

**REPORT OF THE AUDIT OF THE
NORTHERN KENTUCKY AREA
DEVELOPMENT DISTRICT**

**For The Year Ended
June 30, 2024**



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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Northern Kentucky Area Development District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Northern Kentucky Area Development District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northern Kentucky Area Development District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 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 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 on pages 5 through 9, the Budgetary Comparison Schedule on page 39, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 43 and 44, and Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions on pages 45 and 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Statement of Operations by Grant, Statement of Operations by Program, and Statement of Allocated Costs Claimed 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 10, 2024, 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 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 the Northern Kentucky Area Development District's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Questioned Costs, included herein, which discusses the following report finding:

2024-001 The Northern Kentucky Area Development District Overspent Their Approved Budget

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

December 10, 2024

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BOARD OF DIRECTORS**

For The Year Ended June 30, 2024

Boone County

Gary Moore
Laura Pleiman
Julie Metzger Aubuchon
Pat Raverty
Marie Schenkel
Caroline Weltzer
Lisa Wilson-Plajer

Campbell County

Steve Pendery
Matt Elberfeld
Jim Hamberg
Brandi Barton
Tom Guidugli, Jr.
Sarah Cameron
Joe Cottingham
Tom Lampe

Carroll County

David Wilhoite
Robb Adams
Matthew Adkins

Gallatin County

Ryan Morris
Charles French
Brent Caldwell
George Zubaty

Grant County

Chuck Dills
Mark Christopher
Jamie Baker

Kenton County

Kris Knochelmann
Scott Gunning
Joe Meyer
Ron Washington
Paul Meier
Bill Dorsey
Chris Reinersman
Chris Moriconi
Jessica Fette
Jordan Huizenga
Brittaney King
Bryan Norton
Lindsey Rechtin

Owen County

Todd Woodyard
Adam Gaines
Sherry Hamilton
Todd Spurgeon

Pendleton County

David Fields
Luke Price
Bill Mitchell

**Northern Kentucky Area Development District
Management's Discussion and Analysis
June 30, 2024**

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, 2024. Please read it in conjunction with the NKADD's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the NKADD's net position was a negative \$(4,289,325), an improvement of \$1,373,476 or 24.25% over FY 2023 net position.
- In the governmental funds, total revenues during the fiscal year increased by \$6,445,811 and total expenditures increased by \$6,431,229.
- At the close of the fiscal year, the NKADD's governmental fund balance was \$3,871,710, an increase of \$271,692 from June 30, 2023.

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 13 and 14) 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 15. 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 detailed 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 13. One of the most important questions asked about the NKADD's finances is, "Is the NKADD as a whole better 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 the 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, 2024 (Continued)**

Reporting the NKADD's Most Significant Funds

Our analysis of the NKADD's major funds and the fund financial statements begin on page 15 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 to 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 16 and 18.
- 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 15 and on the statement of revenues, expenditures, and changes of fund balances on page 17. 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 \$4,289,325. The beginning net position was a negative \$(5,662,801). The unrestricted net position as of June 30, 2024, was a negative \$(5,440,241).

Total governmental funds revenue for the period ending June 30, 2024, was \$36,400,412. For the previous fiscal year, the total revenue was \$29,954,601. This results in a 21.52% increase in revenues. The net increase in revenues for FY 2024 is due to changes in state Medicaid funding and the addition of local projects. While there were several ups and downs in the revenue funding, by far, the two largest were the approximate \$5,624,000 increase in Consumer Directed Options (CDO) and the approximate \$835,000 increase in the Commodities Program.

**Northern Kentucky Area Development District
Management's Discussion and Analysis
June 30, 2024 (Continued)**

**Table 1
Net Position**

| | FY '24 | FY '23 |
|--|----------------|----------------|
| Current and Other Assets | \$ 10,349,548 | \$ 7,561,590 |
| Capital Assets | 2,860,026 | 3,195,056 |
| Total Assets | 13,209,574 | 10,756,646 |
| Deferred Outflows of Resources | 1,730,224 | 1,971,505 |
| Total Assets and Deferred Outflows | 14,939,798 | 12,728,151 |
| Current and Other Liabilities | 6,455,495 | 3,900,953 |
| Office Building Debt | 1,218,025 | 1,353,025 |
| Other Properties Lease Liability | 734,959 | 997,310 |
| Subscription Liability | 69,301 | 104,931 |
| Net Pension and OPEB Liabilities | 7,019,116 | 10,572,296 |
| Total Liabilities | 15,496,896 | 16,928,515 |
| Deferred Inflows of Resources | 3,732,227 | 1,462,437 |
| Total Liabilities and Deferred Inflows | 19,229,123 | 18,390,952 |
| Net Investment in Capital Assets | 837,741 | 739,790 |
| Restricted For: | | |
| Building Construction | 22 | 25,582 |
| Loan Program | 313,153 | 452,896 |
| Unrestricted | (5,440,241) | (6,881,069) |
| Total Net Position | \$ (4,289,325) | \$ (5,662,801) |

**Table 2
Change in Net Position**

| | FY '24 | FY '23 |
|--|---------------------|-------------------|
| REVENUES | | |
| Program Revenues | | |
| Charges for Services | \$ 158,109 | \$ 154,211 |
| Operating Grants and Contributions | 35,798,425 | 29,595,655 |
| General Revenues | | |
| Municipal Contributions | 129,230 | 143,672 |
| Interest Income | 138,165 | 14,052 |
| Total Revenues | 36,223,929 | 29,907,590 |
| PROGRAM EXPENSES | | |
| Cabinet for Health and Family Services | 26,712,657 | 20,871,069 |
| Workforce Innovation & Opportunity Act | 1,970,815 | 2,291,102 |
| Commodities | 3,558,176 | 2,755,338 |
| Loan Program | 2,356 | 8,785 |
| Joint Funding Administration | 367,070 | 476,747 |
| Other Federal Contracts | 869,796 | 1,744,671 |
| Other State Contracts | 207,337 | 173,150 |
| Other Local Contracts | 1,148,862 | 800,345 |
| Interest on Long-Term Debt | 13,384 | 17,654 |
| Total Expenses | 34,850,453 | 29,138,861 |
| CHANGE IN NET POSITION | \$ 1,373,476 | \$ 768,729 |

**Northern Kentucky Area Development District
Management's Discussion and Analysis
June 30, 2024 (Continued)**

General Fund Budgetary Highlights

In Fiscal Year 2024, the NKADD had an initial total projected budget of \$22,385,084 in revenues and \$22,046,410 in expenditures and net other financing uses, with a net change in fund balance of \$338,674. Of these dollars, \$13,205,000 were projected pass-thru. During Fiscal Year 2024, the budget was amended to increase revenues to \$30,610,446 and increase expenditures and net other financing uses to \$27,056,391. The actual revenues on the budgetary basis for Fiscal Year 2024 were \$33,311,628 and \$32,900,193 in actual expenditures and net other financing uses, compared to Fiscal Year 2023 revenues of \$27,433,293 and expenditures and net other financing uses of \$26,984,588.

CAPITAL ASSETS

The NKADD's investment in capital assets equaled \$2,860,026 as of June 30, 2024. During the year, capital assets valued at \$161,607 were added. The depreciation expense during the period was \$495,203.

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

- Purchase of computers and equipment valued at \$99,376.
- Recognition of right-of-use buildings valued at \$29,675.
- Recognition of right-of-use equipment valued at \$8,662.
- Recognition of right-of-use software valued at \$23,894.

LONG-TERM DEBT

Of the capital items, the land and office build 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 \$1,210,000 at June 30, 2024. The debt service total principal and interest for Fiscal Year 2025 will be \$182,113.

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 \$7,173,464, the deferred outflows of resources of \$1,248,201, and the deferred inflows of resources of \$1,072,573 on the Statement of Net Position at June 30, 2024, are a function of this required reporting. Detailed information on this pension recognition can be found in Note 8 in the Notes to Basis 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(asset) of \$(154,348), the deferred outflows of resources of \$482,023, and the deferred inflows of resources of \$2,608,008 on the Statement of Net Position at June 30, 2024, 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 \$734,959 on the Statement of Net Position at June 30, 2024, 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, 2024 (Continued)**

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 \$69,301 on the Statement of Net Position at June 30, 2024, 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 are closely connected to the receipt of federal and state public dollars. For Fiscal Year 2025, budgeted revenues are \$32,228,882 and expenditures are \$32,079,328. The difference between Fiscal Year 2025 budgeted revenues and expenditures is \$149,554.

Retirement costs continue to be a long-term financial issue for the NKADD. The Fiscal Year 2025 employer contribution rate for the NKADD in the County Employees Retirement System (CERS) is 19.71%. In Fiscal Year 2026, 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, 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, 2024, was \$3,356,460 compared to \$2,922,699 at the end of Fiscal Year 2023. While still low for an organization the size of the NKADD, it is critical to operations to maintain an adequate level. The Government 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, 2024, was a negative \$(5,440,241) compared to a negative \$(6,881,069) at the end of Fiscal Year 2023.

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.

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BASIC FINANCIAL STATEMENTS**

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 5,887,196 |
| Cash - building construction account | 22 |
| Accounts receivable | 3,857,095 |
| Prepaid expenses | 144,608 |
| Loans receivable | |
| Due within one year | 101,832 |
| Due in more than one year | 307,149 |
| Subleases receivable | |
| Due within one year | 25,565 |
| Due in more than one year | 26,081 |
| Capital assets, net | 2,860,026 |
| Total assets | <u>13,209,574</u> |
| Deferred Outflows of Resources | |
| Deferred outflows related to pension plan and OPEB | 1,730,224 |
| Total Deferred Outflows of Resources | <u>1,730,224</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | 1,207,202 |
| Accrued expenses | 1,132,795 |
| Funds received in excess of revenues earned | 3,953,722 |
| Employees accrued annual leave | 161,776 |
| Long-term liabilities: | |
| Due within one year | |
| Office building debt | 135,000 |
| Other properties lease liability | 307,953 |
| Subscription liability | 54,960 |
| Due Within One Year | |
| Office building debt | 1,083,025 |
| Other properties lease liability | 427,006 |
| Subscription liability | 14,341 |
| Net pension and OPEB liability | 7,019,116 |
| Total Noncurrent Liabilities | <u>9,041,401</u> |
| Total Liabilities | <u>15,496,896</u> |
| Deferred Inflows of Resources | |
| Deferred inflows related to sublease revenue | 51,646 |
| Deferred inflows related to pension plan and OPEB | 3,680,581 |
| Total Deferred Inflows of Resources | <u>3,732,227</u> |
| NET POSITION | |
| Net investment in capital assets | 837,741 |
| Restricted For: | |
| Building construction | 22 |
| Loan program | 313,153 |
| Unrestricted | (5,440,241) |
| Total Net Position | <u>\$ (4,289,325)</u> |

