

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2025

WITH

Independent Auditors' Reports

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2025

WITH

Independent Auditors' Reports

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
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Year Ended June 30, 2025

WITH

Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Northern Kentucky Area Development District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Northern Kentucky Area Development District's, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Northern Kentucky Area Development District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northern Kentucky Area Development District's, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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's, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1 to the financial statements, the Northern Kentucky Area Development District adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, effective as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

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

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Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Kentucky Area Development Districts' basic financial statements. The accompanying combining and individual nonmajor fund financial statements, statement of operations by grant and program, the statement of allocated cost, and the schedule of expenditure of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 30, 2025 on our consideration of the Northern Kentucky Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Kentucky Area Development District's internal control over financial report or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Kentucky Area Development District's internal control over financial report and compliance.



Crestview Hills, Kentucky
December 30, 2025

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025. Please read it in conjunction with the NKADD's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the NKADD's net position was a negative \$(2,269,611), an improvement of \$2,019,714 or 47.09% over FY 2024 net position.
- In the governmental funds, total revenues during the fiscal year increased by \$9,064,135 and total expenditures increased by \$8,517,814.
- At the close of the fiscal year, the NKADD's governmental fund balance was \$4,810,038 an increase of \$938,328 from June 30, 2024.

USING THIS ANNUAL REPORT

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

Reporting the NKADD as a Whole

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

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

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

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

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Reporting the NKADD's Most Significant Funds

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

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

FINANCIAL ANALYSIS OF THE NKADD AS A WHOLE

The total net position serves over time as an indicator of an organization's financial position. In the case of the NKADD, liabilities and deferred inflows exceeded assets and deferred outflows by \$2,269,611. The beginning net position was a negative \$(4,289,325). The unrestricted net position as of June 30, 2025 was a negative \$(3,451,812).

Total governmental funds revenue for the period ending June 30, 2025 was \$45,464,547. For the previous fiscal year, the total revenue was \$36,400,412. This results in a 24.90% increase in revenues. The net increase in revenues for FY 2025 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 \$7,500,000 increase in Consumer Directed Options (CDO) and the approximate \$1,300,000 increase in the state and local revenues from the Northern Kentucky Office of Drug Control Policy Program.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

**Table 1
Net Position**

	<u>FY '25</u>	<u>FY '24</u>
Current and other assets	\$10,965,512	\$10,349,548
Net OPEB asset	205,852	154,348
Capital assets	<u>2,488,724</u>	<u>2,860,026</u>
Total assets	13,660,088	13,363,922
Deferred outflows of resources	<u>1,848,164</u>	<u>1,730,224</u>
Total assets and deferred outflows	<u>\$15,508,252</u>	<u>\$15,094,146</u>
Current liabilities	\$ 6,147,225	\$ 6,455,495
Office building debt	1,083,025	1,218,025
Accrued sick leave	54,000	-
Other properties lease liability	438,714	734,959
Subscription liability	8,357	69,301
Pension liability	<u>7,109,887</u>	<u>7,173,464</u>
Total liabilities	14,841,208	15,651,244
Deferred inflows of resources	<u>2,936,655</u>	<u>3,732,227</u>
Total liabilities and deferred inflows	<u>\$17,777,863</u>	<u>\$19,383,471</u>
Net investment in capital assets	\$ 904,628	\$ 837,741
Restricted for:		
Building construction	21,553	22
Loan program	256,020	313,153
Unrestricted	<u>(3,451,812)</u>	<u>(5,440,241)</u>
Total net position	<u>\$2,269,611</u>	<u>\$4,289,325</u>

**Table 2
Change in Net Position**

	<u>FY '25</u>	<u>FY '24</u>
REVENUES		
Program revenues		
Charges for services	\$ 95,789	\$ 158,109
Operating grants and contributions	45,040,232	35,798,425
General revenues		
Municipal contributions	67,383	129,230
Interest income	<u>154,010</u>	<u>138,165</u>
Total revenues	<u>45,357,414</u>	<u>36,223,929</u>
PROGRAM EXPENSES		
Cabinet for Health and Family Services	33,796,451	26,712,657
Workforce Innovation & Opportunity Act	1,697,988	1,970,815
Commodities	3,446,207	3,558,176
Loan Program	1,080	2,356
Joint Funding Administration	378,802	367,070
Other federal contracts	1,008,226	869,796
Other state contracts	1,210,313	207,337
Other local contracts	1,789,929	1,148,862
Interest on long term debt	<u>8,704</u>	<u>13,384</u>
Total expenses	43,337,700	34,850,453
CHANGE IN NET POSITION	<u>\$ 2,019,714</u>	<u>\$ 1,373,476</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

General Fund Budgetary Highlights

In Fiscal Year 2025, the NKADD had an initial total projected budget of \$30,428,883 in revenues and \$30,279,328 in expenditures and net other financing uses, with net change in fund balance of \$149,555. Of these dollars \$21,824,309 were projected pass-thru. During Fiscal Year 2025, the budget was amended to increase revenues to \$42,819,828 and increase expenditures and net other financing uses to \$44,812,022. The actual revenues on the budgetary basis for Fiscal Year 2025 were \$42,566,261 and \$41,570,800 in actual expenditures and net other financing uses, compared to Fiscal Year 2024 revenues of \$33,311,628 and expenditures and net other financing uses of \$32,900,193.

