

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2023**

**WITH**

**Independent Auditors' Reports**

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2023**

**WITH**

**Independent Auditors' Reports**

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2023**

**WITH**

**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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 December 27, 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. 96, *Subscription-Based Information Technology Arrangements*, effective as of July 1, 2022. Our opinion is not modified with respect to this matter.



December 27, 2023

Crestview Hills, Kentucky

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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, 2023. 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 \$(5,662,801), an improvement of \$768,729 or 11.95% over FY 2022 net position.
- In the governmental funds, total revenues during the fiscal year increased by \$5,880,603 and total expenditures increased by \$5,931,469.
- At the close of the fiscal year, the NKADD's governmental fund balance was \$3,600,018 an increase of \$555,091 from June 30, 2022.

**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, 2023**

**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 Economic Development Administration (EDA) revolving loan programs. 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 \$5,662,801. The beginning net position was a negative \$(6,431,530). The unrestricted net position as of June 30, 2023 was a negative \$(6,881,069).

Total governmental funds revenue for the period ending June 30, 2023 was \$29,954,601. For the previous fiscal year, the total revenue was \$24,073,998. This results in a 24.43% increase in revenues. The net increase in revenues for FY 2023 is due to changes in state Medicaid funding and the addition of local projects. The increases are directly related to an addition of Covington Works and The Housing Data Study and increases in Consumer Directed Options Program reimbursement rates.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Table 1  
Net Position**

	FY '23	FY '22
Current and other assets	\$ 7,561,590	\$ 7,161,383
Capital assets	<u>3,195,056</u>	<u>3,130,724</u>
Total assets	10,756,646	10,292,107
Deferred outflows of resources	<u>1,971,505</u>	<u>2,309,744</u>
Total assets and deferred outflows	<u>\$12,728,151</u>	<u>\$12,601,851</u>
Current liabilities	\$ 3,900,953	\$ 3,956,932
Office building debt	1,353,025	1,479,005
Other properties lease liability	997,310	941,757
Subscription liability	104,931	-
Net pension liability	8,305,341	7,757,736
Net OPEB liability	<u>2,266,955</u>	<u>2,328,852</u>
Total liabilities	16,928,515	16,464,282
Deferred inflows of resources	<u>1,462,437</u>	<u>2,569,099</u>
Total liabilities and deferred inflows	<u>\$18,390,952</u>	<u>\$19,033,381</u>
Investment in capital assets, net of related debt items	\$ 739,790	\$ 709,962
Restricted for:		
Building construction	25,582	27,557
Loan program	452,896	346,510
Unrestricted	<u>(6,881,069)</u>	<u>(7,515,559)</u>
Total net position	<u>\$ (5,662,801)</u>	<u>\$ (6,431,530)</u>

**Table 2  
Change in Net Position**

	FY '23	FY '22
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 154,211	\$ 263,458
Operating grants and contributions	29,595,655	23,556,735
General revenues		
Municipal contributions	143,672	99,300
Interest income	<u>14,052</u>	<u>1,367</u>
Total revenues	<u>29,907,590</u>	<u>23,920,860</u>
<b>PROGRAM EXPENSES</b>		
Cabinet for Health and Family Services	20,871,069	14,901,088
Workforce Innovation & Opportunity Act	2,291,102	2,461,744
Commodities	2,755,338	3,225,885
Loan Program	8,785	25,336
Joint Funding Administration	476,747	429,400
Other federal contracts	1,744,671	1,529,753
Other state contracts	173,150	199,680
Other local contracts	800,345	687,044
Interest on long term debt	<u>17,654</u>	<u>20,442</u>
Total expenses	29,138,861	23,480,372
<b>CHANGE IN NET POSITION</b>	<u>\$ 768,729</u>	<u>\$ 440,488</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**General Fund Budgetary Highlights**

In Fiscal Year 2023, the NKADD had an initial total projected budget of \$24,192,852 in revenues and \$23,510,299 in expenditures and net other financing uses, with net change in fund balance of \$682,553. Of these dollars \$15,993,935 were projected pass-thru. During Fiscal Year 2023, the budget was amended to increase revenues to \$30,611,315 and increase expenditures and net other financing uses to \$31,946,906. The actual revenues on the budgetary basis for Fiscal Year 2023 were \$27,433,293 and \$26,984,588 in actual expenditures and net other financing uses, compared to Fiscal Year 2022 revenues of \$21,162,442 and expenditures and net other financing uses of \$20,647,174.

**CAPITAL ASSETS**

The NKADD's investment in capital assets equaled \$3,195,056 as of June 30, 2023. During the year, capital assets valued at \$586,154 were added. The depreciation expense during the period was \$521,558.

Major additions to the capital assets during the fiscal year included:

- Purchase of computers and equipment valued at \$61,464
- Recognition of right-of-use buildings valued at \$311,189
- Recognition of right-of-use equipment valued at \$57,642
- Recognition of right-of use software valued at \$155,859

**LONG-TERM DEBT**

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 \$1,345,000 at June 30, 2023. The debt service total principal and interest for Fiscal Year 2024 will be \$186,163.

As of June 30, 2015, the NKADD is required, by Governmental Accounting Standards Board Statement No. 68, to display its proportionate share of the unfunded liability of the Kentucky Public Pensions Authority's (KPPA) County Employee Retirement System (CERS), a cost sharing multiple employer plan, in which the NKADD is a participant. The net pension liability of \$8,305,341, the deferred outflows of resources of \$1,070,007, and the deferred inflows of resources of \$387,444 on the Statement of Net Position at June 30, 2023 are a function of this required reporting. Detailed information on this pension recognition can be found in Note 8 in the Notes to Basic Financial Statements.

As of June 30, 2018, the NKADD is required, by Governmental Accounting Standards Board Statement No. 75, to display its proportionate share of the unfunded liability of the KPPA's Insurance Fund (OPEB), a cost sharing multiple employer health insurance plan, in which the NKADD is a participant. The net OPEB liability of \$2,266,955, the deferred outflows of resources of \$901,498 and the deferred inflows of resources of \$988,793 on the Statement of Net Position at June 30, 2023 are a function of this required reporting. Detailed information on this health insurance recognition can be found in Note 9 in the Notes to Basic Financial Statements

As of June 30, 2022, the NKADD is required, by Governmental Accounting Standards Board Statement No. 87, to recognize that leases are financings of the right to use an underlying asset. The net lease liability of \$997,310 on the Statement of Net Position at June 30, 2023 is a function of this required reporting. Detailed information on this lease recognition can be found in Note 5 in the Notes to Basic Financial Statements.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**LONG-TERM DEBT (CONTINUED)**

As of June 30, 2023, the NKADD is required, by Governmental Accounting Standards Board Statement No. 96, to recognize that subscription-based information technology arrangements are financings of the right to use an underlying intangible asset. The net subscription liability of \$104,931 on the Statement of Net Position at June 30, 2023 is a function of this required reporting. Detailed information on this lease recognition can be found in Note 7 in the Notes to Basic Financial Statements.

**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 2024, budgeted revenues are \$24,185,084 and expenditures are \$23,846,410. The difference between Fiscal Year 2024 budgeted revenues and expenditures is \$338,674.

Retirement costs continue to be a long-term financial issue for the NKADD. The Fiscal Year 2024 employer contribution rate for the NKADD in the County Employees Retirement System (CERS) is 23.34%. In Fiscal Year 2025, the CERS rate could increase or decrease; however, the exact rate is unknown. Rates could increase up to 12% per the statutory cap in KRS 78.635(4).

In 2024, 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, 2023 was \$2,922,699 compared to \$2,515,251 at the end of Fiscal Year 2022. 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, 2023 was a negative \$(6,881,069) compared to a negative \$(7,515,559) at the end of Fiscal Year 2022.