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2024

| Functions | | | Program Revenues Received | | Net (Expense) |
|--|--------------------|----------------------|---------------------------|--|-------------------------------------|
| | Direct Expenses | Indirect Expenses | Changes for Services | Operating Grants and Contributions | Revenue and |
| | | | | | Changes in Net Position |
| | | | | | Total Governmental Activities |
| Governmental Activities: | | | | | |
| Cabinet for Health and Family Services | \$ 26,323,107 | \$ 389,550 | \$ | \$ 27,522,620 | \$ 809,963 |
| Workforce Innovation & Opportunity Act | 1,890,545 | 80,270 | | 2,091,941 | 121,126 |
| Commodities | 3,529,618 | 28,558 | | 3,598,479 | 40,303 |
| Loan Program | 2,356 | | 9,166 | (146,553) | (139,743) |
| Joint Funding Administration | 318,715 | 48,355 | | 434,026 | 66,956 |
| Other federal contracts | 782,678 | 87,118 | | 986,016 | 116,220 |
| Other state contracts | 188,045 | 19,292 | | 234,199 | 26,862 |
| Other local contracts | 1,062,989 | 85,873 | 148,943 | 1,077,697 | 77,778 |
| Interest on long term debt | 64,547 | (51,163) | | | (13,384) |
| Total Governmental Activities | 34,162,600 | 687,853 | 158,109 | 35,798,425 | 1,106,081 |
| General Revenues: | | | | | |
| | | | | | 129,230 |
| | | | | | 138,165 |
| | | | | | 267,395 |
| | | | | | 1,373,476 |
| | | | | | (5,662,801) |
| | | | | | \$ (4,289,325) |

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|-------------------------|-------------------------------------|---|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 5,887,196 | \$ | \$ 5,887,196 |
| Cash - Building Construction Account | 22 | | 22 |
| Accounts Receivable | 3,857,095 | | 3,857,095 |
| Prepaid Expenses | 150,355 | | 150,355 |
| Loans Receivable | | 408,981 | 408,981 |
| Due (To)/From Other Funds | (369,254) | 369,254 | |
| Total Assets | <u>9,525,414</u> | <u>778,235</u> | <u>10,303,649</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | 1,207,202 | | 1,207,202 |
| Accrued Expenses | 1,109,239 | | 1,109,239 |
| Funds Received In Excess Of Revenue Earned | 3,540,360 | 413,362 | 3,953,722 |
| Employees Accrued Annual Leave | 161,776 | | 161,776 |
| Total Liabilities | <u>6,018,577</u> | <u>413,362</u> | <u>6,431,939</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid Expenses | 150,355 | | 150,355 |
| Restricted For: | | | |
| Building Construction | 22 | | 22 |
| Loan Program | | 313,153 | 313,153 |
| Assigned To: | | | |
| Working Capital | | 51,720 | 51,720 |
| Unassigned | <u>3,356,460</u> | | <u>3,356,460</u> |
| Total Fund Balances | <u>3,506,837</u> | <u>364,873</u> | <u>3,871,710</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,525,414</u> | <u>\$ 778,235</u> | <u>\$ 10,303,649</u> |

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

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2024**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

| | | | |
|---|----|--------------------|---------------------------|
| Total Fund Balances - Total Governmental Funds | \$ | 3,871,710 | |
| 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. | | | 51,646 |
| Prepaid expenses related to subscription liability reduce liability and therefore are not reported in the statement of net position. | | | (5,747) |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | | | 2,860,026 |
| 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 | \$ | (1,210,000) | |
| Other properties lease liability | | (734,959) | |
| Subscription liability | | (69,301) | |
| Net pension and OPEB liabilities | | <u>(7,019,116)</u> | (9,033,376) |
| 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 | | (23,556) | |
| Bond premium | | <u>(8,025)</u> | (31,581) |
| 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 | | 1,248,201 | |
| Deferred inflows of resources related to pension plan | | (1,072,573) | |
| Deferred outflows of resources related to OPEB | | 482,023 | |
| Deferred inflows of resources related to OPEB | | (2,608,008) | |
| Deferred inflows of resources related to sublease revenue | | <u>(51,646)</u> | <u>(2,002,003)</u> |
| Net Position (Deficit) Of Governmental Activities | \$ | | <u><u>(4,289,325)</u></u> |

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2024

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|---|-------------------------|-------------------------------------|---|
| REVENUES | | | |
| Applied To All Programs: | | | |
| Federal Revenues | \$ 7,981,920 | \$ (4,603) | \$ 7,977,317 |
| State Revenues | 23,632,646 | | 23,632,646 |
| Federal Commodities | 3,049,688 | | 3,049,688 |
| Interest Income | 138,165 | 9,166 | 147,331 |
| Other Revenues | 1,558,897 | 34,533 | 1,593,430 |
| Total Revenues | <u>36,361,316</u> | <u>39,096</u> | <u>36,400,412</u> |
| EXPENDITURES | | | |
| CHFS - Other Sub-grantees | 22,620,776 | | 22,620,776 |
| WIOA Sub-grantees | 1,069,627 | | 1,069,627 |
| Commodities | 3,049,688 | | 3,049,688 |
| Other Federal Contracts Sub-grantees | 23,776 | | 23,776 |
| Other State Contracts Sub-grantees | 43,878 | | 43,878 |
| Other Local Contracts Sub-grantees | 285,733 | | 285,733 |
| Revolving Loans | | 36,740 | 36,740 |
| Direct Salaries | 3,803,037 | | 3,803,037 |
| Direct Employee Benefits | 1,846,184 | | 1,846,184 |
| Direct Travel | 126,535 | 16 | 126,551 |
| Direct Contracts | 538,797 | 1,970 | 540,767 |
| Uncollectible Government Funds | 59,116 | | 59,116 |
| Direct Other | 1,566,341 | 370 | 1,566,711 |
| Direct Local Non-Grant Expenses | 88,175 | | 88,175 |
| Shared Expenses | 739,016 | | 739,016 |
| Total Expenditures | <u>35,860,679</u> | <u>39,096</u> | <u>35,899,775</u> |
| Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses) | <u>500,637</u> | | <u>500,637</u> |
| Other Financing Sources (Uses) | | | |
| Operating Sources In | 94,012 | | 94,012 |
| Operating Sources Out | (183,214) | (139,743) | (322,957) |
| Total Other Financing Sources (Uses) | <u>(89,202)</u> | <u>(139,743)</u> | <u>(228,945)</u> |
| Net Change in Fund Balances | 411,435 | (139,743) | 271,692 |
| Fund Balances - Beginning | 3,095,402 | 504,616 | 3,600,018 |
| Fund Balances - Ending | <u>\$ 3,506,837</u> | <u>\$ 364,873</u> | <u>\$ 3,871,710</u> |

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

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

Reconciliation to the Statement of Activities:

| | | |
|--|----|---------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 271,692 |
|--|----|---------|

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 (\$99,376) exceeded depreciation expense (\$495,203) and loss on disposal (\$1,434). (397,261)

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 | \$ | 135,000 | |
| Principal payment on other properties lease liabilities | | 300,688 | |
| Principal payment on subscription liabilities | | 53,776 | |
| Difference between interest expense on modified accrual basis vs. accrual basis | | 2,025 | 491,489 |

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 | 871,127 | |
| Cost of benefits earned | (246,185) | 624,942 |

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.

| | | |
|---|----|-----------|
| Cost of benefits earned | | 382,614 |
| Change in Net Position of Governmental Activities | \$ | 1,373,476 |

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

INDEX FOR NOTES TO THE FINANCIAL STATEMENTS

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2024

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 of 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, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements – Fund Financial Statements: (Continued)

Governmental Fund Types: (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 fund's 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, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (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, 2024, 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:

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

| | |
|---------------------------|---------------|
| Building and improvements | 25 – 40 years |
| Furniture and fixtures | 7 years |
| Computer equipment | 3 years |
| Computer software | 5 years |

J. Leases

The NKADD is a lease 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.

K. 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.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

K. Subscription-Based IT Arrangements (Continued)

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.

L. 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.

M. 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 fund's financial statements in the current year.

N. 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 fund's financial statements in the current year.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

O. 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.

P. 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.

Q. 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.

R. Revenues

Substantially all governmental fund revenues are accrued.

S. Expenditures

Expenditures are recognized when the related fund liability is incurred.

T. Interfund Transactions

Interfund services provided/used are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it are properly applicable to another fund and are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

U. 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.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 2. Cash and Investments

At June 30, 2024, the carrying amount of the NKADD's deposits (cash and cash equivalents) was \$5,887,218 and the bank balances totaled \$5,936,687. Of these deposits, the building construction account balance was \$22, 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 66.480 authorizes the NKADD to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies and deposits in national or state chartered banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security, obligations of the United States government or its agencies.

Note 3. Changes In Capital Assets

A summary of changes in capital assets follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|------------------------------|---------------------|-------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 226,975 | | | \$ 226,975 |
| Total Capital Assets Not Being Depreciated | 226,975 | | | 226,975 |
| Other Capital Assets | | | | |
| Building and Improvements | 2,927,591 | | | 2,927,591 |
| Right of Use Buildings | 1,483,360 | 29,675 | 28,674 | 1,484,361 |
| Computer Software | 65,616 | | | 65,616 |
| Right of Use Equipment | 57,642 | 8,662 | 3,212 | 63,092 |
| Right of Use Software | 155,859 | 23,894 | | 179,753 |
| Equipment | 718,690 | 99,376 | 31,621 | 786,445 |
| Furniture and Fixtures | 242,231 | | 105,706 | 136,525 |
| Total Depreciable Capital Assets | 5,650,989 | 161,607 | 169,213 | 5,643,383 |
| Total Capital Assets Being Depreciated | 5,877,964 | 161,607 | 169,213 | 5,870,358 |
| Less Accumulated Depreciation For: | | | | |
| Building and Improvements | 1,295,813 | 83,373 | | 1,379,186 |
| Right of Use Buildings | 550,087 | 288,142 | 28,674 | 809,555 |
| Computer Software | 40,381 | 3,090 | | 43,471 |
| Right of Use Equipment | 6,173 | 12,791 | 3,212 | 15,752 |
| Right of Use Software | 51,953 | 53,848 | | 105,801 |
| Equipment | 496,992 | 53,237 | 30,187 | 520,042 |
| Furniture and Fixtures | 241,509 | 722 | 105,706 | 136,525 |
| Total Accumulated Depreciation | 2,682,908 | 495,203 | 167,779 | 3,010,332 |
| Other Capital Assets, Net | 2,968,081 | (333,596) | 1,434 | 2,633,051 |
| Governmental Activities Capital Assets, Net | <u>\$ 3,195,056</u> | <u>\$ (333,596)</u> | <u>\$ 1,434</u> | <u>\$ 2,860,026</u> |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 4. Long Term Debt

