liabilities	\$ 3,956,932	\$ 3,662,790
Net pension liability	7,757,736	9,084,787
Net OPEB liability	2,328,852	2,859,290
Office building debt	1,479,005	1,604,597
Other properties lease liability	<u>941,757</u>	<u>-</u>
Total liabilities	16,464,282	17,211,464
Deferred inflows of resources	<u>2,569,099</u>	<u>849,205</u>
Total liabilities and deferred inflows	<u>\$19,033,381</u>	<u>\$18,060,669</u>
Investment in capital assets, net of related debt items	\$ 709,962	\$ 719,837
Restricted for:		
Building construction	27,557	29,275
Loan program	346,510	349,648
Unrestricted	<u>(7,515,559)</u>	<u>(7,970,778)</u>
Total net position	<u>\$(6,431,530)</u>	<u>\$(6,872,018)</u>

**Table 2
Change in Net Position**

	<u>FY '22</u>	<u>FY '21</u>
REVENUES		
Program revenues		
Charges for services	\$ 263,458	\$ 210,774
Operating grants and contributions	23,556,735	22,065,392
General revenues		
Municipal contributions	99,300	89,210
PPP loan forgiveness	-	300,000
Interest income	<u>1,367</u>	<u>602</u>
Total revenues	<u>23,920,860</u>	<u>22,665,978</u>
PROGRAM EXPENSES		
Cabinet for Health and Family Services	14,901,088	14,087,400
Workforce Innovation & Opportunity Act	2,461,744	2,235,537
Commodities	3,225,885	3,011,249
Loan Program	25,336	27,918
Joint Funding Administration	429,400	408,318
Other federal contracts	1,529,753	1,286,054
Other state contracts	199,680	191,874
Other local contracts	687,044	1,285,770
Interest on long term debt	<u>20,442</u>	<u>(1,563)</u>
Total expenses	23,480,372	22,532,557
CHANGE IN NET POSITION	<u>\$ 440,488</u>	<u>\$ 133,421</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

General Fund Budgetary Highlights

In Fiscal Year 2022, the NKADD had an initial total projected budget of \$21,249,547 in revenues and \$20,510,673 in expenditures and net other financing uses, with net change in fund balance of \$738,874. Of these dollars \$13,610,649 were projected pass-thru. During Fiscal Year 2022, the budget was amended to increase revenues to \$23,836,773 and increase expenditures and net other financing uses to \$26,023,120. The actual revenues on the budgetary basis for Fiscal Year 2022 were \$21,162,442 and \$20,647,174 in actual expenditures and net other financing uses, compared to Fiscal Year 2021 revenues of \$19,726,395 and expenditures and net other financing uses of \$19,479,030.

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, 2022 and June 30 2021. This represents the only capital asset not depreciated. The office building has a historical cost of \$2,927,591 for both June 30, 2022 and June 30, 2021. The accumulated depreciation for the office building at June 30, 2022 was \$1,212,440 and at June 30, 2021 was \$1,129,067. The increase of \$83,373 was depreciation expense for fiscal year 2022. The right of use buildings have a historical cost of \$1,227,977 for both June 30, 2022 and June 30, 2021. The accumulated depreciation for the right of use buildings at June 30, 2022 was \$302,946 and at June 30, 2021 was \$0. The increase of \$302,946 was depreciation expense for fiscal year 2022. Computer equipment has a historical cost of \$667,759 for June 30, 2022 and \$688,465 for June 30, 2021. During the fiscal year there were additions to computer equipment for \$4,695 and disposals of \$25,401. Accumulated depreciation for computer equipment was \$446,263 at June 30, 2022 and \$410,116 at June 30, 2021. Accumulated depreciation for computer equipment increased \$59,826 for depreciation, and decreased \$23,679 for disposals. Right of use copier has a historical cost of \$18,691 for both June 30, 2022 and June 30, 2021. Accumulated depreciation for right of use copier was \$11,215 at June 30, 2022 and \$0 at June 30, 2021. Accumulated depreciation for right of use copier increased \$11,215 for depreciation. Furniture and fixtures have a historical cost of \$253,868 for June 30, 2022 and \$254,090 for June 30, 2021. The accumulated depreciation for furniture and fixtures was \$247,598 at June 30, 2022 and \$241,150 at June 30, 2021. Accumulated depreciation for furniture and fixtures increased \$6,670 for depreciation and decreased \$222 for disposals. Computer software has a historical cost of \$65,616 for June 30, 2022 and \$76,888 for June 30, 2021. The accumulated depreciation for computer software was \$37,291 at June 30, 2022 and \$69,242 at June 30, 2021. Accumulated depreciation for computer software increased \$10,221 for depreciation and decreased \$42,172 for disposals.

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 \$1,470,000 at June 30, 2022. The debt service total principal and interest for Fiscal Year 2023 will be \$179,913.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 2023, budgeted revenues are \$24,197,878 and expenditures are \$23,514,341. The difference between Fiscal Year 2023 budgeted revenues and expenditures is \$683,537.

Retirement costs continue to be a long-term financial issue for the NKADD. The Fiscal Year 2023 employer contribution rate for the NKADD in the County Employees Retirement System (CERS) is 26.79%. In Fiscal Year 2024, the CERS rate could increase; however, the exact rate is unknown. Rates could increase up to 12% per the statutory cap in KRS 61.565(5).

In 2023, the Kentucky General Assembly will be conducting a regular short session which will not include budgetary matters. Therefore, the NKADD's budget situation will remain the same as last year and continue to be tight. 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, 2022 was \$2,515,251 compared to \$1,951,968 at the end of Fiscal Year 2021. 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, 2022 was a negative \$(7,515,559) compared to a negative \$(7,970,778) at the end of Fiscal Year 2021.

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, 2022**

	Primary Governmental
- ASSETS -	
Cash and cash equivalents	\$ 3,006,881
Cash - building construction account	27,557
Accounts receivable	3,350,826
Prepaid expenses	103,889
Loans receivable	
Due within one year	89,866
Due in more than one year	395,384
Subleases receivable	
Due within one year	153,470
Due in more than one year	33,510
Capital assets, net	3,130,724
Total assets	10,292,107
 - DEFERRED OUTFLOWS OF RESOURCES -	
Deferred outflows related to pension plan	1,026,710
Deferred outflows related to OPEB	1,283,034
Total deferred outflows of resources	2,309,744
 - LIABILITIES -	
Accounts payable	650,160
Accrued expenses	1,093,112
Funds received in excess of revenues earned	2,070,798
Employees accrued annual leave	142,862
Long-term liabilities:	
Due within one year	
Office building debt	125,000
Other properties lease liability	307,255
Due in more than one year	
Office building debt	1,354,005
Other properties lease liability	634,502
Net pension liability	7,757,736
Net OPEB liability	2,328,852
Total liabilities	16,464,282
 - DEFERRED INFLOWS OF RESOURCES -	
Deferred inflows related to sublease revenue	186,980
Deferred inflows related to pension plan	1,226,884
Deferred inflows related to OPEB	1,155,235
Total deferred inflows of resources	2,569,099
 - NET POSITION -	
Investment in capital assets, net of related debt items	709,962
Restricted for:	
Building construction	27,557
Loan program	346,510
Unrestricted	(7,515,559)
Total net position	\$ (6,431,530)