**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, 2023**

	Primary Governmental
<b>- ASSETS -</b>	
Cash and cash equivalents	\$ 3,740,452
Cash - building construction account	25,582
Accounts receivable	2,993,843
Prepaid expenses	147,121
Loans receivable	
Due within one year	116,734
Due in more than one year	451,658
Subleases receivable	
Due within one year	34,555
Due in more than one year	51,645
Capital assets, net	3,195,056
<b>Total assets</b>	<b>10,756,646</b>
 <b>- DEFERRED OUTFLOWS OF RESOURCES -</b>	
Deferred outflows related to pension plan	1,070,007
Deferred outflows related to OPEB	901,498
<b>Total deferred outflows of resources</b>	<b>1,971,505</b>
 <b>- LIABILITIES -</b>	
Accounts payable	719,196
Accrued expenses	785,595
Funds received in excess of revenues earned	2,252,033
Employees accrued annual leave	144,129
Long-term liabilities:	
Due within one year	
Office building debt	135,000
Subscription liability	51,946
Other properties lease liability	289,811
Due in more than one year	
Office building debt	1,218,025
Other properties lease liability	707,499
Subscription liability	52,985
Net pension liability	8,305,341
Net OPEB liability	2,266,955
<b>Total liabilities</b>	<b>16,928,515</b>
 <b>- DEFERRED INFLOWS OF RESOURCES -</b>	
Deferred inflows related to sublease revenue	86,200
Deferred inflows related to pension plan	387,444
Deferred inflows related to OPEB	988,793
<b>Total deferred inflows of resources</b>	<b>1,462,437</b>
 <b>- NET POSITION -</b>	
Investment in capital assets, net of related debt items	739,790
Restricted for:	
Building construction	25,582
Loan program	452,896
Unrestricted	(6,881,069)
<b>Total net position</b>	<b>\$ (5,662,801)</b>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>GOVERNMENTAL ACTIVITIES:</b>					Total Governmental Activities
Cabinet for Health and Family Services	\$ 20,429,552	\$ 441,517	\$ -	\$ 21,365,335	\$ 494,266
Workforce Innovation & Opportunity Act	2,195,043	96,059	-	2,312,698	21,596
Commodities	2,728,954	26,384	-	2,763,081	7,743
Loan Program	7,839	946	5,268	110,076	106,559
Joint Funding Administration	414,614	62,133	-	490,462	13,715
Other federal contracts	1,556,568	188,103	-	1,790,959	46,288
Other state contracts	148,074	25,076	-	178,202	5,052
Other local contracts	782,339	18,006	148,943	584,842	(66,560)
Interest on long term debt	71,587	(53,933)	-	-	(17,654)
<b>Total governmental activities</b>	28,334,570	804,291	154,211	29,595,655	611,005
<b>GENERAL REVENUES:</b>					
Municipal contributions					143,672
Interest income					14,052
<b>Total general revenues</b>					157,724
<b>Change in net position</b>					768,729
<b>NET POSITION, BEGINNING</b>					(6,431,530)
<b>NET POSITION, ENDING</b>					\$ (5,662,801)

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>- ASSETS -</b>			
Cash and cash equivalents	\$ 3,740,452	\$ -	\$ 3,740,452
Cash - building construction account	25,582	-	25,582
Accounts receivable	2,993,843	-	2,993,843
Prepaid expenses	147,121	-	147,121
Loans receivable	-	568,392	568,392
Due (to)/from other funds	(250,972)	250,972	-
<b>Total assets</b>	<u>\$ 6,656,026</u>	<u>\$ 819,364</u>	<u>\$ 7,475,390</u>
<b>- LIABILITIES AND FUNDS EQUITY -</b>			
<b>- LIABILITIES -</b>			
Accounts payable	\$ 719,196	\$ -	\$ 719,196
Accrued expenses	760,014	-	760,014
Funds received in excess of revenues earned	1,937,285	314,748	2,252,033
Employees accrued annual leave	144,129	-	144,129
<b>Total liabilities</b>	<u>3,560,624</u>	<u>314,748</u>	<u>3,875,372</u>
<b>- FUND BALANCES -</b>			
Non-spendable			
Prepaid expenses	147,121	-	147,121
Restricted			
Building construction	25,582	-	25,582
Loan program	-	452,896	452,896
Assigned			
Working capital	-	51,720	51,720
Unassigned	2,922,699	-	2,922,699
<b>Total fund balances</b>	<u>3,095,402</u>	<u>504,616</u>	<u>3,600,018</u>
<b>Total liabilities and fund balances</b>	<u>\$ 6,656,026</u>	<u>\$ 819,364</u>	<u>\$ 7,475,390</u>

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, 2023**

**Total fund balance - governmental funds** \$ 3,600,018

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

Sublease receivable used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 86,200

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 3,195,056

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	\$ (1,345,000)	
Other properties lease liability	(997,310)	
Subscription liability	(104,931)	
Net pension liability	(8,305,341)	
Net OPEB liability	<u>(2,266,955)</u>	
		<u>(13,019,537)</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	(25,581)	
Bond premium	<u>(8,025)</u>	
		<u>(33,606)</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	1,070,007	
Deferred inflows of resources related to pension plan	(387,444)	
Deferred outflows of resources related to OPEB	901,498	
Deferred inflows of resources related to OPEB	(988,793)	
Deferred inflows of resources related to sublease revenue	<u>(86,200)</u>	
		<u>509,068</u>

***Net position (deficit) of governmental activities*** **\$ (5,662,801)**

**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, 2023**

	General	Special Revenue	Totals
<b>REVENUES:</b>			
Applied to all programs:			
Federal revenues	\$ 7,103,790	\$ (994)	\$ 7,102,796
State revenues	18,529,682	-	18,529,682
Federal commodities	2,364,529	-	2,364,529
Interest income	14,052	5,268	19,320
Local revenues	1,785,769	152,505	1,938,274
<b>Net revenues</b>	<u>29,797,822</u>	<u>156,779</u>	<u>29,954,601</u>
<b>EXPENDITURES:</b>			
CHFS - other sub-grantees	17,326,825	-	17,326,825
WIOA sub-grantees	1,509,079	-	1,509,079
Commodities	2,364,529	-	2,364,529
Other federal contracts sub-grantees	8,612	-	8,612
Other local contracts sub-grantees	354,366	-	354,366
Revolving loans	-	153,397	153,397
Direct salaries	3,340,872	3,289	3,344,161
Direct employee benefits	1,737,271	1,602	1,738,873
Direct travel	80,476	-	80,476
Direct contracts	587,306	2,807	590,113
Uncollectible government funds	82,368	-	82,368
Direct other	942,388	314	942,702
Direct local non-grant expenses	114,821	-	114,821
Shared expenses	857,278	946	858,224
<b>Total expenditures</b>	<u>29,306,191</u>	<u>162,355</u>	<u>29,468,546</u>
<b>Excess of revenues (expenditures)</b>	<u>491,631</u>	<u>(5,576)</u>	<u>486,055</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating sources in	94,539	111,962	206,501
Operating uses out	(137,465)	-	(137,465)
<b>Net other financing sources (uses)</b>	<u>(42,926)</u>	<u>111,962</u>	<u>69,036</u>
<b>Net change in fund balances</b>	448,705	106,386	555,091
<b>Fund balances - beginning of year</b>	<u>2,646,697</u>	<u>398,230</u>	<u>3,044,927</u>
<b>Fund balances - end of year</b>	<u>\$ 3,095,402</u>	<u>\$ 504,616</u>	<u>\$ 3,600,018</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, 2023**

**Net change in fund balances - total government funds** **\$ 555,091**

*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 (\$61,464) exceeded depreciation expense (\$521,558) and loss on disposal (\$264).

(460,358)

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	313,279	
Principal payment on subscription liabilities	50,928	
Accretion of bond premium	980	
Difference between interest expense on modified accrual basis vs. accrual basis	1,875	

492,062

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	760,801	
Cost of benefits earned	(425,669)	

335,132

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	110,218	
Cost of benefits earned	(263,416)	

(153,198)

***Change in Net Position of Governmental Activities***

**\$ 768,729**

**The accompanying notes are an integral part of this statement.**

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023**

**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, 2023**

**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, 2023, 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. Capital Assets:** 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

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Leases:** The NKADD is a lessee of noncancelable leases for office space and equipment. The NKADD recognizes a lease liability and an intangible right-of-use asset in the government-wide financial statements.

At the commencement of a lease, the NKADD initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The right-to-use asset is first measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Right-to-use lease assets useful lives are determined by the length of the lease period and are amortized using the straight-line method. The NKADD has elected to use the same capitalization thresholds for leased assets that it uses for those assets purchased. See further discussion Notes 3 and 5.

Key estimates and judgements include how the NKADD determines the discount rate and lease term it uses to discount the expected lease receipts/payments to present value. The NKADD uses market rate of interest at the lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease receipts/payments included in the measurement of the lease receivable/payable are composed of fixed payments as outlined in the lease agreements.

The NKADD is a sublessor for noncancelable leases of office space. The NKADD recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements.

At the commencement of a lease, the NKADD initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. See further discussion Notes 3 and 5.

**N. Subscription-Based IT Arrangements:** The NKADD obtains the right to use a vendor's information technology software through a long-term contract. The NKADD recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements.

At the commencement of a subscription, the NKADD initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The right-to-use asset is initially measured as the initial amount of the subscription liability adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Right-to-use subscription assets' useful lives are determined by the length of the subscription period and are amortized using the straight-line method. See further discussion Notes 3 and 7.

Key estimates and judgements include how the NKADD determines the discount rate and subscription term it uses to discount the expected subscription payments to present value. The NKADD uses market rate of interest at the subscription's inception as the discount rate. The subscription's term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription payable are composed of fixed payments as outlined in the subscription.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. 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.

**P. 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.

**Q. 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.

**R. 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.

**S. 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.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. 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.

**U. Revenues:** Substantially all governmental fund revenues are accrued.

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

**W. 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.

**X. New Accounting Pronouncements:** GASB Statement No. 96, Subscription-Based Information Technology Arrangements, issued May 2020 and was adopted by the NKADD beginning with fiscal year ending June 30, 2023. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Under this Statement, a government should recognize a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability.