The following is a summary of changes in the long term debt for the year ended June 30, 2024:

| | June 30, 2023 | Increase | Decrease | June 30, 2024 |
|-----------------------------|---------------------|-------------|-------------------|---------------------|
| Financed Purchase Agreement | \$ 1,345,000 | \$ | \$ 135,000 | \$ 1,210,000 |
| Premium on Long Term Debt | 8,025 | | | 8,025 |
| Total Long Term Debt | <u>\$ 1,353,025</u> | <u>\$ 0</u> | <u>\$ 135,000</u> | <u>\$ 1,218,025</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:

| Year Ending June 30 | Interest Rates | Principal | Interest | Total |
|---------------------|----------------|---------------------|-------------------|---------------------|
| 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 | 32,188 | 182,188 |
| 2029 | 4.00% | 155,000 | 26,188 | 181,188 |
| 2030-2034 | 4.00% - 4.25% | 480,000 | 51,010 | 531,010 |
| Totals | | <u>\$ 1,210,000</u> | <u>\$ 237,375</u> | <u>\$ 1,447,375</u> |

Note 5. Leases

Lease agreements are summarized as follows:

| Description | Date | Payment Terms | Annual Payment Amount | Interest Rate | Total Lease Liability | Balance June 30, 2024 |
|------------------------------|-----------|---------------|-----------------------|---------------|-----------------------|-----------------------|
| Commodities warehouse (a) | 7/1/2021 | 6 years | \$ 78,030 | 2% | \$ 430,838 | \$ 210,678 |
| Georgetown office (b) | 7/1/2021 | 8 years | 15,765 | 2% | 103,627 | 65,381 |
| Covington career center (b) | 7/1/2021 | 5 years | 199,580 | 2% | 948,895 | 390,995 |
| Carrollton career center (b) | 7/1/2023 | 3 years | 10,200 | 2% | 29,676 | 19,981 |
| New copier (c) | 3/20/2023 | 5 years | 11,448 | 2% | 54,430 | 40,445 |
| Postage machine (c) | 10/1/2023 | 5 years | 1,739 | 2% | 8,662 | 7,479 |
| Total | | | | | | <u>\$ 734,959</u> |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 5. Leases (Continued)

Warehouse space for the Commodities program. (a)
Office space for the One Stop, Kentucky Works, and Workforce Investment Board programs under multi-year rental agreements in Covington. (b)
Copier, printers, and postage machine. (c)

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> |
|-----------------------------------|-------------------|------------------|
| 2025 | \$ 307,953 | \$ 9,341 |
| 2026 | 314,289 | 4,712 |
| 2027 | 81,849 | 1,331 |
| 2028 | 24,773 | 367 |
| 2029 | 6,095 | 27 |
| | <u>\$ 734,959</u> | <u>\$ 15,778</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 Liability</u> | <u>Balance June 30, 2024</u> |
|-------------------------|-------------|----------------------|------------------------------|----------------------|------------------------------|------------------------------|
| Commodities warehouse | 7/1/2021 | 3 years | \$ 9,600 | 2% | \$ 25,666 | \$ 0 |
| Covington career center | 7/1/2021 | 2 - 5 years | 26,352 | 2% | 91,936 | 51,646 |
| Total | | | | | | <u>\$ 51,646</u> |

The NKADD received \$34,555 in lease revenue and \$1,410 in interest revenue for the year ended June 30, 2024.

Note 7. Subscription-Based Information Technology Arrangements

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

| <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, 2024</u> |
|--------------------|-------------|----------------------|------------------------------|----------------------|-------------------------------------|------------------------------|
| Trualta | 7/1/2022 | 3 years | \$ 54,045 | 2% | \$ 155,859 | \$ 52,985 |
| Bonterra | 4/1/2024 | 3 years | 7,662 | 2% | 23,895 | 16,316 |
| Total | | | | | | <u>\$ 69,301</u> |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 7. Subscription-Based Information Technology Arrangements (Continued)

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> |
|-----------------------------------|------------------|-----------------|
| 2025 | \$ 54,960 | \$ 1,096 |
| 2026 | 8,058 | 91 |
| 2027 | 6,283 | 55 |
| | <u>\$ 69,301</u> | <u>\$ 1,242</u> |

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 Sections 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 57+ and sum of service years plus age equal 87 |
| | Reduced Retirement | Not available |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 8. Employee's Pension Plan (Continued)

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. Tier I 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 rate set by the Board for the year ended June 30, 2024, was 23.34%, all of which was for the pension fund. Contributions to the pension plan from the NKADD were \$871,127 for the year ended June 30, 2024.

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

At June 30, 2024, the NKADD reported a liability of \$7,173,464 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2023, using generally accepted actuarial principles. The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023, and include a change in the investment return assumption from 6.25% to 6.50%. 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, 2023. This method was expected to be reflective of the NKADD's long-term contribution effort. At June 30, 2023, the NKADD's proportion was 0.111797%, which was a decrease of 0.003092% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the NKADD recognized pension expense of \$246,185. At June 30, 2024, 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 | \$ 371,356 | \$ 19,492 |
| Changes of assumptions | | 657,453 |
| Net difference between projected and actual earnings on plan investments | | 97,850 |
| Changes in proportion and difference between NKADD contributions and proportionate share of contributions | 5,718 | 297,778 |
| NKADD contributions subsequent to the measurement date | 871,127 | |
| | <u>\$ 1,248,201</u> | <u>\$ 1,072,573</u> |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 8. Employee's Pension Plan (Continued)

The \$871,127 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended June 30</u> | | |
|---------------------------|----|------------------|
| 2025 | \$ | (445,758) |
| 2026 | | (340,436) |
| 2027 | | 160,141 |
| 2028 | | <u>(69,446)</u> |
| Total | \$ | <u>(695,499)</u> |

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 | 2.50% |
| Salary Increases | 3.30% to 10.30%, varies by service |
| Payroll growth rate | 2.00% |
| Investment rate of return | 6.50% |

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 a mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of June 30, 2022.

Changes of assumptions. The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022."

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 8. Employee's Pension Plan (Continued)

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 table below:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---------------------------------------|-------------------|--|
| Public Equity | 50.00% | 5.90% |
| Private Equity | 10.00% | 11.73% |
| Core Fixed Income | 10.00% | 2.45% |
| Specialty Credit | 10.00% | 3.65% |
| Cash | 0.00% | 1.39% |
| Real Estate | 7.00% | 4.99% |
| Real Return | 13.00% | 5.15% |
| Expected Real Return | 100.00% | 5.75% |
| Long Term Inflation Assumption | | 2.50% |
| Expected Nominal Return for Portfolio | | 8.25% |

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 6.50%, 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-percent-point lower (5.50%) or 1-percentage-point-higher (7.50%) than the current rate:

| | 1% Decrease 5.50% | Current Discount Rate 6.50% | 1% Increase 7.50% |
|---|----------------------|-----------------------------------|----------------------|
| NKADD's proportionate share of the net pension liability | \$ 9,056,932 | \$ 7,173,464 | \$ 5,608,232 |

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, 2024, \$138,710 was payable to the pension plan.

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, 2024
(Continued)

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. 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 2023 is \$14.20 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. 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 rate set by the Board for the year ended June 30, 2024, was 23.34%, all of which was for the pension fund. The NKADD was not required to make contributions to the plan during the fiscal year.

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

At June 30, 2024, the NKADD reported a liability (asset) of \$(154,348) for its proportionate share of the net OPEB liability. The net OPEB liability (asset) was based on an actuarial valuation performed on June 30, 2022. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2023, using generally accepted actuarial principles. The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023, and the single discount rate used to calculate the total OPEB within each plan changed since the prior year. 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, 2023. This method is expected to be reflective of the NKADD's long-term contribution effort. At June 30, 2023, the NKADD's proportion was 0.111792%, which was a decrease of 0.003077% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the NKADD recognized OPEB expense of \$(382,614). At June 30, 2024, 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, 2024
(Continued)

Note 9. Postemployment Benefits (Continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 107,604 | \$ 2,191,581 |
| Changes of assumptions | 303,745 | 211,680 |
| Net difference between projected and actual earnings on plan investments | | 35,822 |
| Changes in proportion and difference between NKADD contributions and proportionate share of contributions | 20,260 | 168,925 |
| NKADD contributions subsequent to the measurement date | <u>50,414</u> | |
| | <u>\$ 482,023</u> | <u>\$ 2,608,008</u> |

The \$50,414 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, 2025. 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

| | |
|-------|-----------------------|
| 2025 | \$ (561,075) |
| 2026 | (659,569) |
| 2027 | (520,735) |
| 2028 | <u>(435,019)</u> |
| Total | <u>\$ (2,176,398)</u> |

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.50 percent |
| Payroll growth rate | 2.00 percent |
| Salary increased | 3.30 percent to 10.30 percent, varies by service |
| Investment rate of return | 6.50 percent |
| Healthcare trend rates | Pre - 65: Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 year Post - 65: Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 year |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

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-2020 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 – 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. For disabled retired members, the mortality table used is PUB-2010 Disabled Mortality table, rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period ending June 30, 2022.

Discount rate. The single discount rate used to measure the total OPEB liability was 5.93%. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index: as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and the 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 from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plan's 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 5.93%, 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 (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

| | 1% Decrease | Current | 1% Increase |
|--|-------------|---------------|--------------|
| | 4.93% | Discount Rate | 6.93% |
| | | 5.93% | |
| NKADD's proportionate share of the net OPEB liability | \$ 289,651 | \$ (154,348) | \$ (526,142) |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

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 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 of 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 | \$ (494,711) | \$ (154,348) | \$ 263,757 |

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 10th of the following month. See Note 8 Employee's Pension Plan for payable as of June 30, 2024.