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions	Direct Expenses	Indirect Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Cabinet for Health and Family Services	\$ 14,558,895	\$ 342,193	\$ -	\$ 15,374,705	\$ 473,617
Workforce Innovation & Opportunity Act	2,377,135	84,609	-	2,456,228	(5,516)
Commodities	3,200,292	25,593	-	3,225,862	(23)
Loan Program	22,625	2,711	29,142	(7,214)	(3,408)
Joint Funding Administration	377,800	51,600	-	424,539	(4,861)
Other federal contracts	1,379,782	149,971	-	1,525,501	(4,252)
Other state contracts	175,053	24,627	-	197,518	(2,162)
Other local contracts	660,269	26,775	234,316	359,596	(93,132)
Interest on long term debt	78,200	(57,758)	-	-	(20,442)
Total governmental activities	<u>22,830,051</u>	<u>650,321</u>	<u>263,458</u>	<u>23,556,735</u>	<u>339,821</u>
GENERAL REVENUES:					
Municipal contributions					99,300
Interest income					1,367
Total general revenues					<u>100,667</u>
Change in net position					440,488
NET POSITION, BEGINNING					<u>(6,872,018)</u>
NET POSITION, ENDING					<u><u>\$ (6,431,530)</u></u>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Special Revenue	Total Governmental Funds
- ASSETS -			
Cash and cash equivalents	\$ 3,006,881	\$ -	\$ 3,006,881
Cash - building construction account	27,557	-	27,557
Accounts receivable	3,350,826	-	3,350,826
Prepaid expenses	103,889	-	103,889
Loans receivable	-	485,250	485,250
Due (to)/from other funds	(325,723)	325,723	-
Total assets	\$ 6,163,430	\$ 810,973	\$ 6,974,403
 - LIABILITIES AND FUNDS EQUITY -			
- LIABILITIES -			
Accounts payable	\$ 650,160	\$ -	\$ 650,160
Accrued expenses	1,065,656	-	1,065,656
Funds received in excess of revenues earned	1,658,055	412,743	2,070,798
Employees accrued annual leave	142,862	-	142,862
Total liabilities	3,516,733	412,743	3,929,476
 - FUND BALANCES -			
Non-spendable			
Prepaid expenses	103,889	-	103,889
Restricted			
Building construction	27,557	-	27,557
Loan program	-	346,510	346,510
Assigned			
Working capital	-	51,720	51,720
Unassigned	2,515,251	-	2,515,251
Total fund balances	2,646,697	398,230	3,044,927
Total liabilities and fund balances	\$ 6,163,430	\$ 810,973	\$ 6,974,403

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, 2022**

Total fund balance - governmental funds	\$	3,044,927
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Sublease receivable used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		186,980
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		3,130,724
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Office building debt	\$ (1,470,000)	
Other properties lease liability	(941,757)	
Net pension liability	(7,757,736)	
Net OPEB liability	<u>(2,328,852)</u>	
		<u>(12,498,345)</u>
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	(27,456)	
Bond premium	<u>(9,005)</u>	
		<u>(36,461)</u>
Deferred outflows and inflows of resources related are applicable to future periods and, therefore, are not reportable in the governmental funds:		
Deferred outflows of resources related to pension plan	1,026,710	
Deferred inflows of resources related to pension plan	(1,226,884)	
Deferred outflows of resources related to OPEB	1,283,034	
Deferred inflows of resources related to OPEB	(1,155,235)	
Deferred inflows of resources related to sublease revenue	<u>(186,980)</u>	
		<u>(259,355)</u>
 <i>Net position (deficit) of governmental activities</i>	 \$	 <u><u>(6,431,530)</u></u>

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, 2022**

	General	Special Revenue	Totals
REVENUES:			
Applied to all programs:			
Federal revenues	\$ 6,632,517	\$ 145,874	\$ 6,778,391
State revenues	13,067,307	-	13,067,307
Federal commodities	2,736,540	-	2,736,540
Interest income	1,367	29,142	30,509
Local revenues	1,461,251	-	1,461,251
Net revenues	<u>23,898,982</u>	<u>175,016</u>	<u>24,073,998</u>
EXPENDITURES:			
CHFS - other sub-grantees	11,789,006	-	11,789,006
WIOA sub-grantees	1,676,518	-	1,676,518
Commodities	2,736,540	-	2,736,540
Other local contracts sub-grantees	314,437	-	314,437
Revolving loans	-	150,000	150,000
Direct salaries	3,190,263	13,926	3,204,189
Direct employee benefits	1,682,677	6,152	1,688,829
Direct travel	33,669	-	33,669
Direct contracts	452,634	-	452,634
Uncollectible government funds	4,131	-	4,131
Direct other	680,787	2,277	683,064
Direct local non-grant expenses	95,981	-	95,981
Shared expenses	705,368	2,711	708,079
Total expenditures	<u>23,362,011</u>	<u>175,066</u>	<u>23,537,077</u>
Excess of revenues (expenditures)	<u>536,971</u>	<u>(50)</u>	<u>536,921</u>
OTHER FINANCING SOURCES (USES):			
Operating sources in	103,347	50	103,397
Operating uses out	(125,050)	(3,138)	(128,188)
Net other financing sources (uses)	<u>(21,703)</u>	<u>(3,088)</u>	<u>(24,791)</u>
Net change in fund balances	515,268	(3,138)	512,130
Fund balances - beginning of year	<u>2,131,429</u>	<u>401,368</u>	<u>2,532,797</u>
Fund balances - end of year	<u>\$ 2,646,697</u>	<u>\$ 398,230</u>	<u>\$ 3,044,927</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, 2022**

Net change in fund balances - total government funds \$ 512,130

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

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 (\$35,595) exceeded depreciation expense (\$474,251) and loss on disposal (\$1,722).

(440,378)

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.

Principal payment on office building debt	\$	125,000
Principal payment on other properties lease liabilities		304,911
Accretion of bond premium		592
Difference between interest expense on modified accrual basis vs. accrual basis		1,720

432,223

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

NKADD pension contributions		664,412
Cost of benefits earned		(705,779)

(41,367)

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

NKADD insurance contributions		181,403
Cost of benefits earned		(203,523)

(22,120)

Change in Net Position of Governmental Activities

\$ 440,488

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022**

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, 2022**

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, 2022, 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, 2022**

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, 2022**

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.

S. New Accounting pronouncements: On July 1, 2021 the NKADD implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the NKADD's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, while a lessor is required to recognize a lease receivable and a deferred inflow of resources.

NOTE 2 – CASH AND INVESTMENTS

At June 30, 2022, the carrying amount of the NKADD's deposits (cash and cash equivalents) was \$3,034,438 and the bank balances totaled \$3,103,451. Of these deposits the building construction account balance was \$27,557, 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

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2022</u>
Commodities warehouse	7/1/2021	3 years	\$ 75,500	2%	\$ 194,602	\$ 122,842
Georgetown office	7/1/2021	3 years	12,588	2%	28,674	16,549
Covington career center	7/1/2021	5 years	199,580	2%	948,895	766,632
Florence career center	7/1/2021	2 years	28,490	2%	55,806	28,183
Copier	7/1/2021	2 years	11,406	2%	18,691	7,551
Total						<u>\$ 941,757</u>

Warehouse space for the Commodities program.

Office space for the Kentucky Workforce Investment Board, Inc.

Office space for the One Stop, Kentucky Works, and Workforce Investment Board programs under multi-year rental agreements in Covington and Florence.

Copier and printers.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – LEASES (CONTINUED)

Annual requirements to amortize long-term lease liabilities and related interest are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 307,255	\$ 16,016
2024	243,507	10,282
2025	193,524	6,060
2026	<u>197,471</u>	<u>2,154</u>
	<u>\$ 941,757</u>	<u>\$ 34,512</u>

NOTE 4 – SUBLEASE

The NKADD subleases portions of the career center leases and the commodities warehouse.