**NOTE 2 – CASH AND INVESTMENTS**

At June 30, 2023, the carrying amount of the NKADD's deposits (cash and cash equivalents) was \$3,766,034 and the bank balances totaled \$3,905,575. Of these deposits the building construction account balance was \$25,582, 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.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
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	311,189	(55,806)	1,483,360
Computer software	65,616	-	-	65,616
Right of use equipment	18,691	57,642	(18,691)	57,642
Right-of-use software	-	155,859	-	155,859
Computer equipment	667,759	61,464	(10,533)	718,690
Furniture and fixtures	<u>253,868</u>	_____ -	<u>(11,637)</u>	<u>242,231</u>
Total capital assets being depreciated	<u>5,161,502</u>	<u>586,154</u>	<u>(96,667)</u>	<u>5,650,989</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,212,440)	(83,373)	-	(1,295,813)
Right of use buildings	(302,946)	(302,947)	55,806	(550,087)
Computer software	(37,291)	(3,090)	-	(40,381)
Right of use equipment	(11,215)	(13,649)	18,691	(6,173)
Right-of-use software	-	(51,953)	-	(51,953)
Computer equipment	(446,263)	(60,998)	10,269	(496,992)
Furniture and fixtures	<u>(247,598)</u>	<u>(5,548)</u>	<u>11,637</u>	<u>(241,509)</u>
Total accumulated depreciation	<u>(2,257,753)</u>	<u>(521,558)</u>	<u>96,403</u>	<u>(2,682,908)</u>
Other capital assets, net	<u>2,903,749</u>	<u>64,596</u>	<u>(264)</u>	<u>2,968,081</u>
Governmental activities capital assets, net	<u>\$ 3,130,724</u>	<u>\$ 64,596</u>	<u>\$ (264)</u>	<u>\$ 3,195,056</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 – LONG TERM DEBT**

The following is a summary of changes in the long term debt for the year ended June 30, 2023:

	<u>June 30, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2023</u>
Financed Purchase Agreement	\$ 1,470,000	\$ -	\$ (125,000)	\$ 1,345,000
Premium on long-term debt	9,005	-	(980)	8,025
Total long term debt	<u>\$ 1,479,005</u>	<u>\$ -</u>	<u>\$ (125,980)</u>	<u>\$ 1,353,025</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:

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4.00%	150,000	32,186	182,186
2029-2034	4.00%-4.25%	635,000	77,200	712,200
Totals		<u>\$ 1,345,000</u>	<u>\$ 288,538</u>	<u>\$ 1,633,538</u>

**NOTE 5 - 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, 2023</u>
Commodities warehouse	7/1/2021	6 years	\$ 77,010	2%	\$ 430,838	\$ 285,869
Georgetown office	7/1/2021	8 years	12,588	2%	103,627	79,132
Covington career center	7/1/2021	5 years	199,580	2%	948,895	580,690
Florence career center	7/1/2021	2 years	28,490	2%	55,806	-
Copier	7/1/2021	2 years	11,406	2%	18,691	-
New Copier	3/20/2023	5 years	19,263	2%	54,430	50,970
Postage machine	7/1/2022	2 years	2,837	2%	3,212	649
Total						<u>\$ 997,310</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 – LEASES (CONTINUED)**

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.  
Copier, printers and postage machine.

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>
2024	\$ 289,811	\$ 12,599
2025	296,456	8,896
2026	302,564	4,499
2027	80,179	1,261
2028	23,070	331
2029 (thereafter)	<u>5,230</u>	<u>22</u>
	<u>\$ 997,310</u>	<u>\$ 27,608</u>

**NOTE 6 – 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, 2023</u>
Commodities warehouse	7/1/2021	3 yrs	\$ 7,200	2%	\$ 25,666	\$ 9,496
Covington career center	7/1/2021	2-5 yrs	128,097	2%	328,555	76,704
Florence career center	7/1/2021	2 yrs	16,236	2%	31,805	-
Total						<u>\$ 86,200</u>

The NKADD received \$153,462 in lease revenue and \$2,316 in interest revenue for the year ended June 30, 2023.

**NOTE 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The NKADD has entered into the following subscription-based information technology arrangement:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Total Subscription Liability</u>	<u>Balance June 30, 2023</u>
Trualta	7/1/2022	3 yrs	\$ 54,045	2%	\$ 155,859	\$ 104,931

Annual requirements to amortize the long-term subscription liability and related interest are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 51,946	\$ 2,099
2025	<u>52,985</u>	<u>1,060</u>
	<u>\$ 104,931</u>	<u>\$ 3,159</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 – 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.

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, 2023 was 26.79%, of which 23.40% was for the pension fund and 3.39% was for the insurance fund. Contributions to the pension plan from the NKADD were \$871,019 for the year ended June 30, 2023, of which \$760,801 was for the pension fund and \$110,218 was for the insurance fund.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 – EMPLOYEE’S PENSION PLAN (CONTINUED)**

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

At June 30, 2023, the NKADD reported a liability of \$8,305,341 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2022, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2021. 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, 2022. This method was expected to be reflective of the NKADD’s long-term contribution effort. At June 30, 2022, the NKADD’s proportion was 0.114889%, which was a decrease of 0.006786% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the NKADD recognized pension expense of \$425,669. At June 30, 2023, the NKADD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,879	\$ 73,963
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	212,919	-
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	87,408	313,481
NKADD contributions subsequent to the measurement date	760,801	-
	\$ 1,070,007	\$ 387,444

The \$760,801 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, 2024. 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	\$ (106,945)
2024	(137,435)
2025	(69,793)
2026	235,935
	\$ (78,238)

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – EMPLOYEE’S PENSION PLAN (CONTINUED)**

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2022 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%

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of June 30, 2021.

*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:

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 – EMPLOYEE’S PENSION PLAN (CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	<u>100%</u>	

*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	\$ 10,380,646	\$ 8,305,341	\$ 6,588,892

*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, 2023, \$138,215 was payable to the pension plan, of which \$120,725 was for the pension fund and \$17,490 was for the insurance fund.

**NOTE 9 – 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>.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)**

*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 2022 is \$13.99 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.

*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 8 Employee's Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2023 was 26.79%, of which 23.40 % was for the pension fund and 3.39% was for the insurance fund. See Note 8 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, 2023, the NKADD reported a liability of \$2,266,955 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2021. The NKADD's proportionate share of the net OPEB liability was determined using the NKADD's actual contributions for the fiscal year ending June 30, 2022. This method is expected to be reflective of the NKADD's long-term contribution effort. At June 30, 2022, the NKADD's proportion was 0.114869%, which was a decrease of 0.006777% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the NKADD recognized OPEB expense of \$263,416. At June 30, 2023, the NKADD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,188	\$ 519,865
Changes of assumptions	358,535	295,431
Net difference between projected and actual earnings on plan investments	92,010	-
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	30,814	173,497
NKADD contributions subsequent to the measurement date	191,951	-
	\$ 901,498	\$ 988,793

The \$191,951 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, 2024. 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:	
2024	\$ (55,031)
2025	(54,408)
2026	(156,276)
2027	(13,532)
	\$ (279,247)

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	Pre – 65: Initial trend starting at 6.40% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years Post – 65: Initial trend starting at 6.30% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)**

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, 2022 valuation were based on the results of an actuarial experience study for the period ending June 30, 2021.

*Discount rate.* The single discount rate used to measure the total OPEB liability was 5.70%. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid by the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate assumed that each participating employer contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

The long-term expected rate of return on plan assets is the same as disclosed in Note 8 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 8.

*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 5.70%, 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 (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	<u>1%</u> Decrease <u>(4.70%)</u>	<u>Current</u> Discount Rate <u>(5.70%)</u>	<u>1%</u> Increase <u>(6.70%)</u>
NKADD's proportionate share of the net OPEB liability	\$ 3,030,558	\$ 2,266,955	\$ 1,635,711

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)**

*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	\$ 1,685,431	\$ 2,266,955	\$ 2,965,257

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

**Payables to the OPEB plan**

The NKADD makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10<sup>th</sup> of the following month. See Note 8 Employee’s Pension Plan for payable as of June 30, 2023.

**NOTE 10 - 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	94,275	-
Transfer (to) general fixed assets	(6,625)	-
Loss on disposal of fixed assets	264	-
Net financed purchase activity	(264)	-
Transfer from general fund to special revenue fund	(5,576)	5,576
Net revolving loan principal activity	-	106,386
Net other financing sources (uses)	\$ (42,926)	\$ 111,962

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 – 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, 2023 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 all of the FY '23 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 12 – 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 \$452,896 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 13 – SUBSEQUENT EVENTS**