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 |
| Principal payment on long term debt | \$ (135,000) | \$ - |
| Transfer from general fixed assets | 91,862 | |
| Transfer (to) general fixed assets | (48,214) | |
| Loss on disposal of fixed assets | 1,434 | |
| Net financed purchase activity | 716 | |
| Net revolving loan principal activity | | (139,743) |
| Net other financing sources (uses) | <u>\$ (89,202)</u> | <u>\$ (139,743)</u> |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

Note 11. Interfund Activity

Due from and due to other funds represents accounts receivable and payable. The balance in these accounts represents cash held in the General Fund banking and investment accounts, which is the actual cash of the Special Revenue Fund.

| <u>Due to</u> <u>Receivable Fund</u> | <u>Due from</u> <u>Payable Fund</u> | <u>Amount</u> |
|---|--|---------------|
| Special Revenue | General | \$369,234 |

Note 12. 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, 2024, may be impaired. 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 subgrantees 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 fiscal year 2024 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 13. 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 \$313,153 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 14. Subsequent Events

The NKADD has evaluated subsequent events through December 10, 2024, 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
Required Supplementary Information - Budgetary Basis**

For The Year Ended June 30, 2024

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis

For The Year Ended June 30, 2024

| | GENERAL FUND | | | |
|---|---------------------|---------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RESOURCES (inflows): | | | | |
| Federal and state revenues | \$ 7,377,273 | \$ 6,751,994 | \$ 7,856,509 | \$ 1,104,515 |
| Local contract revenue | 1,610,738 | 3,758,124 | 1,069,199 | (2,688,925) |
| Local contribution revenue | 192,073 | 219,727 | 199,223 | (20,504) |
| Annual meeting | | 1,000 | 4,742 | 3,742 |
| Interest income | | 130,000 | 138,165 | 8,165 |
| Pass-through revenue | 13,205,000 | 19,749,601 | 24,043,790 | 4,294,189 |
| Total resources | <u>22,385,084</u> | <u>30,610,446</u> | <u>33,311,628</u> | <u>2,701,182</u> |
| EXPENDITURES (outflows): | | | | |
| Direct salaries | 3,947,901 | 3,509,307 | 3,803,037 | (293,730) |
| Direct employee benefits | 1,954,858 | 1,704,426 | 1,846,184 | (141,758) |
| Direct travel | 116,707 | 118,230 | 126,535 | (8,305) |
| Direct contracts | 88,000 | 293,451 | 538,797 | (245,346) |
| Uncollectible government funds | | | 59,116 | (59,116) |
| Direct other | 1,805,527 | 750,661 | 1,566,341 | (815,680) |
| Direct local non-grant expenses | 6,000 | 9,076 | 88,175 | (79,099) |
| Shared expenses | 787,417 | 786,639 | 739,016 | 47,623 |
| Pass-through expenditures | 13,205,000 | 19,749,601 | 24,043,790 | (4,294,189) |
| Total Expenditures | <u>21,911,410</u> | <u>26,921,391</u> | <u>32,810,991</u> | <u>(5,889,600)</u> |
| Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses) | <u>473,674</u> | <u>3,689,055</u> | <u>500,637</u> | <u>(3,188,418)</u> |
| Net other financing uses | (135,000) | (135,000) | (89,202) | 45,798 |
| Net Changes in Fund Balance | 338,674 | 3,554,055 | 411,435 | (3,142,620) |
| Fund Balance - Beginning | <u>3,095,402</u> | <u>3,095,402</u> | <u>3,095,402</u> | |
| Fund Balance - Ending | <u>\$ 3,434,076</u> | <u>\$ 6,649,457</u> | <u>\$ 3,506,837</u> | <u>\$ (3,142,620)</u> |

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2024

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 fund's 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.

Note 2. Excess of Disbursements Over Appropriations

The following appropriation line items were overspent:

| | |
|---------------------------------|--------------|
| Direct salaries | \$ 293,730 |
| Direct employee benefits | \$ 141,758 |
| Direct travel | \$ 8,305 |
| Direct contracts | \$ 245,346 |
| Uncollectible government funds | \$ 59,116 |
| Direct other | \$ 815,680 |
| Direct local non-grant expenses | \$ 79,099 |
| Pass-through expenditures | \$ 4,294,189 |

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
PENSION AND OPEB SCHEDULES
Required Supplementary Information**

June 30, 2024

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Required Supplementary Information

June 30, 2024

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| NKADD's proportion of the net pension liability (asset) | 0.111797% | 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) | \$ 7,173,464 | \$ 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 | \$ 3,251,276 | \$ 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 |
| NKADD's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll | 220.64% | 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 | 57.48% | 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.

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
Required Supplementary Information

June 30, 2024

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 871,127 | \$ 760,801 | \$ 664,412 | \$ 600,735 | \$ 585,917 | \$ 508,135 | \$ 453,343 | \$ 432,888 | \$ 397,061 | \$ 408,787 |
| Contributions in Relation to the contractually required contribution | <u>(871,127)</u> | <u>(760,801)</u> | <u>(664,412)</u> | <u>(600,735)</u> | <u>(585,917)</u> | <u>(508,135)</u> | <u>(453,343)</u> | <u>(432,888)</u> | <u>(397,061)</u> | <u>(408,787)</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| NKADD's covered - employee payroll | \$ 3,732,333 | \$ 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 |
| Contributions as a percentage of covered - employee payroll | 23.34% | 23.40% | 21.17% | 19.30% | 19.30% | 16.22% | 14.48% | 13.95% | 12.42% | 12.74% |

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Required Supplementary Information

June 30, 2024

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| NKADD's proportion of the net OPEB liability (asset) | 0.111792% | 0.114869% | 0.121646% | 0.118412% | 0.123746% | 0.124771% | 0.126917% |
| NKADD's proportionate share of the net OPEB liability (asset) | \$ (154,348) | \$ 2,266,955 | \$ 2,328,852 | \$ 2,859,290 | \$ 2,081,352 | \$ 2,215,284 | \$ 2,551,466 |
| 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 |
| NKADD's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll | -4.75% | 72.23% | 74.82% | 94.18% | 66.44% | 70.76% | 82.22% |
| Plan fiduciary net position as a percentage of the total pension liability | 104.23% | 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.

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
Required Supplementary Information**

June 30, 2024

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ - | \$ 110,218 | \$ 181,403 | \$ 148,160 | \$ 144,506 | \$ 164,784 | \$ 147,149 | \$ 146,779 |
| Contribution in relation to the contractually required contribution | | <u>(110,218)</u> | <u>(181,403)</u> | <u>(148,160)</u> | <u>(144,506)</u> | <u>(164,784)</u> | <u>(147,149)</u> | <u>(146,779)</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| NKADD's covered - employee payroll | \$ 3,732,333 | \$ 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 | 0% | 3.39% | 5.78% | 4.76% | 4.76% | 5.26% | 4.70% | 4.71% |

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN**

June 30, 2024

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the actuarial 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. Different 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 actuarial 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 reflect experience more accurately.

2017

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

2019

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

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OPEB PLAN**

June 30, 2024

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

2017

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

2018

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

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

Northern Kentucky AREA DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OPEB PLAN
June 30, 2024
(Continued)

2021

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

2022

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

2023

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

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Supplementary Information

For The Fiscal Year Ended June 30, 2024

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Fiscal Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/ Program Title | Assistance Listing Number | Pass-Through Grantor's ID Number | Federal Expenditures | Sub-recipient |
|---|---------------------------------|--|-------------------------|---------------|
| U. S. Department of Agriculture | | | | |
| SNAP Cluster: | | | | |
| Passed through Kentucky Cabinet for Health and Family Services: | | | | |
| State Administrative Matching Grants for the Supplemental | | | | |
| Nutrition Assistance Program (E&T) | 10.561 | PON2 736 2200001791 | \$ 83,169 | \$ - |
| Sub-total for SNAP Cluster | | | 83,169 | - |
| Food Distribution Cluster: | | | | |
| Passed through Kentucky Department of Agriculture | | | | |
| CASH: | | | | |
| Commodity Supplemental Food Program | 10.565 | PON2 035 2000002689 | 85,782 | - |
| Emergency Food Assistance Program: | | | | |
| TEFAP (Administration Costs) | 10.568 | PON2 035 2200002662 | 360,490 | - |
| Commodity Credit Corporation-TEFAP-CCC (Administration Costs) | 10.568 | PON2 035 2300002860 | 47,250 | - |
| TEFAP Reach and Resiliency (Administration Costs) | 10.568 | PON2 035 2300000650 | 42,323 | - |
| NONCASH: | | | | |
| Commodity Supplemental Food Program (Food Commodities) | 10.565 | PON2 035 2000002689 | 397,908 | 397,908 |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | PON2 035 2200002662 | 1,523,613 | 1,523,613 |
| Emergency Food Assistance Program: | | | | |
| Commodity Credit Corporation-TEFAP-CCC (Food Commodities) | 10.568 | PON2 035 2300002860 | 1,128,167 | 1,128,167 |
| Sub-total for Food Distribution Cluster | | | 3,585,533 | 3,049,688 |
| Sub-total for U.S. Department of Agriculture | | | 3,668,702 | 3,049,688 |
| U. S. Department of Commerce | | | | |
| Passed through Governors Office of Local Development: | | | | |
| Economic Development Support for Planning Organizations | 11.302 | PON2 112 2300003223 | 92,847 | - |
| Economic Development Cluster: | | | | |
| Passed through Economic Development Administration: | | | | |
| COVID-19 - Economic Adjustment Assistance - RLF CARES Act | 11.307 | 04-79-07541 | 305,801 | - |
| Sub-total for Economic Development Cluster | | | 305,801 | - |
| Sub-total for U.S. Department of Commerce | | | 398,648 | - |
| U. S. Department of Housing and Urban Development | | | | |
| Passed through Governors Office of Local Development: | | | | |
| Community Development Block Grant | 14.228 | PON2 112 2300003223 | 15,829 | - |
| Sub-total for U.S. Department of Housing and Urban Development | | | 15,829 | - |
| U. S. Department of Labor | | | | |
| Workforce Innovation and Opportunity Act Cluster: | | | | |
| Passed through Kentucky Department of Workforce Development | | | | |
| WIOA Adult Program - SWR GROW NKY Project | 17.258 | 273SR22 | 42,834 | - |
| WIOA Adult Program | 17.258 | 270SR22 | 58,571 | - |
| WIOA Adult Program | 17.258 | 27323 | 141,945 | - |
| WIOA Adult Program | 17.258 | 273SR23 | 18,235 | - |
| WIOA Adult Program | 17.258 | 27023 | 4,137 | - |
| WIOA Adult Program | 17.258 | 27024 | 83,668 | - |
| WIOA Adult Program | 17.258 | 27324 | 282,231 | - |
| WIOA Adult Program | 17.258 | 274SR23 | 53,317 | - |
| | | | 684,938 | - |
| WIOA Youth Activities | 17.259 | 274SR19 | 2,643 | - |
| WIOA Youth Activities | 17.259 | 274YT23 | 161,033 | - |
| WIOA Youth Activities | 17.259 | 27424 | 313,464 | - |
| | | | 477,140 | - |
| WIOA Dislocated Workers Formula Grant | 17.278 | 27123 | 235,180 | - |
| WIOA Dislocated Workers Formula Grant | 17.278 | 27223 | 20,877 | - |
| WIOA Dislocated Workers Formula Grant | 17.278 | 27224 | 164,186 | - |
| WIOA Dislocated Workers Formula Grant | 17.278 | 271SR24 | 444,448 | - |
| | | | 864,691 | - |
| Passed through KentuckianaWorks | | | | |
| WIOA Youth Activities - Code KY Pilot Program | 17.259 | 274SR21 | 24,716 | - |
| Sub-total for Workforce Innovation and Opportunity Act Cluster | | | 2,051,485 | - |
| Sub-total for U.S. Department of Labor | | | 2,051,485 | - |

The accompanying notes are an integral part of this schedule.