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Receivable</u>	<u>Balance June 30, 2022</u>
Commodities warehouse	7/1/2021	3 yrs	\$ 7,200	2%	\$ 25,666	\$ 18,805
Covington career center	7/1/2021	2-5 yrs	128,097	2%	275,871	152,113
Florence career center	7/1/2021	2 yrs	16,236	2%	31,805	16,062
Total						<u>\$ 186,980</u>

The NKADD received \$146,362 in lease revenue and \$5,179 in interest revenue for the year ended June 30, 2022

NOTE 5 – 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 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the CERS. KPPA 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.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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 CERS Board of Trustees (the Board). 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, 2022 was 26.95%, of which 21.17% was for the pension fund and 5.78% was for the insurance fund. Contributions to the pension plan from the NKADD were \$845,815 for the year ended June 30, 2022, of which \$664,412 was for the pension fund and \$181,403 was for the insurance fund.

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

At June 30, 2022, the NKADD reported a liability of \$7,757,736 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. The NKADD’s proportionate share of the net pension liability was determined using the NKADD’s actual contributions for the fiscal year ending June 30, 2021. This method was expected to be reflective of the NKADDs’ long-term contribution effort. At June 30, 2021, the NKADD’s proportion was 0.121675%, which was an increase of 0.003228% from its proportion measured as of June 30, 2020.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – EMPLOYEE’S PENSION PLAN (CONTINUED)

For the year ended June 30, 2022, the NKADD recognized pension expense of \$705,779. At June 30, 2022, the NKADD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 89,083	\$ 75,294
Changes of assumptions	104,118	-
Net difference between projected and actual earnings on plan investments	-	1,033,976
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	169,097	117,614
NKADD contributions subsequent to the measurement date	664,412	-
	<u>\$ 1,026,710</u>	<u>\$ 1,226,884</u>

The \$664,412 reported as deferred outflows of resources related to pensions resulting from NKADD contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:	
2023	\$ (134,546)
2024	(179,427)
2025	(226,825)
2026	(323,788)
	<u>\$ (864,586)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020 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%

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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 non-disabled 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 2019. The mortality table used for the disabled retired 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, 2021 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	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100%</u>	

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – 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	\$ 9,949,664	\$ 7,757,736	\$ 5,943,966

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued KPPA 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, 2022, \$131,347 was payable to the pension plan, of which \$103,177 was for the pension fund and \$28,170 was for the insurance fund.

NOTE 6 – POSTEMPLOYMENT BENEFITS

Plan description. Employees of the NKADD are provided with health care benefits through the Kentucky Public Pensions Authority 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 CERS Board (the Board) of the Kentucky Public Pensions Authority (KPPA) administers the health insurance benefit. KPPA 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 2021 is \$13.78 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, 2022**

NOTE 6 – 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 5 Employee’s Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2022 was 26.95%, of which 21.17 % was for the pension fund and 5.78% was for the insurance fund. See Note 5 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, 2022, the NKADD reported a liability of \$2,328,852 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. The NKADD’s proportionate share of the net OPEB liability was determined using the NKADDs’ actual contributions for the fiscal year ending June 30, 2021. This method is expected to be reflective of the NKADDs’ long-term contribution effort. At June 30, 2021, the NKADD’s proportion was 0.121646%, which was an increase of 0.003234% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the NKADD recognized OPEB expense of \$203,523. At June 30, 2022, the NKADD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 366,213	\$ 695,318
Changes of assumptions	617,423	2,166
Net difference between projected and actual earnings on plan investments	-	364,317
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	41,366	93,434
NKADD contributions subsequent to the measurement date	258,032	-
	<u>\$ 1,283,034</u>	<u>\$ 1,155,235</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – POSTEMPLOYMENT BENEFITS (CONTINUED)

The \$258,032 reported as deferred outflows of resources related to OPEB resulting from NKADD contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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:	
2023	\$ 36,114
2024	(19,194)
2025	(18,928)
2026	<u>(128,225)</u>
	<u>\$ (130,233)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 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 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years Post – 65: Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 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 non-disabled 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 retired 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, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 - June 30, 2018.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount rate. The discount rate used to measure the total OPEB liability was 5.20%. 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 30-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. 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 5 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 5.

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 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
NKADD's proportionate share of the net OPEB liability	\$ 3,197,496	\$ 2,328,852	\$ 1,615,985

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	\$ 1,676,497	\$ 2,328,852	\$ 3,116,255

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

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – POSTEMPLOYMENT BENEFITS (CONTINUED)

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 5 Employee’s Pension Plan for payable as of June 30, 2022.

NOTE 7 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	<u>Beginning Balance</u>	<u>GASB No. 87/ Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ <u>226,975</u>	\$ _____ -	\$ _____ -	\$ <u>226,975</u>
Total capital assets not being depreciated	<u>226,975</u>	_____ -	_____ -	<u>226,975</u>
Other capital assets:				
Buildings and improvements	2,927,591	-	-	2,927,591
Right of use buildings	-	1,227,977	-	1,227,977
Computer software	76,888	30,900	(42,172)	65,616
Right of use copier	-	18,691	-	18,691
Computer equipment	688,465	4,695	(25,401)	667,759
Furniture and fixtures	<u>254,090</u>	_____ -	<u>(222)</u>	<u>253,868</u>
Total capital assets being depreciated	<u>3,947,034</u>	<u>1,282,263</u>	<u>(67,795)</u>	<u>5,161,502</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,129,067)	(83,373)	-	(1,212,440)
Right of use buildings	-	(302,946)	-	(302,946)
Computer software	(69,242)	(10,221)	42,172	(37,291)
Right of use copier	-	(11,215)	-	(11,215)
Computer equipment	(410,116)	(59,826)	23,679	(446,263)
Furniture and fixtures	<u>(241,150)</u>	<u>(6,670)</u>	<u>222</u>	<u>(247,598)</u>
Total accumulated depreciation	<u>(1,849,575)</u>	<u>(474,251)</u>	<u>66,073</u>	<u>(2,257,753)</u>
Other capital assets, net	<u>2,097,459</u>	<u>(438,656)</u>	<u>(1,722)</u>	<u>2,903,749</u>
Governmental activities capital assets, net	<u>\$ 2,324,434</u>	<u>\$ (438,656)</u>	<u>\$ (1,722)</u>	<u>\$ 3,130,724</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – LONG TERM DEBT

The following is a summary of changes in the long term debt for the year ended June 30, 2022:

	June 30, 2021	Increase	Decrease	June 30, 2022
Financed Purchase Arrangement	\$ 1,595,000	\$ -	\$ (125,000)	\$ 1,470,000
Premium on long-term debt	9,597	-	(592)	9,005
Total long term debt	<u>\$ 1,604,597</u>	<u>\$ -</u>	<u>\$ (125,592)</u>	<u>\$ 1,479,005</u>

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

This long-term debt 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:

Year Ending June 30	Interest Rates	Principal	Interest	Total
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	3.75%	150,000	37,813	187,813
2028-2032	4.00%-4.25%	645,000	100,463	745,463
2033-2034	4.25%	140,000	8,922	148,922
Totals		<u>\$ 1,470,000</u>	<u>\$ 343,450</u>	<u>\$ 1,813,450</u>

NOTE 9 - OTHER FINANCING SOURCES (USES)

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

	Governmental Fund Types	
	General Fund	Special Revenue Fund Types
Principal payment on long term debt	\$ (125,000)	\$ -
Transfer from general fixed assets	101,501	-
Transfer (to) general fixed assets	-	-
Loss on disposal of fixed assets	1,722	-
Net financed purchase activity	124	-
Transfer from general fund to special revenue fund	(50)	50
Net revolving loan principal activity	-	(3,138)
Net other financing sources (uses)	<u>\$ (21,703)</u>	<u>\$ (3,088)</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 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 '22 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 \$346,510 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 – RISKS AND UNCERTAINTIES

In March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted for months and may continue to impact the economy. The NKADD has been carefully monitoring the situation and evaluating its options during the time. The future effects of these issues are unknown; therefore no adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 13 – SUBSEQUENT EVENTS