The NKADD has evaluated subsequent events through December 27, 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, 2023**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		Budgetary Basis
<b>Fund balance (restated) July 1, 2022</b>	\$ 2,646,697	\$ 2,646,697	\$ 2,646,697	\$ -
<b>RESOURCES (inflows):</b>				
Federal and state revenues	6,542,367	5,524,133	6,788,956	1,264,823
Local contract revenue	1,476,705	1,286,273	1,252,681	(33,592)
Local contribution revenue	179,845	176,661	176,661	-
Annual meeting	-	2,061	2,061	-
Miscellaneous revenue	-	14,052	14,052	-
Pass-through revenue	15,993,935	23,608,135	19,198,882	(4,409,253)
<b>Total resources</b>	<u>24,192,852</u>	<u>30,611,315</u>	<u>27,433,293</u>	<u>(3,178,022)</u>
Amounts available for use	<u>26,839,549</u>	<u>33,258,012</u>	<u>30,079,990</u>	<u>(3,178,022)</u>
<b>EXPENDITURES (outflows):</b>				
Direct salaries	3,855,149	3,664,269	3,340,872	323,397
Direct employee benefits	2,099,331	1,891,656	1,737,271	154,385
Direct travel	83,785	88,499	80,476	8,023
Direct contracts	294,360	427,998	587,306	(159,308)
Uncollectible government funds	-	8,277	82,368	(74,091)
Direct other	200,187	1,204,580	942,388	262,192
Direct local non-grant expenses	4,000	2,100	114,821	(112,721)
Shared expenses	854,552	926,392	857,278	69,114
Pass-through expenditures	15,993,935	23,608,135	19,198,882	4,409,253
<b>Total expenditures before other uses</b>	<u>23,385,299</u>	<u>31,821,906</u>	<u>26,941,662</u>	<u>4,880,244</u>
<b>Net other financing uses</b>	<u>125,000</u>	<u>125,000</u>	<u>42,926</u>	<u>82,074</u>
<b>Net expenditures</b>	<u>23,510,299</u>	<u>31,946,906</u>	<u>26,984,588</u>	<u>4,962,318</u>
<b>Budgetary fund balance June 30, 2023</b>	<u>\$ 3,329,250</u>	<u>\$ 1,311,106</u>	<u>\$ 3,095,402</u>	<u>\$ 1,784,296</u>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2023**

**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 ARER DEVELOPMENT DISTRICT

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

County Employees Retirement System

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NKADD's proportion of the net pension liability (asset)	0.114889%	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)	\$ 8,305,341	\$ 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	\$ 3,138,459	\$ 3,112,616	\$ 3,035,839	\$ 3,132,771	\$ 3,130,822	\$ 3,103,141	\$ 3,198,046	\$ 3,209,306	\$ 3,155,009	
NKADD's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	264.63%	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	52.42%	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 ARER DEVELOPMENT DISTRICT

SCHEDULE OF NKADD PENSION CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 760,801	\$ 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	\$ (760,801)	\$ (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	\$ 3,251,276	\$ 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	23.40%	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, 2023

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

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

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

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

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

2015

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

2017

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

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled 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\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NKADD's proportion of the net OPEB liability (asset)	0.114869%	0.121646%	0.118412%	0.123746%	0.124771%	0.126917%				
NKADD's proportionate share of the net OPEB liability (asset)	\$ 2,266,955	\$ 2,328,852	\$ 2,859,290	\$ 2,081,352	\$ 2,215,284	\$ 2,551,466				
NKADD's covered-employee payroll	\$ 3,138,459	\$ 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	72.23%	74.82%	94.18%	66.44%	70.76%	82.22%				
Plan fiduciary net position as a percentage of the total pension liability	60.95%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 110,218	\$ 181,403	\$ 148,160	\$ 144,506	\$ 164,784	\$ 147,149	\$ 146,779			
Contributions in relation to the contractually required contribution	\$ (110,218)	\$ (181,403)	\$ (148,160)	\$ (144,506)	\$ (164,784)	\$ (147,149)	\$ (146,779)			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
NKADD's covered-employee payroll	\$ 3,251,276	\$ 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	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.71%			

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION  
June 30, 2023**

*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 14 years.

2022

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

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY GRANT  
GENERAL AND SPECIAL REVENUE FUND TYPES  
YEAR ENDED JUNE 30, 2023**

	<u>Cabinet for Health and Family Services</u>	<u>Workforce Innovation &amp; Opportunity Act</u>	<u>Commodities</u>	<u>Loan Program</u>
<b>REVENUES:</b>				
Federal	\$ 3,263,775	\$ 2,263,078	\$ 388,952	\$ (994)
State	18,054,862	68	-	-
Federal commodities	-	-	2,364,529	-
Local funds applied	11,761	1	-	5,576
Match - cash	398,273	-	-	-
Match - In kind	248,552	-	-	-
Program income	11,050	-	-	-
Interest income	-	-	-	5,268
Local revenue	34,937	49,551	9,600	152,505
<b>Total revenues</b>	<u>22,023,210</u>	<u>2,312,698</u>	<u>2,763,081</u>	<u>162,355</u>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	1,708,823	374,236	108,988	3,289
Employee benefits	907,000	192,349	49,865	1,602
Travel	59,967	2,152	608	-
Contracts	-	89,232	144,526	2,807
Uncollectible government funds	25,061	-	-	-
Other	491,535	49,591	68,181	314
<b>Total direct expenses</b>	<u>3,192,386</u>	<u>707,560</u>	<u>372,168</u>	<u>8,012</u>
<b>Shared expenses applied</b>	<u>441,517</u>	<u>96,059</u>	<u>26,384</u>	<u>946</u>
<b>Sub-total expenditures</b>	<u>3,633,903</u>	<u>803,619</u>	<u>398,552</u>	<u>8,958</u>
<b>Sub-recipients/sub-grantees</b>	<u>17,984,700</u>	<u>1,509,079</u>	<u>2,364,529</u>	<u>153,397</u>
<b>Total expenditures</b>	<u>21,618,603</u>	<u>2,312,698</u>	<u>2,763,081</u>	<u>162,355</u>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<u>404,607</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfers to (from)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess revenues (expenditures)</b>	<u>\$ 404,607</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>
\$ 183,825	\$ 1,004,160	\$ -	\$ -	\$ -	\$ 7,102,796
306,404	-	168,348	-	-	18,529,682
-	-	-	-	-	2,364,529
233	5,564	9,854	(32,989)	-	-
-	-	-	-	-	398,273
-	-	-	-	-	248,552
-	-	-	-	-	11,050
-	-	-	14,052	-	19,320
-	781,235	-	910,446	-	1,938,274
<u>490,462</u>	<u>1,790,959</u>	<u>178,202</u>	<u>891,509</u>	<u>-</u>	<u>30,612,476</u>
261,387	715,792	96,278	75,368	123,327	3,467,488
110,267	390,323	49,706	37,761	31,227	1,770,100
2,651	12,865	134	2,099	3,105	83,581
-	353,548	-	-	212,829	802,942
-	-	-	57,307	-	82,368
<u>54,024</u>	<u>121,716</u>	<u>7,008</u>	<u>265,154</u>	<u>487,736</u>	<u>1,545,259</u>
428,329	1,594,244	153,126	437,689	858,224	7,751,738
<u>62,133</u>	<u>188,103</u>	<u>25,076</u>	<u>18,006</u>	<u>(858,224)</u>	<u>-</u>
490,462	1,782,347	178,202	455,695	-	7,751,738
-	8,612	-	354,366	-	22,374,683
<u>490,462</u>	<u>1,790,959</u>	<u>178,202</u>	<u>810,061</u>	<u>-</u>	<u>30,126,421</u>
-	-	-	81,448	-	486,055
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,448</u>	<u>\$ -</u>	<u>\$ 486,055</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY PROGRAM  
CABINET FOR HEALTH AND FAMILY SERVICES  
TOTAL BY PROGRAM  
PERIOD PERFORMANCE: JULY 1, 2022 TO JUNE 30, 2023**

REFERENCE	Title III		Title VII	
	Pages 48-52		Pages 54-55	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 3,895,845	\$ 1,453,615	\$ 98,488	\$ 44,596
State	550,924	550,924	24,407	24,407
Local funds applied	11,546	11,621	6	6
Match - cash	329,599	321,144	-	-
Match - In kind	252,027	209,063	11,032	10,678
Program income	-	1,225	-	-
Interest income	-	-	-	-
Local revenue	7,043	2,043	398	-
<b>Total revenues</b>	<b>5,046,984</b>	<b>2,549,635</b>	<b>134,331</b>	<b>79,687</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	528,757	345,087	51,734	27,866
Employee benefits	283,523	184,834	27,661	14,944
Travel	15,004	9,955	2,262	2,262
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	88,052	92,370	37,294	27,068
<b>Total direct expenses</b>	<b>915,336</b>	<b>632,246</b>	<b>118,951</b>	<b>72,140</b>
<b>Shared expenses applied</b>	<b>130,439</b>	<b>89,682</b>	<b>15,380</b>	<b>7,547</b>
<b>Sub-total expenditures</b>	<b>1,045,775</b>	<b>721,928</b>	<b>134,331</b>	<b>79,687</b>
<b>Sub-recipients/sub-grantees</b>	<b>4,001,209</b>	<b>1,827,707</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>5,046,984</b>	<b>2,549,635</b>	<b>134,331</b>	<b>79,687</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

NSIP 320-319		Homecare Pages 56-57		Personal Care Attendant Pages 58-59	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 155,617	\$ 86,493	\$ -	\$ -	\$ -	\$ -
-	-	1,321,242	1,321,242	538,155	271,976
-	-	87	87	-	10
-	-	31,796	31,796	-	-
-	-	28,811	28,811	-	-
-	-	9,115	9,115	-	-
-	-	-	-	-	-
-	-	31,022	30,543	-	-
<u>155,617</u>	<u>86,493</u>	<u>1,422,073</u>	<u>1,421,594</u>	<u>538,155</u>	<u>271,986</u>
-	-	386,235	384,805	4,263	1,643
-	-	206,080	205,653	1,999	771
-	-	7,675	6,965	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	24,950	24,948	727	727
-	-	624,940	622,371	6,989	3,141
-	-	97,606	97,864	1,039	466
-	-	722,546	720,235	8,028	3,607
<u>155,617</u>	<u>86,493</u>	<u>699,527</u>	<u>701,359</u>	<u>530,127</u>	<u>268,379</u>
<u>155,617</u>	<u>86,493</u>	<u>1,422,073</u>	<u>1,421,594</u>	<u>538,155</u>	<u>271,986</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, 2022 TO JUNE 30, 2023**