**Northern Kentucky AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2024
(Continued)**

| Federal Grantor/Pass-Through Grantor/ Program Title | Assistance Listing Number | Pass-Through Grantor's ID Number | Federal Expenditures | Sub-recipient |
|---|---------------------------------|--|-------------------------|---------------------|
| U. S. Department of Transportation | | | | |
| Safe Streets and Roads for All | 20.939 | 693JJ32340362 | \$ 16,912 | \$ - |
| Passed through Kentucky Transportation Cabinet | | | | |
| Metropolitan Transportation Planning - Kentucky | 20.505 | P040120442 | 11,852 | - |
| Transit Services Programs Cluster: | | | | |
| Passed through Ohio Kentucky Indiana Regional Council of Governments | | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | OH-2019-015-01-00 | 93,215 | - |
| Sub-total for Transit Services Programs Cluster | | | 93,215 | - |
| Sub-total for U.S. Transportation Department | | | 121,979 | - |
| U.S. Department of Treasury | | | | |
| Passed through Kentucky Cabinet for Health and Family Services | | | | |
| COVID-19 (ARPA) Coronavirus State and Local Fiscal Recovery Funds | 21.027 | PON3 725 2200000036 2 | 596,914 | 555,344 |
| U. S. Department of Health and Human Services | | | | |
| Passed through Kentucky Cabinet for Health and Family Services | | | | |
| Aging Cluster: | | | | |
| Special Programs for the Aging, Title III, Part B Support Services | 93.044 | PON3 725 2200000036 | 612,560 | 397,165 |
| Special Programs for the Aging, Title III, Part B Support Services (Administration) | 93.044 | PON3 725 2200000036 | 103,941 | - |
| COVID-19 (ARPA) Special Programs for the Aging, Title III, Part B Supportive Services | 93.044 | PON3 725 2200000036 | 181,018 | 55,979 |
| Special Programs for the Aging, Title III, Part C Nutrition Services | 93.045 | PON3 725 2200000036 | 251,984 | 251,984 |
| Special Programs for the Aging, Title III, Part C Nutrition Services | 93.045 | PON3 725 2200000036 | 386,985 | 386,985 |
| COVID-19 (ARPA) Special Programs for the Aging, Title III, Part C Nutrition Services | 93.045 | PON3 725 2200000036 | 502,641 | 451,545 |
| Nutrition Services Incentive Program, NSIP | 93.053 | PON3 725 2400000006 | 49,512 | 49,512 |
| Nutrition Services Incentive Program, NSIP | 93.053 | PON3 725 2200000038 | 33,628 | 33,628 |
| Sub-total for Aging Cluster | | | 2,122,269 | 1,626,798 |
| Special Programs for the Aging: | | | | |
| Title VII, Elder Abuse Prevention | 93.041 | PON3 725 2200000019 3 | 6,669 | - |
| Title VII, Ombudsman Services | 93.042 | PON3 725 2200000019 2 | 10,113 | - |
| COVID-19 (ARPA) Title VII, Ombudsman Services | 93.042 | PON3 725 2200000019 2 | 15,052 | - |
| Title VII, Ombudsman - Education | 93.042 | PON3 725 2200000019 2 | 16,511 | - |
| Title III, Part D Prevention Health Services | 93.043 | PON3 725 2200000036 2 | 22,663 | 19,368 |
| COVID-19 (ARPA) Title III, Part D Prevention Health Services | 93.043 | PON3 725 2200000036 2 | 14,109 | 8,005 |
| Title IV and Title II, Discretionary Projects - INNU | 93.048 | PON3 725 2400000017 | 4,302 | - |
| Title IV and Title II, Discretionary Projects - ADRC | 93.048 | PON3 725 2300000130 | 39,290 | - |
| | | | 128,709 | 27,373 |
| National Family Caregiver Support: | | | | |
| Title III, Part E (Administration) | 93.052 | PON3 725 2200000036 2 | 15,704 | - |
| Title III, Part E | 93.052 | PON3 725 2200000036 2 | 190,037 | 32,901 |
| COVID-19 (ARPA) Title III, Part E | 93.052 | PON3 725 2200000036 2 | 71,661 | 497 |
| | | | 277,402 | 33,398 |
| Medicare Enrollment Assistance Program: | | | | |
| MIPPA SHIP | 93.071 | PON2 725 2400000007 | 13,005 | 13,005 |
| MIPPA SHIP | 93.071 | PON3 725 2200000037 | 3,851 | 3,851 |
| MIPPA AAA | 93.071 | PON2 725 2400000007 | 11,997 | 11,997 |
| MIPPA AAA | 93.071 | PON3 725 2200000037 | 4,284 | 4,284 |
| MIPPA ADRC | 93.071 | PON2 725 2400000007 | 2,898 | 2,898 |
| MIPPA ADRC | 93.071 | PON3 725 2200000037 | 688 | 688 |
| | | | 36,723 | 36,723 |
| State Health Insurance Assistance Program - (SHIP) | 93.324 | PON3 725 2200000040 2 | 60,000 | 60,000 |
| 477 Cluster: | | | | |
| Temporary Assistance for Needy Families - KY Works | 93.558 | PON2 736 2200001791 | 737,964 | - |
| Sub-total for 477 Cluster | | | 737,964 | - |
| Medicaid Cluster: | | | | |
| Medical Assistance Program | 93.778 | PON3 725 2200000065 | 14,528 | - |
| Sub-total for Medicaid Cluster | | | 14,528 | - |
| Sub-total for U.S. Department of Health and Human Services | | | 3,377,595 | 1,784,292 |
| Total Federal Expenditures | | | \$ 10,231,152 | \$ 5,389,324 |
| Total Federal Expenditures - Cash | | | \$ 7,181,464 | \$ 2,339,636 |
| Total Federal Expenditures - Non-cash | | | \$ 3,049,688 | \$ 3,049,688 |

The accompanying notes are an integral part of this schedule.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award 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 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 the 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.

Note 3. Indirect Cost Rate

The NKADD has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. 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, 2024, the NKADD had USDA food commodities totaling \$641,982 in inventory.

Note 5. Revolving Loan Fund Calculations

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

| | |
|---|--------------------------|
| Balance of loans outstanding | \$ 183,107 |
| Plus: Cash and investment balance | 122,507 |
| Plus: Administrative expenses | 187 |
| Subtotal | <u>305,801</u> |
| Multiplied by federal share of initial capitalization | 100% |
| Total | <u><u>\$ 305,801</u></u> |

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2024
(Continued)

Note 6. Reconciliation of Federal Revenues - Cash

Of the federal expenditures presented in the schedule, the District provided federal awards to the following subrecipients:

Statement of Revenues, Expenditures and

Changes in Fund Balance

| | |
|--------------------------------------|----------------|
| Federal Revenues (page 17) | \$ 7,977,317 |
| Less: CDO (Federal Medicaid) page 82 | (1,106,257) |
| Adjustment for Revolving Loan Fund | |
| Amount reported on page 17 | 4,603 |
| Amount reported on page 53 | <u>305,801</u> |

Federal Expenditures - Cash

| | |
|--|---------------------|
| Schedule of Expenditures of Federal Awards (page 54) | <u>\$ 7,181,464</u> |
|--|---------------------|

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT
GENERAL AND SPECIAL REVENUE FUND TYPES
Other Supplementary Information**

June 30, 2024

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT
GENERAL AND SPECIAL REVENUE FUND TYPES
Other Supplementary Information

June 30, 2024

| | Cabinet for Health and Family Services | Workforce Innovation & Opportunity Act | Commodities | Loan Program |
|--|--|--|------------------|---------------|
| REVENUES: | | | | |
| Federal | \$ 4,342,802 | \$ 2,051,485 | \$ 535,845 | \$ (4,603) |
| State | 23,097,859 | 93 | | |
| Federal commodities | | | 3,049,688 | |
| Local funds applied | 34,681 | | | |
| Match - cash | 483,685 | | | |
| Match - In kind | 249,925 | | | |
| Program income | 14,347 | | | |
| Interest income | | | | 9,166 |
| Local revenue | 47,278 | 40,363 | 12,946 | 34,533 |
| Total revenues | <u>28,270,577</u> | <u>2,091,941</u> | <u>3,598,479</u> | <u>39,096</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 1,978,836 | 439,247 | 148,400 | |
| Employee benefits | 993,053 | 184,207 | 67,641 | |
| Travel | 79,230 | 4,870 | 3,686 | 16 |
| Contracts | 11,481 | 213,410 | 137,519 | 1,970 |
| Uncollectible government funds | 9,268 | | | |
| Other | 1,146,043 | 100,310 | 162,987 | 370 |
| Total direct expenses | 4,217,911 | 942,044 | 520,233 | 2,356 |
| Shared expenses applied | 389,550 | 80,270 | 28,558 | - |
| Sub-total expenditures | 4,607,461 | 1,022,314 | 548,791 | 2,356 |
| Sub-recipients/sub-grantees | 23,368,733 | 1,069,627 | 3,049,688 | 36,740 |
| Total expenditures | <u>27,976,194</u> | <u>2,091,941</u> | <u>3,598,479</u> | <u>39,096</u> |
| Excess revenues (expenditures) before transfers to (from) | <u>294,383</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Transfers to (from) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess revenues (expenditures) | <u>\$ 294,383</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OEPRATIONS BY GRANT
GENERAL AND SPECIAL REVENUE FUND TYPES
Other Supplementary Information
June 30, 2024
(Continued)

| <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> |
|---|------------------------------------|----------------------------------|----------------------------------|----------------------------|--------------------------------------|
| \$ 108,676 | \$ 943,112 | \$ | \$ | \$ | \$ 7,977,317 |
| 313,935 | 4,228 | 216,531 | | | 23,632,646 |
| | | | | | 3,049,688 |
| 11,415 | 6,229 | 17,668 | (69,993) | | - |
| | | | | | 483,685 |
| | | | | | 249,925 |
| | | | | | 14,347 |
| | | | 138,165 | | 147,331 |
| | 32,447 | | 1,425,863 | | 1,593,430 |
| 434,026 | 986,016 | 234,199 | 1,494,035 | - | 37,148,369 |
| 256,982 | 430,525 | 103,100 | 445,947 | 64,042 | 3,867,079 |
| 117,523 | 232,173 | 48,727 | 202,860 | 37,726 | 1,883,910 |
| 5,081 | 5,174 | 6,958 | 21,536 | 7,540 | 134,091 |
| | 172,967 | | 3,420 | 135,983 | 676,750 |
| | | | 49,848 | | 59,116 |
| 6,085 | 34,283 | 12,244 | 192,564 | 493,725 | 2,148,611 |
| 385,671 | 875,122 | 171,029 | 916,175 | 739,016 | 8,769,557 |
| 48,355 | 87,118 | 19,292 | 85,873 | (739,016) | - |
| 434,026 | 962,240 | 190,321 | 1,002,048 | - | 8,769,557 |
| - | 23,776 | 43,878 | 285,733 | - | 27,878,175 |
| 434,026 | 986,016 | 234,199 | 1,287,781 | - | 36,647,732 |
| - | - | - | 206,254 | - | 500,637 |
| - | - | - | - | - | - |
| \$ - | \$ - | \$ - | \$ 206,254 | \$ - | \$ 500,637 |

The accompanying notes are an integral part of this schedule.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
Other Supplementary Information
For The Year Ended June 30, 2024**

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
Other Supplementary Information