The NKADD has evaluated subsequent events through January 18, 2023, 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.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		\$
Fund balance (restated) July 1, 2021	\$ 2,131,429	\$ 2,131,429	\$ 2,131,429	\$ -
RESOURCES (inflows):				
Federal and state revenues	5,684,794	4,346,340	6,234,300	1,887,960
Local contract revenue	1,754,330	840,855	965,769	124,914
Local contribution revenue	199,774	179,845	179,845	-
Annual meeting	-	1,200	1,200	-
Miscellaneous revenue	-	1,367	1,367	-
Pass-through revenue	13,610,649	18,467,166	13,779,961	(4,687,205)
Total resources	<u>21,249,547</u>	<u>23,836,773</u>	<u>21,162,442</u>	<u>(2,674,331)</u>
Amounts available for use	<u>23,380,976</u>	<u>25,968,202</u>	<u>23,293,871</u>	<u>(2,674,331)</u>
EXPENDITURES (outflows):				
Direct salaries	3,420,958	3,500,078	3,190,263	309,815
Direct employee benefits	1,885,742	1,820,043	1,682,677	137,366
Direct travel	85,301	46,524	33,669	12,855
Direct contracts	121,360	296,981	452,634	(155,653)
Uncollectible government funds	40,000	4,131	4,131	-
Direct other	652,290	1,048,909	680,787	368,122
Direct local non-grant expenses	6,000	7,220	95,981	(88,761)
Shared expenses	563,373	707,068	705,368	1,700
Pass-through expenditures	13,610,649	18,467,166	13,779,961	4,687,205
Total expenditures before other sources	<u>20,385,673</u>	<u>25,898,120</u>	<u>20,625,471</u>	<u>5,272,649</u>
Net other financing (sources) uses	<u>125,000</u>	<u>125,000</u>	<u>21,703</u>	<u>103,297</u>
Net expenditures	<u>20,510,673</u>	<u>26,023,120</u>	<u>20,647,174</u>	<u>5,375,946</u>
Budgetary fund balance June 30, 2022	<u>\$ 2,870,303</u>	<u>\$ (54,918)</u>	<u>\$ 2,646,697</u>	<u>\$ 2,701,615</u>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2022**

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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
NKADD's proportion of the net pension liability (asset)	0.121675%	0.118447%	0.123778%	0.124776%	0.126917%	0.132907%	0.136770%	0.137418%		
NKADD's proportionate share of the net pension liability (asset)	\$ 7,757,736	\$ 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	\$ 3,112,616	\$ 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	249.24%	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	57.33%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 664,412	\$ 600,735	\$ 585,917	\$ 508,135	\$ 453,343	\$ 432,888	\$ 397,061	\$ 408,787	\$ 433,168	
Contributions in relation to the contractually required contribution	\$ (664,412)	\$ (600,735)	\$ (585,917)	\$ (508,135)	\$ (453,343)	\$ (432,888)	\$ (397,061)	\$ (408,787)	\$ (433,168)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NKADD's covered-employee payroll	\$ 3,138,459	\$ 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	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.40%	12.74%	13.73%	

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

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 non-disabled 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 retired 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 retired 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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
NKADD's proportion of the net OPEB liability (asset)	0.121646%	0.118412%	0.123746%	0.124771%	0.126917%					
NKADD's proportionate share of the net OPEB liability (asset)	\$ 2,328,852	\$ 2,859,290	\$ 2,081,352	\$ 2,215,284	\$ 2,551,466					
NKADD's covered-employee payroll	\$ 3,112,616	\$ 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	74.82%	94.18%	66.44%	70.76%	82.22%					
Plan fiduciary net position as a percentage of the total pension liability	62.91%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 181,403	\$ 148,160	\$ 144,506	\$ 164,784	\$ 147,149	\$ 146,779				
Contributions in relation to the contractually required contribution	\$ (181,403)	\$ (148,160)	\$ (144,506)	\$ (164,784)	\$ (147,149)	\$ (146,779)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
NKADD's covered-employee payroll	\$ 3,138,459	\$ 3,112,616	\$ 3,035,839	\$ 3,132,771	\$ 3,130,822	\$ 3,103,141				
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%				

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION
June 30, 2022

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 non-disabled 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 retired 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.

2021

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

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED JUNE 30, 2022**

	<u>Cabinet for Health and Family Services</u>	<u>Workforce Innovation & Opportunity Act</u>	<u>Commodities</u>	<u>Loan Program</u>
REVENUES:				
Federal	\$ 2,586,251	\$ 2,409,952	\$ 472,884	\$ 145,874
State	12,754,477	1,415	-	-
Federal commodities	-	-	2,736,540	-
Local funds applied	5,251	30	9,238	50
Match - cash	371,745	-	-	-
Match - In kind	223,424	-	-	-
Program income	8,064	-	-	-
Interest income	-	-	-	29,142
Local revenue	28,726	44,831	7,200	-
Total revenues	<u>15,977,938</u>	<u>2,456,228</u>	<u>3,225,862</u>	<u>175,066</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	1,541,755	385,915	105,811	13,926
Employee benefits	827,958	198,813	67,308	6,152
Travel	23,128	616	339	-
Contracts	-	68,393	116,023	-
Uncollectible government funds	4,131	-	-	-
Other	343,060	41,364	174,248	2,277
Total direct expenses	<u>2,740,032</u>	<u>695,101</u>	<u>463,729</u>	<u>22,355</u>
Shared expenses applied	<u>342,193</u>	<u>84,609</u>	<u>25,593</u>	<u>2,711</u>
Sub-total expenditures	<u>3,082,225</u>	<u>779,710</u>	<u>489,322</u>	<u>25,066</u>
Sub-recipients/sub-grantees	<u>12,392,239</u>	<u>1,676,518</u>	<u>2,736,540</u>	<u>150,000</u>
Total expenditures	<u>15,474,464</u>	<u>2,456,228</u>	<u>3,225,862</u>	<u>175,066</u>
Excess revenues (expenditures) before transfers to (from)	<u>503,474</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to (from)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues (expenditures)	<u>\$ 503,474</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>
\$ 259,823	\$ 903,607	\$ -	\$ -	\$ -	\$ 6,778,391
149,661	-	161,754	-	-	13,067,307
-	-	-	-	-	2,736,540
15,055	15,157	35,764	(80,545)	-	-
-	-	-	-	-	371,745
-	-	-	-	-	223,424
-	-	-	-	-	8,064
-	-	-	1,367	-	30,509
-	606,737	-	773,757	-	1,461,251
<u>424,539</u>	<u>1,525,501</u>	<u>197,518</u>	<u>694,579</u>	<u>-</u>	<u>24,677,231</u>
251,032	670,417	111,665	123,668	74,108	3,278,297
109,083	362,013	57,807	59,695	27,275	1,716,104
4,278	3,397	246	1,665	2,662	36,331
-	268,218	-	-	109,999	562,633
-	-	-	-	-	4,131
<u>8,546</u>	<u>71,485</u>	<u>3,173</u>	<u>134,892</u>	<u>494,035</u>	<u>1,273,080</u>
372,939	1,375,530	172,891	319,920	708,079	6,870,576
<u>51,600</u>	<u>149,971</u>	<u>24,627</u>	<u>26,775</u>	<u>(708,079)</u>	<u>-</u>
424,539	1,525,501	197,518	346,695	-	6,870,576
-	-	-	314,437	-	17,269,734
<u>424,539</u>	<u>1,525,501</u>	<u>197,518</u>	<u>661,132</u>	<u>-</u>	<u>24,140,310</u>
-	-	-	33,447	-	536,921
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,447</u>	<u>\$ -</u>	<u>\$ 536,921</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2021 TO JUNE 30, 2022**