CAPITAL ASSETS

The NKADD's investment in capital assets equaled \$2,488,724 as of June 30, 2025. During the year, capital assets valued at \$135,068 were added. The depreciation expense during the period was \$506,370.

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

- Purchase of computers and equipment valued at \$120,862
- Recognition of right-of-use equipment valued at \$14,206

LONG-TERM DEBT

Of the capital items, the land and office building are financed by long-term debt. This debt represents the only capital assets financed debt of the NKADD. In December 2013, the NKADD's remaining U.S. Department of Agriculture (USDA) "First Mortgage Revenue Bonds," Series 2001 were paid in full with funds provided by the City of Florence under a capital lease arrangement. The lease/financing arrangement with the City of Florence has an average interest rate of 3.5%, payable semi-annually. The unpaid balance was \$1,075,000 at June 30, 2025. The debt service total principal and interest for Fiscal Year 2026 will be \$183,063.

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 \$7,109,887, the deferred outflows of resources of \$1,396,801, and the deferred inflows of resources of \$849,980 on the Statement of Net Position at June 30, 2025 are a function of this required reporting. Detailed information on this pension recognition can be found in Note 8 in the Notes to Basic Financial Statements.

As of June 30, 2018, the NKADD is required, by Governmental Accounting Standards Board Statement No. 75, to display its proportionate share of the unfunded liability of the KPPA's Insurance Fund (OPEB), a cost sharing multiple employer health insurance plan, in which the NKADD is a participant. The net OPEB liability(asset) of \$(205,852), the deferred outflows of resources of \$451,363 and the deferred inflows of resources of \$2,050,861 on the Statement of Net Position at June 30, 2025 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 \$438,714 on the Statement of Net Position at June 30, 2025 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, 2025**

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 \$8,357 on the Statement of Net Position at June 30, 2025 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.

As of June 30, 2025, the NKADD is required, by Governmental Accounting Standards Board Statement No. 101, to recognize a liability for sick leave. The sick leave liability of \$54,000 on the Statement of Net Position at June 30, 2025 is a function of this required reporting.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The NKADD budget and financial stability is closely connected to receipt of federal and state public dollars. For Fiscal Year 2026, budgeted revenues are \$48,694,261 and expenditures are \$45,009,340. The difference between Fiscal Year 2026 budgeted revenues and expenditures is \$3,684,921.

Retirement costs continue to be a long-term financial issue for the NKADD. The Fiscal Year 2026 employer contribution rate for the NKADD in the County Employees Retirement System (CERS) is 18.62%. In Fiscal Year 2027, 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 2026, the Kentucky General Assembly will be conducting a budget session. Therefore, the NKADD's budget situation could change. While it is not anticipated that the Medicaid Waiver program would experience changes, programs that receive state funding such as Joint Funding Administration (JFA) and Workforce could be impacted by changes in state budget policy. While we have increased revenues in some programs, due to the nature of NKADD grants and contracts being designated for particular uses, an increase in one area typically cannot support another area of the organization's programming. 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, 2025 was \$4,400,237 compared to \$3,356,460 at the end of Fiscal Year 2024. While on the lower side for organizations of this size, this amount has improved over the last few years, and is critical to operations to maintain at an adequate level. The Governmental Accounting Standards Board Statement Nos. 68 and 75, require the NKADD to reflect in the Government-wide Financial Statements its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employees Retirement System (CERS), a cost sharing multiple employer plan, in which the NKADD is a participant. As a result, the unrestricted net position as of June 30, 2025 was a negative \$(3,451,812) compared to a negative \$(5,440,241) at the end of Fiscal Year 2024.

CONTACTING THE NKADD'S FINANCIAL MANAGEMENT

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Primary</u> <u>Governmental</u>
- ASSETS -	
Cash and cash equivalents	\$ 5,840,357
Cash - building construction account	21,553
Accounts receivable	4,664,710
Prepaid expenses	74,474
Loans receivable	
Due within one year	127,252
Due in more than one year	201,352
Subleases receivable	
Due within one year	35,814
Net OPEB asset	205,852
Capital assets, net	2,488,724
Total assets	13,660,088
- DEFERRED OUTFLOWS OF RESOURCES -	
Deferred outflows related to pension plan and OPEB	1,848,164
Total deferred outflows of resources	1,848,164
- LIABILITIES -	
Accounts payable	1,063,199
Accrued expenses	1,575,854
Funds received in excess of revenues earned	3,324,177
Employees accrued annual leave	183,995
Long-term liabilities:	
Due within one year	
Office building debt	140,000
Other properties lease liability	317,068
Subscription liability	2,074
Due in more than one year	
Office building debt	943,025
Sick leave liability	54,000
Other properties lease liability	121,646
Subscription liability	6,283
Pension liability	7,109,887
Total liabilities	14,841,208
- DEFERRED INFLOWS OF RESOURCES -	
Deferred inflows related to sublease revenue	35,814
Deferred inflows related to pension plan and OPEB	2,900,841
Total deferred inflows of resources	2,936,655
- NET POSITION -	
Net investment in capital assets	904,628
Restricted for:	
Building construction	21,553
Loan program	256,020
Unrestricted	(3,451,812)
Total net position	\$ (2,269,611)