For The Year Ended June 30, 2024

| REFERENCE | Title III | | Title VII | |
|--|------------------|------------------|---------------|---------------|
| | Pages 68-72 | | Pages 73-74 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 3,829,551 | \$ 2,353,303 | \$ 71,268 | \$ 48,345 |
| State | 270,944 | 270,944 | | |
| Local funds applied | | 14,015 | | |
| Match - cash | 430,524 | 405,748 | | |
| Match - In kind | 282,836 | 215,833 | 8,931 | 11,647 |
| Program income | | 9,792 | | |
| Local revenue | | 12,447 | | |
| Total revenues | 4,813,855 | 3,282,082 | 80,199 | 59,992 |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 384,833 | 341,908 | 7,973 | 8,081 |
| Employee benefits | 193,514 | 181,728 | 4,446 | 4,421 |
| Travel | 14,645 | 12,966 | 854 | 511 |
| Contracts | 38,017 | 8,756 | | |
| Uncollectible government funds | | | | |
| Other | 193,207 | 224,013 | 64,939 | 45,362 |
| Total direct expenses | 824,216 | 769,371 | 78,212 | 58,375 |
| Shared expenses applied | 91,740 | 69,162 | 1,987 | 1,617 |
| Sub-total expenditures | 915,956 | 838,533 | 80,199 | 59,992 |
| Sub-recipients/sub-grantees | 3,897,899 | 2,443,549 | | |
| Total expenditures | 4,813,855 | 3,282,082 | 80,199 | 59,992 |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from) | | | | |
| Excess revenues (expenditures) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
Other Supplementary Information
For The Year Ended June 30, 2024
Continued

| Grandparents Support | | NSIP | | INNU | |
|----------------------|---------|---------|--------|---------|--------|
| Pages 75-76 | | 320-319 | | 320-345 | |
| Budget | Actual | Budget | Actual | Budget | Actual |
| \$ | \$ | \$ | \$ | \$ | \$ |
| 143,851 | 127,104 | 99,638 | 83,140 | 4,302 | 4,302 |
| 3,655 | 6,224 | | | 81 | 81 |
| | 700 | | | | |
| 147,506 | 134,028 | 99,638 | 83,140 | 4,383 | 4,383 |
| 45,616 | 45,616 | | | 578 | 578 |
| 23,529 | 23,529 | | | 276 | 276 |
| 1,646 | 1,631 | | | 699 | 699 |
| | | | | 2,725 | 2,725 |
| 66,389 | 55,116 | | | | |
| 137,180 | 125,892 | | | 4,278 | 4,278 |
| 10,326 | 8,136 | | | 105 | 105 |
| 147,506 | 134,028 | | | 4,383 | 4,383 |
| | | 99,638 | 83,140 | | |
| 147,506 | 134,028 | 99,638 | 83,140 | 4,383 | 4,383 |
| | | | | | |
| | | | | | |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
Other Supplementary Information
For The Year Ended June 30, 2024
Continued

| REFERENCE | ADVC | | Homecare | |
|--|---------------|---------------|------------------|------------------|
| | 320-346 | | Pages 77-78 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 77,000 | \$ 39,290 | \$ | \$ |
| State | | | 1,355,249 | 1,355,249 |
| Local funds applied | | 1,731 | 4,191 | 12,555 |
| Match - cash | | | 36,137 | 36,137 |
| Match - In kind | | | 22,445 | 22,445 |
| Program income | | | 14,200 | 4,555 |
| Local revenue | | | 47,766 | 30,298 |
| Total revenues | <u>77,000</u> | <u>41,021</u> | <u>1,479,988</u> | <u>1,461,239</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 11,201 | 7,704 | 441,694 | 436,694 |
| Employee benefits | 3,592 | 2,028 | 219,404 | 216,956 |
| Travel | | | 8,684 | 8,932 |
| Contracts | | | | |
| Uncollectible government funds | | | | |
| Other | <u>59,683</u> | <u>29,729</u> | <u>13,140</u> | <u>10,820</u> |
| Total direct expenses | <u>74,476</u> | <u>39,461</u> | <u>682,922</u> | <u>673,402</u> |
| Shared expenses applied | <u>2,524</u> | <u>1,560</u> | <u>94,220</u> | <u>84,991</u> |
| Sub-total expenditures | <u>77,000</u> | <u>41,021</u> | <u>777,142</u> | <u>758,393</u> |
| Sub-recipients/sub-grantees | <u></u> | <u></u> | <u>702,846</u> | <u>702,846</u> |
| Total expenditures | <u>77,000</u> | <u>41,021</u> | <u>1,479,988</u> | <u>1,461,239</u> |
| Excess revenues (expenditures) before transfers to (from) | <u></u> | <u></u> | <u></u> | <u></u> |
| Transfers to (from) | <u></u> | <u></u> | <u></u> | <u></u> |
| Excess revenues (expenditures) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
Other Supplementary Information
For The Year Ended June 30, 2024
Continued

| LTC Ombudsman | | SHIP | | ESMP | |
|---------------|-----------|-----------|-----------|-------------|------------|
| 321-323 | | 326-311 | | Pages 79-80 | |
| Budget | Actual | Budget | Actual | Budget | Actual |
| \$ 64,169 | \$ 64,169 | \$ 60,000 | \$ 60,000 | \$ 596,914 | \$ 596,914 |
| | | | | | 75 |
| | | | | 38,869 | 41,800 |
| | | | | 4,878 | |
| 64,169 | 64,169 | 60,000 | 60,000 | 640,661 | 638,789 |
| 32,034 | 32,354 | | | 24,232 | 24,232 |
| 18,515 | 17,516 | | | 10,370 | 10,370 |
| 4,500 | 4,490 | | | 647 | 647 |
| 2,164 | 3,147 | 3,350 | 3,350 | 1,447 | 1,727 |
| 57,213 | 57,507 | 3,350 | 3,350 | 36,696 | 36,976 |
| 6,956 | 6,662 | | | 4,949 | 4,669 |
| 64,169 | 64,169 | 3,350 | 3,350 | 41,645 | 41,645 |
| | | 56,650 | 56,650 | 599,016 | 597,144 |
| 64,169 | 64,169 | 60,000 | 60,000 | 640,661 | 638,789 |
| | | | | | |
| | | | | | |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
Other Supplementary Information
For The Year Ended June 30, 2024
Continued

| REFERENCE | MIPPA 2 | | MIPPA 3 | |
|--|--------------|--------------|---------------|---------------|
| | 326-312 | | 326-313 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 8,823 | \$ 8,823 | \$ 37,194 | \$ 27,900 |
| State | | | | |
| Local funds applied | | | | |
| Match - cash | | | | |
| Match - In kind | | | | |
| Program income | | | | |
| Local revenue | | | | |
| Total revenues | <u>8,823</u> | <u>8,823</u> | <u>37,194</u> | <u>27,900</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | | | | |
| Employee benefits | | | | |
| Travel | | | | |
| Contracts | | | | |
| Uncollectible government funds | | | | |
| Other | | | | |
| Total direct expenses | | | | |
| Shared expenses applied | | | | |
| Sub-total expenditures | | | | |
| Sub-recipients/sub-grantees | <u>8,823</u> | <u>8,823</u> | <u>37,194</u> | <u>27,900</u> |
| Total expenditures | <u>8,823</u> | <u>8,823</u> | <u>37,194</u> | <u>27,900</u> |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from) | | | | |
| Excess revenues (expenditures) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
Other Supplementary Information
For The Year Ended June 30, 2024
Continued

| ADRC | | CDO | | Cabinet for Health and Family Services | |
|-----------|-----------|--------------|--------------|--|--------------|
| 326-318 | | Pages 81-82 | | Totals | |
| Budget | Actual | Budget | Actual | Budget | Actual |
| \$ 22,750 | \$ 14,528 | \$ 1,106,257 | \$ 1,106,257 | \$ 5,913,697 | \$ 4,342,802 |
| 22,750 | 14,528 | 21,265,865 | 21,265,865 | 23,122,828 | 23,097,859 |
| | | | | 7,927 | 34,681 |
| | | | | 505,530 | 483,685 |
| | | | | 314,212 | 249,925 |
| | | | | 14,200 | 14,347 |
| 3,930 | | 3,833 | 3,833 | 60,407 | 47,278 |
| 49,430 | 29,056 | 22,375,955 | 22,375,955 | 29,938,801 | 28,270,577 |
| 24,801 | 13,605 | 1,068,064 | 1,068,064 | 2,041,026 | 1,978,836 |
| 14,782 | 8,109 | 528,120 | 528,120 | 1,016,548 | 993,053 |
| 1,881 | 1,881 | 47,473 | 47,473 | 81,029 | 79,230 |
| | | | | 40,742 | 11,481 |
| | | 9,268 | 9,268 | 9,268 | 9,268 |
| 4,921 | 2,416 | 770,363 | 770,363 | 1,179,603 | 1,146,043 |
| 46,385 | 26,011 | 2,423,288 | 2,423,288 | 4,368,216 | 4,217,911 |
| 3,045 | 3,045 | 209,603 | 209,603 | 425,455 | 389,550 |
| 49,430 | 29,056 | 2,632,891 | 2,632,891 | 4,793,671 | 4,607,461 |
| - | - | 19,448,681 | 19,448,681 | 24,850,747 | 23,368,733 |
| 49,430 | 29,056 | 22,081,572 | 22,081,572 | 29,644,418 | 27,976,194 |
| | | 294,383 | 294,383 | 294,383 | 294,383 |
| \$ 0 | \$ 0 | \$ 294,383 | \$ 294,383 | \$ 294,383 | \$ 294,383 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
Other Supplementary Information
For The Year Ended June 30, 2024