REFERENCE	Title III		Title VII	
	Pages 46-50		Pages 52-53	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 3,750,199	\$ 1,444,201	\$ 64,596	\$ 33,539
State	601,536	601,536	-	-
Local funds applied	5,251	5,251	-	-
Match - cash	341,262	335,973	-	-
Match - In kind	224,394	189,892	4,557	2,762
Program income	420	420	-	-
Interest income	-	-	-	-
Local revenue	1,350	1,350	-	-
Total revenues	<u>4,924,412</u>	<u>2,578,623</u>	<u>69,153</u>	<u>36,301</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	549,323	335,798	22,850	7,250
Employee benefits	281,994	183,842	10,970	3,168
Travel	16,450	6,205	160	71
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	83,563	53,673	28,069	24,136
Total direct expenses	<u>931,330</u>	<u>579,518</u>	<u>62,049</u>	<u>34,625</u>
Shared expenses applied	<u>113,954</u>	<u>75,618</u>	<u>7,104</u>	<u>1,676</u>
Sub-total expenditures	1,045,284	655,136	69,153	36,301
Sub-recipients/sub-grantees	<u>3,879,128</u>	<u>1,923,487</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,924,412</u>	<u>2,578,623</u>	<u>69,153</u>	<u>36,301</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 54-55		Personal Care Attendant Pages 56-57	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 172,856	\$ 58,817	\$ -	\$ -	\$ -	\$ -
-	-	1,221,089	1,221,089	538,155	538,113
-	-	-	-	-	-
-	-	35,772	35,772	-	-
-	-	30,770	30,770	-	-
-	-	7,644	7,644	-	-
-	-	-	-	-	-
-	-	27,376	27,376	-	-
<u>172,856</u>	<u>58,817</u>	<u>1,322,651</u>	<u>1,322,651</u>	<u>538,155</u>	<u>538,113</u>
-	-	307,337	307,337	4,358	4,335
-	-	160,423	160,423	2,101	2,090
-	-	4,886	4,886	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,321	11,321	692	692
-	-	483,967	483,967	7,151	7,117
-	-	67,107	67,107	877	869
-	-	551,074	551,074	8,028	7,986
<u>172,856</u>	<u>58,817</u>	<u>771,577</u>	<u>771,577</u>	<u>530,127</u>	<u>530,127</u>
<u>172,856</u>	<u>58,817</u>	<u>1,322,651</u>	<u>1,322,651</u>	<u>538,155</u>	<u>538,113</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, 2021 TO JUNE 30, 2022**

REFERENCE	SHIP		LTC Ombudsman	
	Pages 58-59		321-323	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 46,498	\$ 46,457	\$ -	\$ -
State	-	-	63,378	63,378
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	46,498	46,457	63,378	63,378
EXPENDITURES:				
Direct Expenses:				
Salaries	915	890	33,320	33,320
Employee benefits	405	420	19,818	19,818
Travel	-	-	1,830	1,830
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	3,039	3,039	868	868
Total direct expenses	4,359	4,349	55,836	55,836
Shared expenses applied	180	149	7,542	7,542
Sub-total expenditures	4,539	4,498	63,378	63,378
Sub-recipients/sub-grantees	41,959	41,959	-	-
Total expenditures	46,498	46,457	63,378	63,378
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 60-61	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 38,377	\$ 6,978	\$ 53,611	\$ 47,058	\$ 857,675	\$ 857,675
-	-	-	-	10,358,260	10,328,668
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>38,377</u>	<u>6,978</u>	<u>53,611</u>	<u>47,058</u>	<u>11,215,935</u>	<u>11,186,343</u>
-	-	-	-	809,238	809,238
-	-	-	-	442,346	442,346
-	-	-	-	8,462	8,462
-	-	-	-	-	-
-	-	-	-	4,131	4,131
-	-	-	-	245,785	245,785
-	-	-	-	1,509,962	1,509,962
-	-	-	-	180,671	180,671
-	-	-	-	1,690,633	1,690,633
<u>38,377</u>	<u>6,978</u>	<u>53,611</u>	<u>47,058</u>	<u>8,992,236</u>	<u>8,992,236</u>
<u>38,377</u>	<u>6,978</u>	<u>53,611</u>	<u>47,058</u>	<u>10,682,869</u>	<u>10,682,869</u>
-	-	-	-	533,066	503,474
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,066</u>	<u>\$ 503,474</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2021 TO JUNE 30, 2022**

REFERENCE	ADRC/No Wrong Door/CDC 326-318		Community RISE 331-553	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 90,613	\$ 71,526	\$ 20,000	\$ 20,000
State	1,693	1,693	-	-
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	<u>92,306</u>	<u>73,219</u>	<u>20,000</u>	<u>20,000</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	54,548	43,587	-	-
Employee benefits	20,977	15,851	-	-
Travel	1,674	1,674	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	3,811	3,546	-	-
Total direct expenses	<u>81,010</u>	<u>64,658</u>	<u>-</u>	<u>-</u>
Shared expenses applied	<u>11,296</u>	<u>8,561</u>	<u>-</u>	<u>-</u>
Sub-total expenditures	<u>92,306</u>	<u>73,219</u>	<u>-</u>	<u>-</u>
Sub-recipients/sub-grantees	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total expenditures	<u>92,306</u>	<u>73,219</u>	<u>20,000</u>	<u>20,000</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.

Cabinet for Health and Family

Services

Totals

	Budget	Actual
\$	5,094,425	\$ 2,586,251
	12,784,111	12,754,477
	5,251	5,251
	377,034	371,745
	259,721	223,424
	8,064	8,064
	-	-
	28,726	28,726
	<u>18,557,332</u>	<u>15,977,938</u>
	1,781,889	1,541,755
	939,034	827,958
	33,462	23,128
	-	-
	4,131	4,131
	377,148	343,060
	<u>3,135,664</u>	<u>2,740,032</u>
	388,731	342,193
	3,524,395	3,082,225
	<u>14,499,871</u>	<u>12,392,239</u>
	<u>18,024,266</u>	<u>15,474,464</u>
	<u>533,066</u>	<u>503,474</u>
	-	-
\$	<u>533,066</u>	<u>\$ 503,474</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
PERIOD PERFORMANCE: JULY 1, 2021 TO JUNE 30, 2022**

Work Element	Administration		Supportive Services	
	320-300		320-301	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 109,282	\$ 25,188	\$ 960,150	\$ 292,211
State	94,323	94,323	385,365	385,365
Local funds applied	-	-	-	-
Match - cash	-	-	186,135	186,135
Match - In kind	-	-	182,194	182,194
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	750	750	-	-
Total revenues	204,355	120,261	1,713,844	1,045,905
EXPENDITURES:				
Direct Expenses:				
Salaries	121,474	66,581	156,000	137,338
Employee benefits	50,026	32,078	89,054	77,531
Travel	2,754	359	4,500	1,645
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	6,298	5,957	42,650	26,657
Total direct expenses	180,552	104,975	292,204	243,171
Shared expenses applied	23,803	15,286	34,467	30,604
Sub-total expenditures	204,355	120,261	326,671	273,775
Sub-recipients/sub-grantees	-	-	1,387,173	772,130
Total expenditures	204,355	120,261	1,713,844	1,045,905
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
\$ 712,243	\$ 218,947	\$ 1,102,024	\$ 586,301	\$ 93,330	\$ 24,811
10,960	10,960	71,382	71,382	-	-
-	-	-	-	-	-
27,422	27,422	116,062	116,062	-	-
-	-	-	-	-	-
420	420	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>751,045</u>	<u>257,749</u>	<u>1,289,468</u>	<u>773,745</u>	<u>93,330</u>	<u>24,811</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	10,000	3,336
-	-	-	-	10,000	3,336
-	-	-	-	-	-
-	-	-	-	10,000	3,336
<u>751,045</u>	<u>257,749</u>	<u>1,289,468</u>	<u>773,745</u>	<u>83,330</u>	<u>21,475</u>
<u>751,045</u>	<u>257,749</u>	<u>1,289,468</u>	<u>773,745</u>	<u>93,330</u>	<u>24,811</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, 2021 TO JUNE 30, 2022