REFERENCE	SHIP		LTC Ombudsman	
	Pages 60-61		321-323	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 45,000	\$ 44,233	\$ -	\$ -
State	-	-	63,765	63,765
Local funds applied	-	-	14	14
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
<b>Total revenues</b>	<b>45,000</b>	<b>44,233</b>	<b>63,779</b>	<b>63,779</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	671	229	32,111	32,111
Employee benefits	329	112	18,512	18,512
Travel	-	-	2,566	2,566
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	3,191	3,191	2,219	2,219
<b>Total direct expenses</b>	<b>4,191</b>	<b>3,532</b>	<b>55,408</b>	<b>55,408</b>
<b>Shared expenses applied</b>	<b>160</b>	<b>52</b>	<b>8,371</b>	<b>8,371</b>
<b>Sub-total expenditures</b>	<b>4,351</b>	<b>3,584</b>	<b>63,779</b>	<b>63,779</b>
<b>Sub-recipients/sub-grantees</b>	<b>40,649</b>	<b>40,649</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>45,000</b>	<b>44,233</b>	<b>63,779</b>	<b>63,779</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

MIPPA 2		MIPPA 3		ESMP	
326-312		326-313		Pages 62-63	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 51,326	\$ 42,506	\$ 53,611	\$ 6,553	\$ 617,269	\$ 617,269
-	-	-	-	-	-
-	-	-	-	23	23
-	-	-	-	45,333	45,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>51,326</u>	<u>42,506</u>	<u>53,611</u>	<u>6,553</u>	<u>662,625</u>	<u>662,625</u>
-	-	-	-	8,848	8,848
-	-	-	-	4,137	4,137
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	12,985	12,985
-	-	-	-	2,026	2,026
-	-	-	-	15,011	15,011
<u>51,326</u>	<u>42,506</u>	<u>53,611</u>	<u>6,553</u>	<u>647,614</u>	<u>647,614</u>
<u>51,326</u>	<u>42,506</u>	<u>53,611</u>	<u>6,553</u>	<u>662,625</u>	<u>662,625</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, 2022 TO JUNE 30, 2023**

REFERENCE	CDO		ADRC/No Wrong Door/CDC	
	Pages 64-65		326-318	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 933,050	\$ 933,050	\$ 111,670	\$ 25,460
State	15,733,488	15,814,903	22,750	7,645
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	710	710	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
<b>Total revenues</b>	<b>16,667,248</b>	<b>16,748,663</b>	<b>134,420</b>	<b>33,105</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	890,989	890,989	81,008	17,245
Employee benefits	471,908	471,908	31,152	6,129
Travel	35,312	35,312	2,907	2,907
Contracts	-	-	-	-
Uncollectible government funds	8,277	25,061	-	-
Other	325,766	326,358	2,577	2,303
<b>Total direct expenses</b>	<b>1,732,252</b>	<b>1,749,628</b>	<b>117,644</b>	<b>28,584</b>
<b>Shared expenses applied</b>	<b>230,633</b>	<b>230,988</b>	<b>16,776</b>	<b>4,521</b>
<b>Sub-total expenditures</b>	<b>1,962,885</b>	<b>1,980,616</b>	<b>134,420</b>	<b>33,105</b>
<b>Sub-recipients/sub-grantees</b>	<b>13,852,531</b>	<b>14,363,440</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>15,815,416</b>	<b>16,344,056</b>	<b>134,420</b>	<b>33,105</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>851,832</b>	<b>404,607</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ 851,832</b>	<b>\$ 404,607</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

CRRSA 299-360		Cabinet for Health and Family Services Totals	
Budget	Actual	Budget	Actual
\$ 10,000	\$ 10,000	\$ 5,971,876	\$ 3,263,775
-	-	18,254,731	18,054,862
-	-	11,676	11,761
-	-	406,728	398,273
-	-	291,870	248,552
-	-	9,825	11,050
-	-	-	-
2,351	2,351	40,814	34,937
<u>12,351</u>	<u>12,351</u>	<u>24,987,520</u>	<u>22,023,210</u>
-	-	1,984,616	1,708,823
-	-	1,045,301	907,000
-	-	65,726	59,967
-	-	-	-
-	-	8,277	25,061
12,351	12,351	497,127	491,535
<u>12,351</u>	<u>12,351</u>	<u>3,601,047</u>	<u>3,192,386</u>
-	-	502,430	441,517
12,351	12,351	4,103,477	3,633,903
-	-	20,032,211	17,984,700
<u>12,351</u>	<u>12,351</u>	<u>24,135,688</u>	<u>21,618,603</u>
-	-	851,832	404,607
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,832</u>	<u>\$ 404,607</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY PROGRAM  
CABINET FOR HEALTH AND FAMILY SERVICES  
TITLE III  
PERIOD PERFORMANCE: JULY 1, 2022 TO JUNE 30, 2023**

Work Element	Administration		Supportive Services	
	320-300		320-301	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 151,270	\$ 120,621	\$ 1,018,831	\$ 325,736
State	47,381	47,381	326,957	326,957
Local funds applied	-	75	-	-
Match - cash	-	-	191,787	191,787
Match - In kind	-	-	197,485	197,485
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
<b>Total revenues</b>	<b>198,651</b>	<b>168,077</b>	<b>1,735,060</b>	<b>1,041,965</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	108,276	91,151	170,008	115,458
Employee benefits	53,710	45,215	88,645	61,958
Travel	2,846	2,846	2,987	887
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	7,608	5,956	25,024	31,399
<b>Total direct expenses</b>	<b>172,440</b>	<b>145,168</b>	<b>286,664</b>	<b>209,702</b>
<b>Shared expenses applied</b>	<b>26,211</b>	<b>22,909</b>	<b>41,384</b>	<b>30,599</b>
<b>Sub-total expenditures</b>	<b>198,651</b>	<b>168,077</b>	<b>328,048</b>	<b>240,301</b>
<b>Sub-recipients/sub-grantees</b>	<b>-</b>	<b>-</b>	<b>1,407,012</b>	<b>801,664</b>
<b>Total expenditures</b>	<b>198,651</b>	<b>168,077</b>	<b>1,735,060</b>	<b>1,041,965</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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
\$ 804,422	\$ 308,448	\$ 1,086,442	\$ 358,102	\$ 93,312	\$ 28,214
-	-	96,000	96,000	-	-
-	-	-	-	2	2
35,000	42,244	81,250	80,136	-	-
-	-	-	-	-	-
-	1,225	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>839,422</u>	<u>351,917</u>	<u>1,263,692</u>	<u>534,238</u>	<u>93,314</u>	<u>28,216</u>
-	-	-	-	797	797
-	-	-	-	436	436
-	-	-	-	49	49
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,282	1,282
-	-	-	-	187	187
-	-	-	-	1,469	1,469
<u>839,422</u>	<u>351,917</u>	<u>1,263,692</u>	<u>534,238</u>	<u>91,845</u>	<u>26,747</u>
<u>839,422</u>	<u>351,917</u>	<u>1,263,692</u>	<u>534,238</u>	<u>93,314</u>	<u>28,216</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, 2022 TO JUNE 30, 2023**

Work Element	Caregiver Administration		Caregiver Support	
	320-308		320-309	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 41,069	\$ 29,407	\$ 492,593	\$ 192,568
State	5,832	5,832	22,947	22,947
Local funds applied	26	26	11,478	11,478
Match - cash	-	-	21,562	6,977
Match - In kind	-	-	54,542	11,578
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	2,043	2,043
<b>Total revenues</b>	<u>46,927</u>	<u>35,265</u>	<u>605,165</u>	<u>247,591</u>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	26,642	19,645	81,175	43,678
Employee benefits	12,297	9,067	48,399	26,042
Travel	313	313	4,400	1,790
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	1,209	1,217	51,221	51,124
<b>Total direct expenses</b>	<u>40,461</u>	<u>30,242</u>	<u>185,195</u>	<u>122,634</u>
<b>Shared expenses applied</b>	<u>6,466</u>	<u>5,023</u>	<u>20,732</u>	<u>11,816</u>
<b>Sub-total expenditures</b>	<u>46,927</u>	<u>35,265</u>	<u>205,927</u>	<u>134,450</u>
<b>Sub-recipients/sub-grantees</b>	<u>-</u>	<u>-</u>	<u>399,238</u>	<u>113,141</u>
<b>Total expenditures</b>	<u>46,927</u>	<u>35,265</u>	<u>605,165</u>	<u>247,591</u>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfers to (from):</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess revenues (expenditures)</b>	<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
\$ 54,489	\$ 33,083	\$ 85,552	\$ 37,117	\$ 67,865	\$ 20,319
-	-	-	-	51,807	51,807
15	15	-	-	25	25
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,000	-	-	-
<u>54,504</u>	<u>33,098</u>	<u>90,552</u>	<u>37,117</u>	<u>119,697</u>	<u>72,151</u>
28,952	17,079	49,806	19,870	63,101	37,409
15,957	9,413	27,257	10,874	36,822	21,829
496	496	1,251	1,251	2,662	2,323
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,884</u>	<u>1,568</u>	<u>35</u>	<u>35</u>	<u>1,071</u>	<u>1,071</u>
47,289	28,556	78,349	32,030	103,656	62,632
<u>7,215</u>	<u>4,542</u>	<u>12,203</u>	<u>5,087</u>	<u>16,041</u>	<u>9,519</u>
54,504	33,098	90,552	37,117	119,697	72,151
-	-	-	-	-	-
<u>54,504</u>	<u>33,098</u>	<u>90,552</u>	<u>37,117</u>	<u>119,697</u>	<u>72,151</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, 2022 TO JUNE 30, 2023**