| Work Element | Administration | | Supportive Services | |
|--|----------------|----------------|---------------------|------------------|
| | 320-300 | | 320-301 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 94,847 | \$ 91,371 | \$ 1,063,944 | \$ 687,383 |
| State | 29,533 | 29,533 | 198,346 | 198,346 |
| Local funds applied | | 19 | | |
| Match - cash | | | 190,027 | 213,468 |
| Match - In kind | | | 222,896 | 202,385 |
| Program income | | | | 8,547 |
| Interest income | | | | |
| Local revenue | | | | |
| Total revenues | <u>124,380</u> | <u>120,923</u> | <u>1,675,213</u> | <u>1,310,129</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 67,380 | 68,209 | 109,478 | 108,532 |
| Employee benefits | 33,322 | 31,580 | 65,659 | 65,085 |
| Travel | 1,630 | 1,630 | 3,036 | 3,036 |
| Contracts | | | 36,228 | 5,178 |
| Uncollectible government funds | | | | |
| Other | 6,808 | 6,318 | 92,753 | 125,959 |
| Total direct expenses | <u>109,140</u> | <u>107,737</u> | <u>307,154</u> | <u>307,790</u> |
| Shared expenses applied | <u>15,240</u> | <u>13,186</u> | <u>28,022</u> | <u>22,718</u> |
| Sub-total expenditures | <u>124,380</u> | <u>120,923</u> | <u>335,176</u> | <u>330,508</u> |
| Sub-recipients/sub-grantees | | | <u>1,340,037</u> | <u>979,621</u> |
| Total expenditures | <u>124,380</u> | <u>120,923</u> | <u>1,675,213</u> | <u>1,310,129</u> |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from): | | | | |
| Excess revenues (expenditures) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| Congregate Meals | | Home Delivered Meals | | Preventive Health | |
|------------------|------------|----------------------|------------|-------------------|-----------|
| 320-302 | | 320-303 | | 320-304 | |
| Budget | Actual | Budget | Actual | Budget | Actual |
| \$ 748,982 | \$ 343,226 | \$ 1,130,304 | \$ 750,866 | \$ 88,370 | \$ 36,772 |
| 5,300 | 5,300 | | | | |
| 78,756 | 53,707 | 123,724 | 127,801 | | |
| | 1,245 | | | | |
| 833,038 | 403,478 | 1,254,028 | 878,667 | 88,370 | 36,772 |
| | | | | 2,258 | 2,258 |
| | | | | 1,152 | 1,152 |
| | | 1,789 | 1,789 | | |
| | | | | 5,249 | 5,249 |
| | | 1,789 | 1,789 | 8,659 | 8,659 |
| | | | | 493 | 470 |
| | | 1,789 | 1,789 | 9,152 | 9,129 |
| 833,038 | 403,478 | 1,252,239 | 876,878 | 79,218 | 27,643 |
| 833,038 | 403,478 | 1,254,028 | 878,667 | 88,370 | 36,772 |
| | | | | | |
| | | | | | |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE II
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| Work Element | Caregiver Administration | | Caregiver Support | |
|--|--------------------------|---------------|-------------------|----------------|
| | 320-308 | | 320-309 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 27,366 | \$ 20,028 | \$ 455,933 | \$ 257,374 |
| State | 5,832 | 5,832 | 22,947 | 22,947 |
| Local funds applied | | | | 13,996 |
| Match - cash | | | 25,882 | 10,772 |
| Match - In kind | | | 59,940 | 13,448 |
| Program income | | | | |
| Interest income | | | | |
| Local revenue | | | | 2,193 |
| Total revenues | 33,198 | 25,860 | 564,702 | 320,730 |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 18,282 | 15,301 | 46,961 | 44,591 |
| Employee benefits | 7,815 | 6,535 | 27,035 | 24,181 |
| Travel | 618 | 617 | 3,500 | 3,186 |
| Contracts | | | | 1,789 |
| Uncollectible government funds | | | | |
| Other | 2,307 | 347 | 82,000 | 81,772 |
| Total direct expenses | 29,022 | 22,800 | 159,496 | 155,519 |
| Shared expenses applied | 4,176 | 3,060 | 11,839 | 9,282 |
| Sub-total expenditures | 33,198 | 25,860 | 171,335 | 164,801 |
| Sub-recipients/sub-grantees | | | 393,367 | 155,929 |
| Total expenditures | 33,198 | 25,860 | 564,702 | 320,730 |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from): | | | | |
| Excess revenues (expenditures) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE II
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| Congregate Meals Admin. | | Home Delivered Meals Admin. | | Ombudsman | |
|-------------------------|-----------|-----------------------------|-----------|------------|-----------|
| 320-316 | | 320-317 | | 320-326 | |
| Budget | Actual | Budget | Actual | Budget | Actual |
| \$ 39,486 | \$ 36,806 | \$ 64,908 | \$ 50,455 | \$ 115,411 | \$ 79,022 |
| | | 8,986 | 8,986 | | |
| 7,135 | | 5,000 | | | |
| | 6,172 | | 4,082 | | |
| 46,621 | 42,978 | 78,894 | 63,523 | 115,411 | 79,022 |
| 25,711 | 24,862 | 45,486 | 36,074 | 69,277 | 42,081 |
| 13,475 | 12,218 | 20,523 | 17,631 | 24,533 | 23,346 |
| 916 | 375 | 1,945 | 1,945 | 3,000 | 2,177 |
| 249 | 656 | 250 | 754 | 3,591 | 2,958 |
| 40,351 | 38,111 | 68,204 | 56,404 | 100,401 | 70,562 |
| 6,270 | 4,867 | 10,690 | 7,119 | 15,010 | 8,460 |
| 46,621 | 42,978 | 78,894 | 63,523 | 115,411 | 79,022 |
| 46,621 | 42,978 | 78,894 | 63,523 | 115,411 | 79,022 |
| | | | | | |
| | | | | | |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
Supplementary Information (Continued)
For The Year Ended June 30, 2024**

| Work Element | Title III | |
|--|------------------|------------------|
| | Totals | |
| | Budget | Actual |
| REVENUES: | | |
| Federal | \$ 3,829,551 | \$ 2,353,303 |
| State | 270,944 | 270,944 |
| Local funds applied | | 14,015 |
| Match - cash | 430,524 | 405,748 |
| Match - In kind | 282,836 | 215,833 |
| Program income | | 9,792 |
| Interest income | | |
| Local revenue | | 12,447 |
| Total revenues | 4,813,855 | 3,282,082 |
| EXPENDITURES: | | |
| Direct Expenses: | | |
| Salaries | 384,833 | 341,908 |
| Employee benefits | 193,514 | 181,728 |
| Travel | 14,645 | 12,966 |
| Contracts | 38,017 | 8,756 |
| Uncollectible government funds | | |
| Other | 193,207 | 224,013 |
| Total direct expenses | 824,216 | 769,371 |
| Shared expenses applied | 91,740 | 69,162 |
| Sub-total expenditures | 915,956 | 838,533 |
| Sub-recipients/sub-grantees | 3,897,899 | 2,443,549 |
| Total expenditures | 4,813,855 | 3,282,082 |
| Excess revenues (expenditures) before transfers to (from) | | |
| Transfers to (from): | | |
| Excess revenues (expenditures) | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE VII
Supplementary Information
For The Year Ended June 30, 2024**

| Work Element | Elder Abuse | | Ombudsman | |
|--|--------------|--------------|---------------|---------------|
| | 320-305 | | 320-306 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 7,249 | \$ 6,669 | \$ 39,145 | \$ 25,165 |
| State | | | | |
| Local funds applied | | | | |
| Match - cash | | | | |
| Match - In kind | 1,681 | 1,759 | 7,250 | 9,888 |
| Program income | | | | |
| Interest income | | | | |
| Local revenue | | | | |
| Total revenues | <u>8,930</u> | <u>8,428</u> | <u>46,395</u> | <u>35,053</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 2,502 | 2,884 | 4,769 | 4,495 |
| Employee benefits | 1,387 | 1,606 | 2,739 | 2,496 |
| Travel | | | 854 | 511 |
| Contracts | | | | |
| Uncollectible government funds | | | | |
| Other | 4,419 | 3,376 | 36,832 | 26,638 |
| Total direct expenses | <u>8,308</u> | <u>7,866</u> | <u>45,194</u> | <u>34,140</u> |
| Shared expenses applied | <u>622</u> | <u>562</u> | <u>1,201</u> | <u>913</u> |
| Sub-total expenditures | <u>8,930</u> | <u>8,428</u> | <u>46,395</u> | <u>35,053</u> |
| Sub-recipients/sub-grantees | | | | |
| Total expenditures | <u>8,930</u> | <u>8,428</u> | <u>46,395</u> | <u>35,053</u> |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from) | | | | |
| Excess revenues (expenditures) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE VII
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| Ombudsman - Education | | Title VII | |
|-----------------------|-----------|-----------|-----------|
| 320-307 | | Totals | |
| Budget | Actual | Budget | Actual |
| \$ 24,874 | \$ 16,511 | \$ 71,268 | \$ 48,345 |
| | | 8,931 | 11,647 |
| 24,874 | 16,511 | 80,199 | 59,992 |
| 702 | 702 | 7,973 | 8,081 |
| 320 | 319 | 4,446 | 4,421 |
| | | 854 | 511 |
| 23,688 | 15,348 | 64,939 | 45,362 |
| 24,710 | 16,369 | 78,212 | 58,375 |
| 164 | 142 | 1,987 | 1,617 |
| 24,874 | 16,511 | 80,199 | 59,992 |
| 24,874 | 16,511 | 80,199 | 59,992 |
| | | | |
| | | | |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
GRANDPARENTS SUPPORT
Supplementary Information
For The Year Ended June 30, 2024

| Work Element | Administration | | Support | |
|--|----------------|---------------|----------------|----------------|
| | 320-314 | | 320-315 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ | \$ | \$ | \$ |
| State | 12,623 | 12,623 | 131,228 | 114,481 |
| Local funds applied | 3,655 | 2,588 | | 3,636 |
| Match - cash | | | | |
| Match - In kind | | | | |
| Program income | | | | |
| Interest income | | | | |
| Local revenue | | | | 700 |
| Total revenues | <u>16,278</u> | <u>15,211</u> | <u>131,228</u> | <u>118,817</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 9,798 | 9,798 | 35,818 | 35,818 |
| Employee benefits | 4,174 | 4,174 | 19,355 | 19,355 |
| Travel | | | 1,646 | 1,631 |
| Contracts | | | | |
| Uncollectible government funds | | | | |
| Other | | | 66,389 | 55,116 |
| Total direct expenses | <u>13,972</u> | <u>13,972</u> | <u>123,208</u> | <u>111,920</u> |
| Shared expenses applied | <u>2,306</u> | <u>1,239</u> | <u>8,020</u> | <u>6,897</u> |
| Sub-total expenditures | <u>16,278</u> | <u>15,211</u> | <u>131,228</u> | <u>118,817</u> |
| Sub-recipients/sub-grantees | | | | |
| Total expenditures | <u>16,278</u> | <u>15,211</u> | <u>131,228</u> | <u>118,817</u> |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from) | | | | |
| Excess revenues (expenditures) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
GRANDPARENTS SUPPORT
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| Grandparents Support | |
|----------------------|---------|
| Totals | |
| Budget | Actual |
| \$ | \$ |
| 143,851 | 127,104 |
| 3,655 | 6,224 |
| | 700 |
| 147,506 | 134,028 |
| 45,616 | 45,616 |
| 23,529 | 23,529 |
| 1,646 | 1,631 |
| 66,389 | 55,116 |
| 137,180 | 125,892 |
| 10,326 | 8,136 |
| 147,506 | 134,028 |
| 147,506 | 134,028 |
| | |
| | |
| \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
HEMECARE
Supplementary Information
For The Year Ended June 30, 2024