Work Element	Caregiver Administration		Caregiver Support	
	320-308		320-309	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 30,033	\$ 6,459	\$ 473,251	\$ 152,302
State	16,559	16,559	22,947	22,947
Local funds applied	-	-	-	-
Match - cash	-	-	11,643	6,354
Match - In kind	-	-	42,200	7,698
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	600	600
Total revenues	<u>46,592</u>	<u>23,018</u>	<u>550,641</u>	<u>189,901</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	26,874	13,178	87,536	41,011
Employee benefits	15,116	6,482	49,238	24,280
Travel	500	444	4,408	426
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	40	35	23,250	16,363
Total direct expenses	<u>42,530</u>	<u>20,139</u>	<u>164,432</u>	<u>82,080</u>
Shared expenses applied	<u>4,062</u>	<u>2,879</u>	<u>18,097</u>	<u>9,433</u>
Sub-total expenditures	<u>46,592</u>	<u>23,018</u>	<u>182,529</u>	<u>91,513</u>
Sub-recipients/sub-grantees	<u>-</u>	<u>-</u>	<u>368,112</u>	<u>98,388</u>
Total expenditures	<u>46,592</u>	<u>23,018</u>	<u>550,641</u>	<u>189,901</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.

Congregate Meals Admin. 320-316		Home Delivered Meals Admin. 320-317		Ombudsman 320-326	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 86,006	\$ 20,030	\$ 115,969	\$ 50,041	\$ 67,911	\$ 67,911
-	-	-	-	-	-
-	-	5,251	5,251	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>86,006</u>	<u>20,030</u>	<u>121,220</u>	<u>55,292</u>	<u>67,911</u>	<u>67,911</u>
48,804	11,213	73,817	31,659	34,818	34,818
25,051	6,200	32,720	16,482	20,789	20,789
500	123	586	6	3,202	3,202
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,325	1,325
<u>74,355</u>	<u>17,536</u>	<u>107,123</u>	<u>48,147</u>	<u>60,134</u>	<u>60,134</u>
<u>11,651</u>	<u>2,494</u>	<u>14,097</u>	<u>7,145</u>	<u>7,777</u>	<u>7,777</u>
86,006	20,030	121,220	55,292	67,911	67,911
-	-	-	-	-	-
<u>86,006</u>	<u>20,030</u>	<u>121,220</u>	<u>55,292</u>	<u>67,911</u>	<u>67,911</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, 2021 TO JUNE 30, 2022**

Work Element	Title III	
	Totals	
	Budget	Actual
REVENUES:		
Federal	\$ 3,750,199	\$ 1,444,201
State	601,536	601,536
Local funds applied	5,251	5,251
Match - cash	341,262	335,973
Match - In kind	224,394	189,892
Program income	420	420
Interest income	-	-
Local revenue	1,350	1,350
Total revenues	4,924,412	2,578,623
EXPENDITURES:		
Direct Expenses:		
Salaries	549,323	335,798
Employee benefits	281,994	183,842
Travel	16,450	6,205
Contracts	-	-
Uncollectible government funds	-	-
Other	83,563	53,673
Total direct expenses	931,330	579,518
Shared expenses applied	113,954	75,618
Sub-total expenditures	1,045,284	655,136
Sub-recipients/sub-grantees	3,879,128	1,923,487
Total expenditures	4,924,412	2,578,623
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, 2021 TO JUNE 30, 2022**

Work Element	Elder Abuse 320-305		Ombudsman 320-306	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 9,523	\$ 6,275	\$ 39,927	\$ 14,159
State	-	-	-	-
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	935	802	3,622	1,960
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	<u>10,458</u>	<u>7,077</u>	<u>43,549</u>	<u>16,119</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	4,386	2,227	17,601	4,160
Employee benefits	1,400	1,310	9,133	1,421
Travel	-	-	160	71
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	2,827	2,694	11,552	9,829
Total direct expenses	<u>8,613</u>	<u>6,231</u>	<u>38,446</u>	<u>15,481</u>
Shared expenses applied	<u>1,845</u>	<u>846</u>	<u>5,103</u>	<u>638</u>
Sub-total expenditures	<u>10,458</u>	<u>7,077</u>	<u>43,549</u>	<u>16,119</u>
Sub-recipients/sub-grantees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,458</u>	<u>7,077</u>	<u>43,549</u>	<u>16,119</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.

Ombudsman - Education		Title VII	
320-307		Totals	
Budget	Actual	Budget	Actual
\$ 15,146	\$ 13,105	\$ 64,596	\$ 33,539
-	-	-	-
-	-	-	-
-	-	-	-
-	-	4,557	2,762
-	-	-	-
-	-	-	-
-	-	-	-
15,146	13,105	69,153	36,301
863	863	22,850	7,250
437	437	10,970	3,168
-	-	160	71
-	-	-	-
-	-	-	-
13,690	11,613	28,069	24,136
14,990	12,913	62,049	34,625
156	192	7,104	1,676
15,146	13,105	69,153	36,301
-	-	-	-
15,146	13,105	69,153	36,301
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
HOMECARE
PERIOD PERFORMANCE: JULY 1, 2021 TO JUNE 30, 2022**

Work Element	Administration		Home Delivered Meals	
	321-320		321-321	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	172,544	172,544	186,728	186,728
Local funds applied	-	-	-	-
Match - cash	-	-	14,055	14,055
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	<u>172,544</u>	<u>172,544</u>	<u>200,783</u>	<u>200,783</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	100,461	100,461	-	-
Employee benefits	47,953	47,953	-	-
Travel	939	939	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	2,669	2,669	-	-
Total direct expenses	<u>152,022</u>	<u>152,022</u>	<u>-</u>	<u>-</u>
Shared expenses applied	<u>20,522</u>	<u>20,522</u>	<u>-</u>	<u>-</u>
Sub-total expenditures	<u>172,544</u>	<u>172,544</u>	<u>-</u>	<u>-</u>
Sub-recipients/sub-grantees	<u>-</u>	<u>-</u>	<u>200,783</u>	<u>200,783</u>
Total expenditures	<u>172,544</u>	<u>172,544</u>	<u>200,783</u>	<u>200,783</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.

Social Services		Homecare	
321-322		Totals	
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ -	\$ -
861,817	861,817	1,221,089	1,221,089
-	-	-	-
21,717	21,717	35,772	35,772
30,770	30,770	30,770	30,770
7,644	7,644	7,644	7,644
-	-	-	-
27,376	27,376	27,376	27,376
949,324	949,324	1,322,651	1,322,651
206,876	206,876	307,337	307,337
112,470	112,470	160,423	160,423
3,947	3,947	4,886	4,886
-	-	-	-
-	-	-	-
8,652	8,652	11,321	11,321
331,945	331,945	483,967	483,967
46,585	46,585	67,107	67,107
378,530	378,530	551,074	551,074
570,794	570,794	771,577	771,577
949,324	949,324	1,322,651	1,322,651
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
PERSONAL CARE ATTENDANT
PERIOD PERFORMANCE: JULY 1, 2021 TO JUNE 30, 2022**