Work Element	Title III	
	Totals	
	Budget	Actual
<b>REVENUES:</b>		
Federal	\$ 3,895,845	\$ 1,453,615
State	550,924	550,924
Local funds applied	11,546	11,621
Match - cash	329,599	321,144
Match - In kind	252,027	209,063
Program income	-	1,225
Interest income	-	-
Local revenue	7,043	2,043
<b>Total revenues</b>	<b>5,046,984</b>	<b>2,549,635</b>
<b>EXPENDITURES:</b>		
<b>Direct Expenses:</b>		
Salaries	528,757	345,087
Employee benefits	283,523	184,834
Travel	15,004	9,955
Contracts	-	-
Uncollectible government funds	-	-
Other	88,052	92,370
<b>Total direct expenses</b>	<b>915,336</b>	<b>632,246</b>
<b>Shared expenses applied</b>	<b>130,439</b>	<b>89,682</b>
<b>Sub-total expenditures</b>	<b>1,045,775</b>	<b>721,928</b>
<b>Sub-recipients/sub-grantees</b>	<b>4,001,209</b>	<b>1,827,707</b>
<b>Total expenditures</b>	<b>5,046,984</b>	<b>2,549,635</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from):</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2022 TO JUNE 30, 2023**

Work Element	Elder Abuse		Ombudsman	
	320-305		320-306	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 8,332	\$ 5,959	\$ 73,116	\$ 31,470
State	-	-	16,805	16,805
Local funds applied	6	6	-	-
Match - cash	-	-	-	-
Match - In kind	1,623	1,269	9,409	9,409
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	398	-	-	-
<b>Total revenues</b>	<b>10,359</b>	<b>7,234</b>	<b>99,330</b>	<b>57,684</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	4,489	3,164	46,942	24,399
Employee benefits	2,677	1,887	24,835	12,908
Travel	-	-	2,262	2,262
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	1,668	1,313	11,511	11,513
<b>Total direct expenses</b>	<b>8,834</b>	<b>6,364</b>	<b>85,550</b>	<b>51,082</b>
<b>Shared expenses applied</b>	<b>1,525</b>	<b>870</b>	<b>13,780</b>	<b>6,602</b>
<b>Sub-total expenditures</b>	<b>10,359</b>	<b>7,234</b>	<b>99,330</b>	<b>57,684</b>
<b>Sub-recipients/sub-grantees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>10,359</b>	<b>7,234</b>	<b>99,330</b>	<b>57,684</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

Ombudsman - Education		Title VII	
320-307		Totals	
Budget	Actual	Budget	Actual
\$ 17,040	\$ 7,167	\$ 98,488	\$ 44,596
7,602	7,602	24,407	24,407
-	-	6	6
-	-	-	-
-	-	11,032	10,678
-	-	-	-
-	-	-	-
-	-	398	-
<u>24,642</u>	<u>14,769</u>	<u>134,331</u>	<u>79,687</u>
303	303	51,734	27,866
149	149	27,661	14,944
-	-	2,262	2,262
-	-	-	-
-	-	-	-
<u>24,115</u>	<u>14,242</u>	<u>37,294</u>	<u>27,068</u>
24,567	14,694	118,951	72,140
75	75	15,380	7,547
24,642	14,769	134,331	79,687
-	-	-	-
<u>24,642</u>	<u>14,769</u>	<u>134,331</u>	<u>79,687</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY PROGRAM  
CABINET FOR HEALTH AND FAMILY SERVICES  
HOMECARE  
PERIOD PERFORMANCE: JULY 1, 2022 TO JUNE 30, 2023**

Work Element	Administration		Social Services	
	321-320		321-322	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ -	\$ -	\$ -	\$ -
State	174,226	174,226	1,147,016	1,147,016
Local funds applied	87	87	-	-
Match - cash	-	-	31,796	31,796
Match - In kind	-	-	28,811	28,811
Program income	-	-	9,115	9,115
Interest income	-	-	-	-
Local revenue	-	-	31,022	30,543
<b>Total revenues</b>	<b>174,313</b>	<b>174,313</b>	<b>1,247,760</b>	<b>1,247,281</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	93,944	93,944	292,291	290,861
Employee benefits	46,190	46,190	159,890	159,463
Travel	988	988	6,687	5,977
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	9,858	9,858	15,092	15,090
<b>Total direct expenses</b>	<b>150,980</b>	<b>150,980</b>	<b>473,960</b>	<b>471,391</b>
<b>Shared expenses applied</b>	<b>23,333</b>	<b>23,333</b>	<b>74,273</b>	<b>74,531</b>
<b>Sub-total expenditures</b>	<b>174,313</b>	<b>174,313</b>	<b>548,233</b>	<b>545,922</b>
<b>Sub-recipients/sub-grantees</b>	<b>-</b>	<b>-</b>	<b>699,527</b>	<b>701,359</b>
<b>Total expenditures</b>	<b>174,313</b>	<b>174,313</b>	<b>1,247,760</b>	<b>1,247,281</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

Homecare	
Totals	
Budget	Actual
\$ -	\$ -
1,321,242	1,321,242
87	87
31,796	31,796
28,811	28,811
9,115	9,115
-	-
31,022	30,543
<u>1,422,073</u>	<u>1,421,594</u>
386,235	384,805
206,080	205,653
7,675	6,965
-	-
-	-
24,950	24,948
624,940	622,371
97,606	97,864
722,546	720,235
699,527	701,359
<u>1,422,073</u>	<u>1,421,594</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
STATEMENT OF OPERATIONS BY PROGRAM  
CABINET FOR HEALTH AND FAMILY SERVICES  
PERSONAL CARE ATTENDANT  
PERIOD PERFORMANCE: JULY 1, 2022 TO JUNE 30, 2023**

Work Element	Administration		Evaluation and Coordination	
	324-340		324-341	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ -	\$ -	\$ -	\$ -
State	8,028	3,597	530,127	268,379
Local funds applied	-	10	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
<b>Total revenues</b>	<b>8,028</b>	<b>3,607</b>	<b>530,127</b>	<b>268,379</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	4,263	1,643	-	-
Employee benefits	1,999	771	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	727	727	-	-
<b>Total direct expenses</b>	<b>6,989</b>	<b>3,141</b>	<b>-</b>	<b>-</b>
<b>Shared expenses applied</b>	<b>1,039</b>	<b>466</b>	<b>-</b>	<b>-</b>
<b>Sub-total expenditures</b>	<b>8,028</b>	<b>3,607</b>	<b>-</b>	<b>-</b>
<b>Sub-recipients/sub-grantees</b>	<b>-</b>	<b>-</b>	<b>530,127</b>	<b>268,379</b>
<b>Total expenditures</b>	<b>8,028</b>	<b>3,607</b>	<b>530,127</b>	<b>268,379</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

Personal Care Attendant	
Totals	
Budget	Actual
\$ -	\$ -
538,155	271,976
-	10
-	-
-	-
-	-
-	-
-	-
<u>538,155</u>	<u>271,986</u>
4,263	1,643
1,999	771
-	-
-	-
-	-
<u>727</u>	<u>727</u>
6,989	3,141
<u>1,039</u>	<u>466</u>
8,028	3,607
<u>530,127</u>	<u>268,379</u>
<u>538,155</u>	<u>271,986</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  
SHIP  
PERIOD PERFORMANCE: JULY 1, 2022 TO JUNE 30, 2023**

Work Element	Administration		Regular	
	326-310		326-311	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 1,160	\$ 393	\$ 43,840	\$ 43,840
State	-	-	-	-
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
<b>Total revenues</b>	<u>1,160</u>	<u>393</u>	<u>43,840</u>	<u>43,840</u>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	671	229	-	-
Employee benefits	329	112	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	-	-	3,191	3,191
<b>Total direct expenses</b>	<u>1,000</u>	<u>341</u>	<u>3,191</u>	<u>3,191</u>
<b>Shared expenses applied</b>	<u>160</u>	<u>52</u>	<u>-</u>	<u>-</u>
<b>Sub-total expenditures</b>	<u>1,160</u>	<u>393</u>	<u>3,191</u>	<u>3,191</u>
<b>Sub-recipients/sub-grantees</b>	<u>-</u>	<u>-</u>	<u>40,649</u>	<u>40,649</u>
<b>Total expenditures</b>	<u>1,160</u>	<u>393</u>	<u>43,840</u>	<u>43,840</u>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfers to (from)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess revenues (expenditures)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SHIP	
Totals	
Budget	Actual
\$ 45,000	\$ 44,233
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<u>45,000</u>	<u>44,233</u>
671	229
329	112
-	-
-	-
-	-
<u>3,191</u>	<u>3,191</u>
4,191	3,532
160	52
<u>4,351</u>	<u>3,584</u>
<u>40,649</u>	<u>40,649</u>
<u>45,000</u>	<u>44,233</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  
ESMP  
PERIOD PERFORMANCE: JULY 1, 2022 TO JUNE 30, 2023**