| Work Element | Administration | | Social Services | |
|--|----------------|----------------|------------------|------------------|
| | 321-320 | | 321-322 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ | \$ | \$ | \$ |
| State | 152,526 | 152,526 | 1,202,723 | 1,202,723 |
| Local funds applied | 4,191 | 1,878 | | 10,677 |
| Match - cash | | | 36,137 | 36,137 |
| Match - In kind | | | 22,445 | 22,445 |
| Program income | | | 14,200 | 4,555 |
| Interest income | | | | |
| Local revenue | | | 47,766 | 30,298 |
| Total revenues | 156,717 | 154,404 | 1,323,271 | 1,306,835 |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 92,499 | 92,499 | 349,195 | 344,195 |
| Employee benefits | 41,970 | 41,970 | 177,434 | 174,986 |
| Travel | 1,358 | 1,358 | 7,326 | 7,574 |
| Contracts | | | | |
| Uncollectible government funds | | | | |
| Other | 1,387 | 1,387 | 11,753 | 9,433 |
| Total direct expenses | 137,214 | 137,214 | 545,708 | 536,188 |
| Shared expenses applied | 19,503 | 17,190 | 74,717 | 67,801 |
| Sub-total expenditures | 156,717 | 154,404 | 620,425 | 603,989 |
| Sub-recipients/sub-grantees | - | - | 702,846 | 702,846 |
| Total expenditures | 156,717 | 154,404 | 1,323,271 | 1,306,835 |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from) | | | | |
| Excess revenues (expenditures) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
HEMOCARE
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| Homecare | |
|-----------|-----------|
| Totals | |
| Budget | Actual |
| \$ | \$ |
| 1,355,249 | 1,355,249 |
| 4,191 | 12,555 |
| 36,137 | 36,137 |
| 22,445 | 22,445 |
| 14,200 | 4,555 |
| 47,766 | 30,298 |
| 1,479,988 | 1,461,239 |
| 441,694 | 436,694 |
| 219,404 | 216,956 |
| 8,684 | 8,932 |
| 13,140 | 10,820 |
| 682,922 | 673,402 |
| 94,220 | 84,991 |
| 777,142 | 758,393 |
| 702,846 | 702,846 |
| 1,479,988 | 1,461,239 |
| | |
| | |
| \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
ESMP
Supplementary Information
For The Year Ended June 30, 2024

| Work Element | Administration | | Regular | |
|--|----------------|---------------|----------------|----------------|
| | 327-343 | | 327-344 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 41,645 | \$ 41,645 | \$ 555,269 | \$ 555,269 |
| State | | | | |
| Local funds applied | | | | 75 |
| Match - cash | | | 38,869 | 41,800 |
| Match - In kind | | | | |
| Program income | | | | |
| Interest income | | | | |
| Local revenue | | | 4,878 | |
| Total revenues | <u>41,645</u> | <u>41,645</u> | <u>599,016</u> | <u>597,144</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 24,232 | 24,232 | | |
| Employee benefits | 10,370 | 10,370 | | |
| Travel | 647 | 647 | | |
| Contracts | | | | |
| Uncollectible government funds | | | | |
| Other | 1,447 | 1,727 | | |
| Total direct expenses | 36,696 | 36,976 | - | - |
| Shared expenses applied | 4,949 | 4,669 | - | - |
| Sub-total expenditures | 41,645 | 41,645 | - | - |
| Sub-recipients/sub-grantees | | | 599,016 | 597,144 |
| Total expenditures | <u>41,645</u> | <u>41,645</u> | <u>599,016</u> | <u>597,144</u> |
| Excess revenues (expenditures) before transfers to (from) | | | | |
| Transfers to (from) | | | | |
| Excess revenues (expenditures) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
ESMP
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| ESMP | |
|------------|------------|
| Totals | |
| Budget | Actual |
| \$ 596,914 | \$ 596,914 |
| | 75 |
| 38,869 | 41,800 |
| 4,878 | |
| 640,661 | 638,789 |
| 24,232 | 24,232 |
| 10,370 | 10,370 |
| 647 | 647 |
| 1,447 | 1,727 |
| 36,696 | 36,976 |
| 4,949 | 4,669 |
| 41,645 | 41,645 |
| 599,016 | 597,144 |
| 640,661 | 638,789 |
| | |
| | |
| \$ 0 | \$ 0 |

The accompanying notes are an integral part of this schedule.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
CDO**

**Supplementary Information
For The Year Ended June 30, 2024**

| Work Element | CDO Financial Management | | PDS Services CDO | |
|--|-----------------------------|-------------------|------------------|----------------|
| | 134-552 | | 234-552 | |
| | Budget | Actual | Budget | Actual |
| REVENUES: | | | | |
| Federal | \$ 1,106,257 | \$ 1,106,257 | \$ | \$ |
| State | | | 295,297 | 295,297 |
| Local funds applied | | | | |
| Match - cash | | | | |
| Match - In kind | | | | |
| Program income | | | | |
| Interest income | | | | |
| Local revenue | | | | |
| Total revenues | <u>1,106,257</u> | <u>1,106,257</u> | <u>295,297</u> | <u>295,297</u> |
| EXPENDITURES: | | | | |
| Direct Expenses: | | | | |
| Salaries | 64,310 | 64,310 | | |
| Employee benefits | 34,708 | 34,708 | | |
| Travel | | | | |
| Contracts | | | | |
| Uncollectible government funds | | | | |
| Other | <u>303,752</u> | <u>303,752</u> | | |
| Total direct expenses | <u>402,770</u> | <u>402,770</u> | | |
| Shared expenses applied | <u>12,573</u> | <u>12,573</u> | | |
| Sub-total expenditures | <u>415,343</u> | <u>415,343</u> | | |
| Sub-recipients/sub-grantees | | | <u>295,297</u> | <u>295,297</u> |
| Total expenditures | <u>415,343</u> | <u>415,343</u> | <u>295,297</u> | <u>295,297</u> |
| Excess revenues (expenditures) before transfers to (from) | <u>690,914</u> | <u>690,914</u> | | |
| Transfers to (from) | | | | |
| Excess revenues (expenditures) | <u>\$ 690,914</u> | <u>\$ 690,914</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The accompanying notes are an integral part of this schedule.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
CDO
Supplementary Information (Continued)
For The Year Ended June 30, 2024

| CDO Program | | CDO | |
|--------------|--------------|------------|------------|
| 334-552 | | Totals | |
| Budget | Actual | Budget | Actual |
| \$ | \$ | \$ | \$ |
| 20,970,568 | 20,970,568 | 1,106,257 | 1,106,257 |
| | | 21,265,865 | 21,265,865 |
| 3,833 | 3,833 | 3,833 | 3,833 |
| 20,974,401 | 20,974,401 | 22,375,955 | 22,375,955 |
| 1,003,754 | 1,003,754 | 1,068,064 | 1,068,064 |
| 493,412 | 493,412 | 528,120 | 528,120 |
| 47,473 | 47,473 | 47,473 | 47,473 |
| 9,268 | 9,268 | 9,268 | 9,268 |
| 466,611 | 466,611 | 770,363 | 770,363 |
| 2,020,518 | 2,020,518 | 2,423,288 | 2,423,288 |
| 197,030 | 197,030 | 209,603 | 209,603 |
| 2,217,548 | 2,217,548 | 2,632,891 | 2,632,891 |
| 19,153,384 | 19,153,384 | 19,448,681 | 19,448,681 |
| 21,370,932 | 21,370,932 | 22,081,572 | 22,081,572 |
| (396,531) | (396,531) | 294,383 | 294,383 |
| | | | |
| \$ (396,531) | \$ (396,531) | \$ 294,383 | \$ 294,383 |

The accompanying notes are an integral part of this schedule.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ALLOCATED COSTS CLAIMED**

**Supplementary Information
For The Year Ended June 30, 2024**

| | | <u>Costs Claimed</u> |
|-------------------------------------|----|----------------------|
| Shared Expenses: | | |
| Salaries | \$ | 64,042 |
| Employee benefits | | 37,726 |
| Travel | | 7,540 |
| Contractual | | 135,983 |
| Other | | |
| Financing costs | \$ | 51,879 |
| Miscellaneous | | 93,040 |
| Depreciation | | 91,861 |
| Insurance | | 65,272 |
| Postage | | 4,078 |
| Telephone | | 29,986 |
| Consumable supplies | | 27,275 |
| Utilities | | 34,793 |
| Computer software and hardware | | 64,022 |
| Janitor service | | 22,125 |
| Organizational dues | | 6,105 |
| Registration | | 2,530 |
| Marketing and advertising | | <u>759</u> |
| Total other | | <u>493,725</u> |
| Total shared expenses | | 739,016 |
| Shared expenses allocated (1) | | <u>(739,016)</u> |
| Shared expenses over applied | | <u><u>\$ 0</u></u> |

Explanatory Notes:

- (1) Shared costs are distributed on the basis of total direct salaries and employee benefits. The total shared expenses allocated is approximately 13% of total direct salaries and employee benefits.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION**

JUNE 30, 2024

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.
- Vising 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

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Northern Kentucky Area Development District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Northern Kentucky Area Development District's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Northern Kentucky Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a significant deficiency.



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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Northern Kentucky Area Development District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Northern Kentucky Area Development District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

December 10, 2024

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northern Kentucky Area Development District's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Northern Kentucky Area Development District's major federal programs for the year ended June 30, 2024. The 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 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.



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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northern Kentucky Area Development District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

December 10, 2024

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2024

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**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statement

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 21.027 | COVID-19 (ARPA) Coronavirus State and Local Fiscal Recovery Funds |
| 17.258/17.259/17.278 | Workforce Innovation and Opportunity Act Cluster |

| | | |
|--|---|-----------------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 | |
| Auditee qualified as a low-risk auditee? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)**

Section II: Financial Statement Findings

Internal Control – Significant Deficiency

2024-001 The Northern Kentucky Area Development District Overspent Their Approved Budget

The Northern Kentucky Area Development District (NKADD) failed to implement adequate internal controls over the budgeting process, which resulted in the budget being overspent \$5,889,600. The NKADD approved a budget amendment in June 2024, but the amount was not large enough to cover all disbursements through fiscal year-end. By not monitoring the budget to ensure line items stay under the approved amount, there is an increased possibility that funds will not be available for other line items.

NKADD's Administration Regulations Section 2 – Disbursements states in part, "disbursements may be made by the NKADD Director of Finance and Administration or their designee, following written guidelines for that payment, not to exceed authorized budget amounts."

We recommend the NKADD establish controls to properly monitor the budget. These controls should include obtaining sufficient budget amendments approved by those charged with governance prior to overspending any budget line item.

Views of Responsible Official and Planned Corrective Action:

Executive Director's Response: As a result of unplanned additional resources (commodities, aging program funding and others) received by NKADD on behalf of the region, NKADD did overspend both the original FY24 budget and budget amendment approved in June 2024. The budget overspending did not negatively impact NKADD's financial position, as FY24 activities resulted in a surplus that increased NKADD's fund balances. Prior to the audit, NKADD had already implemented controls to mitigate this risk in the future, including monthly budget reconciliations and quarter budget amendments if necessary.

Section III: Federal Award Findings And Questioned Costs

No findings.

Section IV: Summary Schedule of Prior Audit Findings

No prior year audit findings.