Work Element	Administration		Evaluation and Coordination	
	324-340		324-341	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	8,028	7,986	530,127	530,127
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	8,028	7,986	530,127	530,127
EXPENDITURES:				
Direct Expenses:				
Salaries	4,358	4,335	-	-
Employee benefits	2,101	2,090	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	692	692	-	-
Total direct expenses	7,151	7,117	-	-
Shared expenses applied	877	869	-	-
Sub-total expenditures	8,028	7,986	-	-
Sub-recipients/sub-grantees	-	-	530,127	530,127
Total expenditures	8,028	7,986	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	538,113
-	-
-	-
-	-
-	-
-	-
-	-
<u>538,155</u>	<u>538,113</u>
4,358	4,335
2,101	2,090
-	-
-	-
-	-
692	692
<u>7,151</u>	<u>7,117</u>
877	869
8,028	7,986
<u>530,127</u>	<u>530,127</u>
<u>538,155</u>	<u>538,113</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
SHIP
PERIOD PERFORMANCE: JULY 1, 2021 TO JUNE 30, 2022

Work Element	Administration		Regular	
	326-310		326-311	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 1,500	\$ 1,459	\$ 44,998	\$ 44,998
State	-	-	-	-
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	<u>1,500</u>	<u>1,459</u>	<u>44,998</u>	<u>44,998</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	915	890	-	-
Employee benefits	405	420	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	-	-	3,039	3,039
Total direct expenses	<u>1,320</u>	<u>1,310</u>	<u>3,039</u>	<u>3,039</u>
Shared expenses applied	<u>180</u>	<u>149</u>	<u>-</u>	<u>-</u>
Sub-total expenditures	<u>1,500</u>	<u>1,459</u>	<u>3,039</u>	<u>3,039</u>
Sub-recipients/sub-grantees	<u>-</u>	<u>-</u>	<u>41,959</u>	<u>41,959</u>
Total expenditures	<u>1,500</u>	<u>1,459</u>	<u>44,998</u>	<u>44,998</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
\$ 46,498	\$ 46,457
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<u>46,498</u>	<u>46,457</u>
915	890
405	420
-	-
-	-
-	-
<u>3,039</u>	<u>3,039</u>
4,359	4,349
180	149
<u>4,539</u>	<u>4,498</u>
<u>41,959</u>	<u>41,959</u>
<u>46,498</u>	<u>46,457</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
CDO
PERIOD PERFORMANCE: JULY 1, 2021 TO JUNE 30, 2022

Work Element	CDO Financial Management		PDS Services CDO	
	134-552		234-552	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 857,675	\$ 857,675	\$ -	\$ -
State	-	-	239,462	239,462
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	857,675	857,675	239,462	239,462
EXPENDITURES:				
Direct Expenses:				
Salaries	64,568	64,568	-	-
Employee benefits	40,851	40,851	-	-
Travel	20	20	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	222,472	222,472	-	-
Total direct expenses	327,911	327,911	-	-
Shared expenses applied	15,304	15,304	-	-
Sub-total expenditures	343,215	343,215	-	-
Sub-recipients/sub-grantees	-	-	239,462	239,462
Total expenditures	343,215	343,215	239,462	239,462
Excess revenues (expenditures) before transfers to (from)	514,460	514,460	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ 514,460	\$ 514,460	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CDO Program 334-552		CDO Totals	
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 857,675	\$ 857,675
10,118,798	10,089,206	10,358,260	10,328,668
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>10,118,798</u>	<u>10,089,206</u>	<u>11,215,935</u>	<u>11,186,343</u>
744,670	744,670	809,238	809,238
401,495	401,495	442,346	442,346
8,442	8,442	8,462	8,462
-	-	-	-
4,131	4,131	4,131	4,131
23,313	23,313	245,785	245,785
<u>1,182,051</u>	<u>1,182,051</u>	<u>1,509,962</u>	<u>1,509,962</u>
<u>165,367</u>	<u>165,367</u>	<u>180,671</u>	<u>180,671</u>
1,347,418	1,347,418	1,690,633	1,690,633
<u>8,752,774</u>	<u>8,752,774</u>	<u>8,992,236</u>	<u>8,992,236</u>
<u>10,100,192</u>	<u>10,100,192</u>	<u>10,682,869</u>	<u>10,682,869</u>
<u>18,606</u>	<u>(10,986)</u>	<u>533,066</u>	<u>503,474</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 18,606</u>	<u>\$ (10,986)</u>	<u>\$ 533,066</u>	<u>\$ 503,474</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ALLOCATED COSTS CLAIMED
YEAR ENDED JUNE 30, 2022**

		<u>Costs Claimed</u>
Shared Expenses:		
Salaries		\$ 74,108
Employee benefits		27,275
Travel		2,662
Contractual		109,999
Other		
Financing costs	\$ 58,474	
Miscellaneous	84,142	
Depreciation	101,501	
Insurance	70,774	
Postage	3,014	
Telephone	30,673	
Consumable supplies	21,671	
Utilities	32,487	
Computer software and hardware	58,395	
Janitor service	22,062	
Organizational dues	5,072	
Registration	2,960	
Marketing and advertising	<u>2,810</u>	
Total other		<u>494,035</u>
Total shared expenses		<u>708,079</u>
Shared expenses allocated (1)		<u>(708,079)</u>
Shared expenses over applied		<u><u>\$ -</u></u>

Explanatory Notes:

- (1) Shared costs are distributed on the basis of total direct salaries and employee benefits. The total shared expenses allocated is approximately 14.5% 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, 2022**

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
- Interim Healthcare
- 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 AUDITORS' 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, 2022, and the related notes to the financial statements, which collectively comprise Northern Kentucky Area Development District's basic financial statements, and have issued our report thereon dated January 18, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 18, 2023

Crestview Hills, KY

INDEPENDENT AUDITORS' 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, 2022. 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.

In our opinion, Northern Kentucky Area Development District compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



January 18, 2023

Crestview Hills, KY

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing 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 2000002326
The Emergency Food Assistance Program (Administration)	10.568	PON2-035 2000002310
COVID Supplemental Food Distribution (Administration)	10.568	PON 2-035 200001987
Cares ACT Build Back Better (Administration)	10.568	PON2-035 200001552
NONCASH:		
Commodity Supplemental Food Program (Food Commodities)	10.565	PON2-035 2000002326
The Emergency Food Assistance Program (Food Commodities)	10.569	PON2-035 2000002310
Cares ACT Build Back Better (Food Commodities)	10.568	PON2-035 200001552
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 2100003361
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: Revolving loan fund	11.307	04-19-59014
CARES Act Revolving Loan Fund Supplemental Disaster Recovery	11.307	04-79-07541
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 2100003361
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		
Workforce Innovation and Opportunity Act Cluster:		
Passed through Kentucky Cabinet for Workforce Development		
WIOA Adult Program	17.258	27322
WIOA Adult Program	17.258	27022
WIOA Adult Program	17.258	27320
WIOA Adult Program	17.258	27321
WIOA Adult Program	17.258	27021
WIOA Youth Activities	17.259	274YT22
WIOA Youth Activities	17.259	274SR19
WIOA Youth Activities	17.259	274YT20
WIOA Youth Activities	17.259	274YT21
WIOA Dislocated Workers	17.278	27120
WIOA Dislocated Workers	17.278	27222
WIOA Dislocated Workers	17.278	27121
WIOA Dislocated Workers	17.278	27221
WIOA Dislocated Workers	17.278	27102
WIOA Dislocated Workers - Rapid Response Local Activities	17.278	272RR20
Passed through KentuckianaWorks WIOA - Code KY Pilot Program	17.259	274SR21
Sub-total for Workforce Innovation and Opportunity Act Cluster		
Passed through Kentucky Cabinet for Workforce Development Trade Adjustment Assistance	17.245	205BE19
COVID-19 NEG-NDWG	17.277	258CV20
Sub-total for U.S. Department of Labor		