Work Element	Administration 327-343		Regular 327-344	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 15,000	\$ 15,000	\$ 602,269	\$ 602,269
State	-	-	-	-
Local funds applied	11	11	12	12
Match - cash	-	-	45,333	45,333
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
<b>Total revenues</b>	<u>15,011</u>	<u>15,011</u>	<u>647,614</u>	<u>647,614</u>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	8,848	8,848	-	-
Employee benefits	4,137	4,137	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	-	-	-	-
<b>Total direct expenses</b>	<u>12,985</u>	<u>12,985</u>	<u>-</u>	<u>-</u>
<b>Shared expenses applied</b>	<u>2,026</u>	<u>2,026</u>	<u>-</u>	<u>-</u>
<b>Sub-total expenditures</b>	<u>15,011</u>	<u>15,011</u>	<u>-</u>	<u>-</u>
<b>Sub-recipients/sub-grantees</b>	<u>-</u>	<u>-</u>	<u>647,614</u>	<u>647,614</u>
<b>Total expenditures</b>	<u>15,011</u>	<u>15,011</u>	<u>647,614</u>	<u>647,614</u>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfers to (from)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess revenues (expenditures)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

ESMP	
Totals	
Budget	Actual
\$ 617,269	\$ 617,269
-	-
23	23
45,333	45,333
-	-
-	-
-	-
-	-
<u>662,625</u>	<u>662,625</u>
8,848	8,848
4,137	4,137
-	-
-	-
-	-
-	-
<u>12,985</u>	<u>12,985</u>
<u>2,026</u>	<u>2,026</u>
15,011	15,011
<u>647,614</u>	<u>647,614</u>
<u>662,625</u>	<u>662,625</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, 2022 TO JUNE 30, 2023**

Work Element	CDO Financial Management		PDS Services CDO	
	134-552		234-552	
	Budget	Actual	Budget	Actual
<b>REVENUES:</b>				
Federal	\$ 933,050	\$ 933,050	\$ -	\$ -
State	-	-	225,150	225,150
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
<b>Total revenues</b>	<b>933,050</b>	<b>933,050</b>	<b>225,150</b>	<b>225,150</b>
<b>EXPENDITURES:</b>				
<b>Direct Expenses:</b>				
Salaries	68,553	68,553	-	-
Employee benefits	42,666	42,666	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	276,903	276,904	-	-
<b>Total direct expenses</b>	<b>388,122</b>	<b>388,123</b>	<b>-</b>	<b>-</b>
<b>Shared expenses applied</b>	<b>18,761</b>	<b>18,827</b>	<b>-</b>	<b>-</b>
<b>Sub-total expenditures</b>	<b>406,883</b>	<b>406,950</b>	<b>-</b>	<b>-</b>
<b>Sub-recipients/sub-grantees</b>	<b>-</b>	<b>-</b>	<b>225,150</b>	<b>225,150</b>
<b>Total expenditures</b>	<b>406,883</b>	<b>406,950</b>	<b>225,150</b>	<b>225,150</b>
<b>Excess revenues (expenditures) before transfers to (from)</b>	<b>526,167</b>	<b>526,100</b>	<b>-</b>	<b>-</b>
<b>Transfers to (from)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess revenues (expenditures)</b>	<b>\$ 526,167</b>	<b>\$ 526,100</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

CDO Program 334-552		CDO Totals	
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 933,050	\$ 933,050
15,508,338	15,589,753	15,733,488	15,814,903
-	-	-	-
-	-	-	-
-	-	-	-
710	710	710	710
-	-	-	-
-	-	-	-
<u>15,509,048</u>	<u>15,590,463</u>	<u>16,667,248</u>	<u>16,748,663</u>
822,436	822,436	890,989	890,989
429,242	429,242	471,908	471,908
35,312	35,312	35,312	35,312
-	-	-	-
8,277	25,061	8,277	25,061
48,863	49,454	325,766	326,358
<u>1,344,130</u>	<u>1,361,505</u>	<u>1,732,252</u>	<u>1,749,628</u>
<u>211,872</u>	<u>212,161</u>	<u>230,633</u>	<u>230,988</u>
1,556,002	1,573,666	1,962,885	1,980,616
<u>13,627,381</u>	<u>14,138,290</u>	<u>13,852,531</u>	<u>14,363,440</u>
<u>15,183,383</u>	<u>15,711,956</u>	<u>15,815,416</u>	<u>16,344,056</u>
<u>325,665</u>	<u>(121,493)</u>	<u>851,832</u>	<u>404,607</u>
-	-	-	-
<u>\$ 325,665</u>	<u>\$ (121,493)</u>	<u>\$ 851,832</u>	<u>\$ 404,607</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
STATEMENT OF ALLOCATED COSTS CLAIMED  
YEAR ENDED JUNE 30, 2023**

		<u>Costs Claimed</u>
<b>Shared Expenses:</b>		
Salaries	\$	123,327
Employee benefits		31,227
Travel		3,105
Contractual		212,829
Other		
Financing costs	\$	54,649
Miscellaneous		89,851
Depreciation		94,275
Insurance		63,585
Postage		3,951
Telephone		30,366
Consumable supplies		21,841
Utilities		35,546
Computer software and hardware		51,845
Janitor service		25,234
Organizational dues		4,660
Registration		10,181
Marketing and advertising		<u>1,752</u>
Total other		<u>487,736</u>
<b>Total shared expenses</b>		<b>858,224</b>
Shared expenses allocated (1)		<u>(858,224)</u>
<b>Shared expenses over applied</b>	<b>\$</b>	<b><u><u>-</u></u></b>

**Explanatory Notes:**

- (1) Shared costs are distributed on the basis of total direct salaries and employee benefits. The total shared expenses allocated is approximately 16.9% 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, 2023**

**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 and PurFood LLC (MOMS Meals), the sub-grantees, are to be audited by independent certified public accountants in accordance with criteria established by terms of their agreement. Their audit reports will be furnished to the Northern Kentucky Area Development District and will be available for review by the appropriate funding 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
- Wyatt's Grocery Store
- BAWAC
- Transit Authority of Northern Kentucky
- Express Mobile
- Center for Independent Living

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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, 2023, 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 December 27, 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.*

December 27, 2023

Crestview Hills, Kentucky

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**

**Opinion on 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, 2023. 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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

## BARNES DENNIG

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.



December 27, 2023

Crestview Hills, Kentucky

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's ID Number
<b>U. S. Department of Agriculture</b>		
Passed through Kentucky Cabinet for Health and Family Services: State Administrative Matching Grants for Supplemental Nutrition Assistance Program (E&T)	10.561	PON2-736 2200001791
<b>Food Distribution Cluster:</b>		
Passed through Kentucky Department of Agriculture CASH:		
Commodity Supplemental Food Program	10.565	PON2-035 2000002689
The Emergency Food Assistance Program-TEFAP (Administration)	10.568	PON2-035 2000002662
Cares ACT Build Back Better (Administration)	10.568	PON2-035 200001552
Commodity Credit Corporation-TEFAP-CCC (Administration)	10.568	PON 2-035 2300002860
TEFAP Reach and Resiliency (Administration)	10.568	PON 2-035 2300000650
NONCASH:		
Commodity Supplemental Food Program (Food Commodities)	10.565	PON2-035 2000002689
The Emergency Food Assistance Program (Food Commodities)	10.569	PON2-035 2000002662
Cares ACT Build Back Better (Food Commodities)	10.568	PON2-035 200001552
Trade Mitigation Program Foods (Food Commodities)	10.178	PON2-035 2000001372
Commodity Credit Corporation-TEFAP-CCC (Food Commodities)	10.568	PON 2-035 2300002860
<b>Sub-total for Food Distribution Cluster</b>		
<b>Sub-total for U.S. Department of Agriculture</b>		
<b>U. S. Department of Commerce</b>		
Passed through Governors Office of Local Development: Economic Development Administration Partnership Planning Grant	11.302	PON2-112 2200004727
Economic Adjustment Assistance: Passed through Governors Office of Local Development: JFA Supplemental EDA CARES ACT	11.307	PON2-112 2100000403
Passed through Economic Development Administration: CARES Act Revolving Loan Fund Supplemental Disaster Recovery	11.307	04-79-07541
<b>Sub-total for Economic Adjustment Assistance</b>		
<b>Sub-total for U.S. Department of Commerce</b>		
<b>U. S. Department of Housing and Urban Development</b>		
Passed through Governors Office of Local Development: Community Development Block Grant	14.228	PON2-112 2200004727
Passed through Housing Authority of Covington Jobs Plus Initiative	14.895	KY002FJP000117
<b>Sub-total for U.S. Department of Housing and Urban Development</b>		
<b>U. S. Department of Justice</b>		
Passed through Northern Kentucky University: Comprehensive Opioid Abuse Site-Based Program	16.838	2019-RURAL-0048
<b>U. S. Department of Labor</b>		
<b>Workforce Innovation and Opportunity Act Cluster:</b>		
Passed through Kentucky Cabinet for Workforce Development		
WIOA Adult Program	17.258	27322
WIOA Adult Program	17.258	27022
WIOA Adult Program	17.258	270SR22
WIOA Adult Program	17.258	27323
WIOA Adult Program	17.258	27023
WIOA Youth Activities	17.259	274YT22
WIOA Youth Activities	17.259	274SR19
WIOA Youth Activities	17.259	274YT23
WIOA Youth Activities	17.259	274YT21
WIOA Dislocated Workers	17.278	27123
WIOA Dislocated Workers	17.278	27223
WIOA Dislocated Workers	17.278	27222
WIOA Dislocated Workers	17.278	27121
WIOA Dislocated Workers	17.278	27221
WIOA Dislocated Workers	17.278	27122
WIOA Dislocated Workers - Rapid Response Local Activities	17.278	271RR21
Passed through KentuckianaWorks WIOA - Code KY Pilot Program	17.259	274SR21
<b>Sub-total for Workforce Innovation and Opportunity Act Cluster</b>		
Passed through Kentucky Cabinet for Workforce Development COVID-19 NEG-NDWG	17.277	258CV20
<b>Sub-total for U.S. Department of Labor</b>		

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

Program Award Amounts	Federal Expenditures	Sub-recipient
\$ 169,565	\$ 83,998	\$ -
170,000	96,874	-
325,000	242,831	-
103,247	34,416	-
29,231	14,831	-
45,000	-	-
	426,034	426,034
	1,454,868	1,454,868
	241,454	241,454
	32,108	32,108
	<u>210,065</u>	<u>210,065</u>
	2,753,481	2,364,529
	2,837,479	2,364,529
		-
66,667	66,667	-
392,000	93,083	-
368,527	<u>353,230</u>	-
	446,313	-
	512,980	-
24,075	24,075	-
62,821	<u>295</u>	-
	24,370	-
28,000	21,945	-
413,146	165,395	78,000
89,169	37,731	-
289,457	32,577	-
346,439	204,494	141,055
78,612	74,475	34,000
495,936	207,908	157,268
75,781	2,643	-
420,272	259,239	195,944
585,589	41,568	2,394
688,439	453,259	288,365
158,091	137,214	90,000
175,411	72,115	24,000
634,152	4,901	-
178,337	764	-
746,456	393,365	230,000
128,000	128,000	128,000
53,382	<u>40,369</u>	-
	2,256,017	1,369,026
651,569	<u>7,061</u>	<u>5,547</u>
	2,263,078	1,374,573

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's ID Number
<b>U. S. Transportation Department</b>		
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
<b>Sub-total for U.S. Transportation Department</b>		
<b>U.S. Department of Treasury</b>		
Passed through Kentucky Cabinet for Health and Family Services ARPA, Coronavirus State and Local Fiscal Recovery Funds	21.027	PON2 725 2200000036
<b>U.S. Environmental Protection Agency</b>		
Brownfields Multipurpose, Assessment, Revolving Loan Fund, & Cleanup	66.818	BF-01D12020-0
<b>U. S. Department of Health and Human Services</b>		
Passed through Kentucky Cabinet for Health and Family Services		
<b>Aging Cluster:</b>		
Title III, Part B Support Services	93.044	PON3 725 2200000036
Title III, Part B Support Services (Administration)	93.044	PON3 725 2200000036
ARPA Title III, Part B Supportive Services	93.044	PON3 725 2200000036
Title III, Part C Nutrition Services	93.045	PON3 725 2200000036
Title III, Part C Nutrition Services	93.045	PON3 725 2200000036
CRRSSA Title III, Part C Nutrition Services	93.045	PON3 725 2200000036
ARPA Title III, Part C Nutrition Services	93.045	PON3 725 2200000036
Nutrition Services Incentive Program, NSIP	93.053	PON2 725 2100003024_2
Nutrition Services Incentive Program, NSIP	93.053	PON3 725 2200000038
<b>Sub-total for Aging Cluster</b>		
Title VII, Elder Abuse Prevention	93.041	PON3 725 2200000019 2
Title VII, Ombudsman	93.042	PON3 725 2200000019 2
COVID-19 Title VII, Ombudsman	93.042	PON3 725 2200000019 2
ARPA, Title VII, Ombudsman	93.042	PON3 725 2200000019 2
Title VII, Ombudsman Education	93.042	PON3 725 2200000019 2
Title III, Part D Preventive Health	93.043	PON3 725 2200000036
ARPA, Part D Preventive Health	93.043	PON3 725 2200000036
Title III, Part E Family Caregiver Support (Administration)	93.052	PON3 725 2200000036
Title III, Part E Family Caregiver Support	93.052	PON3 725 2200000036
CARES Title III, Part E Family Caregiver Support	93.052	PON3 725 2200000036
ARPA Title III, Part E Family Caregiver Support	93.052	PON3 725 2200000036
MIPPA SHIP	93.071	PON2 725 2100003015_2
MIPPA SHIP	93.071	PON3 725 2200000037
MIPPA AAA	93.071	PON2 725 2100003015_2
MIPPA AAA	93.071	PON3 725 2200000037
MIPPA ADRC	93.071	PON2 725 2100003015_2
MIPPA ADRC	93.071	PON3 725 2200000037
Centers for Medicare & Medicaid Services, CMS - (SHIP)	93.324	PON3 725 2200000040 1
Temporary Assistance for Needy Families - KY Works	93.558	PON2-736 2200001791
CRRSA: Enhance Adult Protective Services to Respond to COVID-19	93.747	PON3 725 2200000019
Medicaid ADRC	93.778	PON3 725 2200000065
No Wrong Door (ADRC)	93.048	PON3 725 2200000065
Centers for Disease and Control and Prevention (CDC)	93.044	PON3 725 2200000065
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
<b>Sub-total for U.S. Department of Health and Human Services</b>		
<b>Total Federal Expenditures</b>		
<b>Total Federal Expenditures - Cash</b>		
<b>Total Federal Expenditures - Non-cash</b>		

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	\$ 18,148	\$ -
206,665	<u>23,309</u> 41,457	<u>-</u> -
815,778	815,778	815,778
300,000	125,198	122,000
670,434	346,055	183,189
109,164	109,164	-
458,368	11,457	-
559,976	335,476	308,448
495,400	189,389	159,593
180,657	7,321	-
769,701	6,055	-
86,214	50,718	50,718
69,403	<u>35,775</u>	<u>35,775</u>
	1,091,410	737,723
8,531	5,959	-
20,998	20,998	-
21,429	6,405	-
30,689	4,067	-
17,040	7,167	6,640
49,437	28,214	26,747
43,875	-	-
27,963	27,963	-
336,018	165,070	67,681
104,776	27,498	11,082
142,183	1,444	-
21,790	2,663	2,663
22,403	18,553	18,553
26,923	3,291	3,291
24,923	20,640	20,640
4,898	599	599
4,000	3,313	3,313
45,000	44,233	43,840
938,694	723,267	-
10,000	10,000	-
22,750	7,645	-
19,552	451	-
40,266	17,364	-
9,000	3,000	-
15,000	<u>5,000</u>	<u>-</u>
	2,246,214	942,772
	<u>\$ 8,888,499</u>	<u>\$ 5,619,652</u>
	<u>\$ 6,523,970</u>	<u>\$ 3,255,123</u>
	<u>\$ 2,364,529</u>	<u>\$ 2,364,529</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

**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, 2023, the NKADD had USDA food commodities totaling \$219,156 in inventory.

**Note 4 - Revolving Loan Fund Calculations**

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

Balance of loans outstanding	\$296,378
Plus: Cash and investment balance	55,551
Plus: Administrative expenses	1,301
Plus: Loans written off during the fiscal year	-
<b>Subtotal</b>	<u>353,230</u>
Multiplied by federal share of initial capitalization	100%
<b>Total</b>	<u><u>\$353,230</u></u>

**Note 5 – Reconciliation of Federal Revenues - Cash**

Statement of Revenues, Expenditures and Changes in Fund Balance (page 10)	
Federal Revenues	\$7,102,796
Less: CDO (Federal Medicaid)	(933,050)
Adjustment for Revolving Loan Fund	
Amount reported on page 10	994
Amount reported on page 75	<u>353,230</u>
Federal Expenditures–Cash	
Schedule of Expenditures of Federal Awards (page 77)	<u><u>\$6,523,970</u></u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

**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
21.027 17.258/17.259/17.278 93.044/93.045/93.053	Coronavirus State and Local Fiscal Recovery Funds Workforce Innovation and Opportunity Act (WIOA) Cluster Aging Cluster

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

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

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters are reportable.

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters are reportable.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

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No matters are reportable.