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

Program Award Amounts	Federal Expenditures	Sub-recipient
\$ 79,000	\$ 77,108	\$ -
187,783	92,223	-
405,336	229,232	-
82,598	82,598	-
103,247	68,831	-
	341,692	341,692
	2,001,275	2,001,275
	213,490	213,490
	<u>180,083</u>	<u>180,083</u>
	3,209,424	2,736,540
	3,286,532	2,736,540
66,667	66,667	-
392,000	163,971	-
500,000	303,769	-
496,075	<u>357,466</u>	-
	825,206	-
	891,873	-
29,185	29,185	-
62,821	<u>11,367</u>	-
	40,552	-
28,000	3,000	-
413,146	247,751	197,095
89,169	51,438	50,178
509,890	27,598	17,266
494,055	207,337	70,536
100,104	8,142	636
495,936	288,027	192,263
75,781	3,414	-
580,620	88,923	88,306
585,589	196,467	127,377
602,618	12,563	4,861
175,411	103,295	97,839
798,268	318,798	172,484
178,337	76,959	-
746,456	353,092	323,120
129,178	129,178	129,178
48,051	<u>35,251</u>	-
	2,148,233	1,471,139
70,000	3,066	3,066
651,569	<u>258,653</u>	<u>202,313</u>
	2,409,952	1,676,518

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's ID Number
U. S. Transportation Department		
Passed through Kentucky Transportation Department Kentucky Transportation Planning	20.505	P033021441
Passed through Ohio Kentucky Indiana Regional Council of Government Mobility Manager Grant	20.513	FAIN OH-2019-015-01-00
Sub-total for U.S. Transportation Department		
U.S. Department of Treasury		
Passed through Kentucky Cabinet for Health and Family Services ARPA, Coronavirus State and Local Fiscal Recovery Funds	21.027	PON2 725 2100002005_1
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 Communities RISE	93.011	1U3SHS42187-01
Aging Cluster:		
Title III, Part B Support Services	93.044	PON2 725 21000002005_1
CARES Title III, Part B Support Services	93.044	PON2-725 2000000214-5
Title III, Part B Support Services (Administration)	93.044	PON2 725 21000002005_1
ARPA Title III, Part B Supportive Services	93.044	PON2-725 2000000214-5
Title III, Part C Nutrition Services	93.045	PON2 725 21000002005_1
Title III, Part C Nutrition Services	93.045	PON2 725 21000002005_1
COVID-19 Title III, Part C Nutrition Services	93.045	PON2-725 2000000214-5
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
ARPA Title III, Part C Nutrition Services	93.045	PON2 725 21000002005_1
Nutrition Services Incentive Program, NSIP	93.053	PON2 725 2100003024_1
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 2100001810_1
Title VII, Ombudsman	93.042	PON2 725 2100001810_1
COVID-19 Title VII, Ombudsman	93.042	PON2-725 1900004491-3
ARPA, Title VII, Ombudsman	93.042	PON2 725 2100001810_1
Title VII, Ombudsman Education	93.042	PON2 725 2100001810_1
Title III, Part D Preventive Health	93.043	PON2 725 21000002005_1
ARPA, Part D Preventive Health	93.043	PON2 725 2100002005_1
Title III, Part E Family Caregiver Support (Administration)	93.052	PON2 725 21000002005_1
Title III, Part E Family Caregiver Support	93.052	PON2 725 21000002005_1
CARES Title III, Part E Family Caregiver Support	93.052	PON2-725 2000000214-5
ARPA Title III, Part E Family Caregiver Support	93.052	PON2 725 21000002005_1
Functional Assessment Service Terms	93.069	PON2 725 2000002444_01
MIPPA SHIP	93.071	PON2 725 2100003015_1
MIPPA SHIP	93.071	PON2 725 2100000242_01
MIPPA AAA	93.071	PON2 725 2100003015_1
MIPPA AAA	93.071	PON2 725 2100000242_01
MIPPA ADRC	93.071	PON2 725 2100003015_1
MIPPA ADRC	93.071	PON2 725 2100000242_01
Centers for Medicare & Medicaid Services, CMS - (SHIP)	93.324	PON2 725 2000003467_2
Temporary Assistance for Needy Families - KY Works	93.558	PON2-736 2000001573
Medicaid ADRC	93.778	PON2 725 2000004400_04
No Wrong Door (ADRC)	93.048	PON2 725 2000004400_03
No Wrong Door (ADRC)	93.048	PON2 725 2000004400_04
Centers for Disease and Control and Prevention (CDC)	93.044	PON2 725 2000004400_04
Passed through Northern Kentucky University		
Rural Communities Opioid Response-Implementation	93.912	1 GA1RH33528-01-00
Rural Communities Opioid Response-Implementation	93.912	6 GA1RH42918-01-01
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
\$ 30,000	\$ 16,540	\$ -
206,665	4,575	-
	21,115	-
369,745	369,745	344,763
300,000	115,361	-
20,000	20,000	20,000
442,894	191,217	85,283
194,468	168,905	89,285
67,176	25,188	-
458,368	-	-
363,341	128,150	120,525
521,489	352,428	349,960
85,596	2,316	-
513,579	13,528	-
180,657	9,152	-
769,701	-	-
86,214	35,496	35,496
86,642	23,321	23,321
	949,701	703,870
9,523	6,275	-
20,521	11,627	-
21,429	2,532	-
10,469	-	-
15,146	13,105	11,613
49,455	24,811	24,811
43,875	-	-
16,927	6,459	-
250,171	85,797	35,074
104,776	66,505	24,122
142,183	-	-
1,000	-	-
21,790	19,127	19,127
19,793	3,599	3,599
26,923	23,632	23,632
13,447	2,445	2,445
4,898	4,299	4,299
5,137	934	934
46,498	46,457	41,959
938,694	667,656	-
15,300	1,693	-
45,000	29,133	-
19,552	19,071	-
40,266	21,629	-
6,000	3,000	-
15,000	5,000	-
	2,034,487	915,485
	\$ 9,172,617	\$ 5,673,306
	\$ 6,436,077	\$ 2,936,766
	\$ 2,736,540	\$ 2,736,540

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

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, 2022, the NKADD had USDA food commodities totaling \$571,954 in inventory.

Note 4 - Revolving Loan Fund Calculations

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

Balance of loans outstanding	\$ 30,299
Plus: Cash and investment balance	272,791
Plus: Administrative expenses	679
Plus: Loans written off during the fiscal year	<u>-</u>
Subtotal	303,769
Multiplied by federal share of initial capitalization	<u>100%</u>
Total	<u>\$303,769</u>

The EDA released the Federal interest in the Revolving Loan Fund Award Number 04-19-59014 as of November 2021. The value was calculated as of the date of the release and will not appear on the Schedule of Expenditures of Federal Awards after June 30, 2022.

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

Balance of loans outstanding	\$317,920
Plus: Cash and investment balance	16,301
Plus: Administrative expenses	23,245
Plus: Loans written off during the fiscal year	<u>-</u>
Subtotal	357,466
Multiplied by federal share of initial capitalization	<u>100%</u>
Total	<u>\$357,466</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Note 5 – Reconciliation of Federal Revenues - Cash

Statement of Revenues, Expenditures and Changes in Fund Balance (page 10)	
Federal Revenues	\$6,778,391
Less: CDO (Federal Medicaid)	(857,675)
Adjustment for Revolving Loan Fund	
Amount reported on page 10	(145,874)
Amount reported on page 71	303,769
Amount reported on page 71	<u>357,466</u>
Federal Expenditures–Cash	
Schedule of Expenditures of Federal Awards (page 73)	<u>\$6,436,077</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

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
10.565/10.568/10.569 11.307 21.027	Food Distribution Program Economic Adjustment Assistance Coronavirus State and Local Fiscal Recovery Funds

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, 2022**

No matters are reportable.