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions	Direct Expenses	Indirect Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Operating Grants and Contributions	Total Governmental Activities	
GOVERNMENTAL ACTIVITIES:						
Cabinet for Health and Family Services	\$ 33,311,516	\$ 484,935	\$ -	\$ 35,307,884		\$ 1,511,433
Workforce Innovation & Opportunity Act	1,626,641	71,347	-	1,787,553		89,565
Commodities	3,410,782	35,425	-	3,486,000		39,793
Loan Program	1,080	-	12,304	(68,357)		(57,133)
Joint Funding Administration	325,434	53,368	-	439,443		60,641
Other federal contracts	903,869	104,357	-	1,124,139		115,913
Other state contracts	1,173,877	36,436	-	1,249,172		38,859
Other local contracts	1,665,478	124,451	83,485	1,714,398		7,954
Interest on long term debt	55,817	(47,113)	-	-		(8,704)
Total governmental activities	42,474,494	863,206	95,789	45,040,232		1,798,321
GENERAL REVENUES:						
Municipal contributions					67,383	
Interest income					154,010	
Total general revenues					221,393	
Change in net position						2,019,714
NET POSITION, BEGINNING						(4,289,325)
NET POSITION, ENDING						\$ (2,269,611)

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
- ASSETS -			
Cash and cash equivalents	\$ 5,840,357	\$ -	\$ 5,840,357
Cash - building construction account	21,553	-	21,553
Accounts receivable	4,664,710	-	4,664,710
Prepaid expenses	80,508	-	80,508
Loans receivable	-	328,604	328,604
Due (to)/from other funds	(460,855)	460,855	-
Total assets	<u>\$ 10,146,273</u>	<u>\$ 789,459</u>	<u>\$ 10,935,732</u>
- LIABILITIES AND FUNDS EQUITY -			
- LIABILITIES -			
Accounts payable	\$ 1,063,199	\$ -	\$ 1,063,199
Accrued expenses	1,554,323	-	1,554,323
Funds received in excess of revenues earned	2,842,458	481,719	3,324,177
Employees accrued annual leave	183,995	-	183,995
Total liabilities	<u>5,643,975</u>	<u>481,719</u>	<u>6,125,694</u>
- FUND BALANCES -			
Non-spendable			
Prepaid expenses	80,508	-	80,508
Restricted			
Building construction	21,553	-	21,553
Loan program	-	256,020	256,020
Assigned			
Working capital	-	51,720	51,720
Unassigned	4,400,237	-	4,400,237
Total fund balances	<u>4,502,298</u>	<u>307,740</u>	<u>4,810,038</u>
Total liabilities and fund balances	<u>\$ 10,146,273</u>	<u>\$ 789,459</u>	<u>\$ 10,935,732</u>

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balance - governmental funds \$ 4,810,038

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.	35,814
Prepaid expenses related to subscription liability reduce the liability and therefore are not reported in the statement of net position	(6,034)
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	2,488,724
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:	
Office building debt	\$ (1,075,000)
Other properties lease liability	(438,714)
Subscription liability	(8,357)
Pension liability	(7,109,887)
Net OPEB asset	<u>205,852</u>
	<u>(8,426,106)</u>

Costs incurred with the issuance of long term debt are not financial resources and therefore are not reported as assets in governmental funds:

Accrued interest expense	(21,531)
Bond premium	<u>(8,025)</u>
	<u>(29,556)</u>

Deferred outflows and inflows of resources related are applicable to future periods and, therefore, are not reportable in the governmental funds:

Deferred outflows of resources related to pension plan	1,396,801
Deferred inflows of resources related to pension plan	(849,980)
Deferred outflows of resources related to OPEB	451,363
Deferred inflows of resources related to OPEB	(2,050,861)
Deferred inflows of resources related to sublease revenue	<u>(35,814)</u>
	<u>(1,088,491)</u>

Sick leave liability not due in the current year is recorded as long term debt (54,000)

Net position (deficit) of governmental activities \$ (2,269,611)

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Special Revenue	Totals
REVENUES:			
Applied to all programs:			
Federal revenues	\$ 7,421,141	\$ (4,456)	\$ 7,416,685
State revenues	32,857,626	-	32,857,626
Federal commodities	2,847,206	-	2,847,206
Interest income	154,010	12,304	166,314
Local revenues	2,133,484	43,232	2,176,716
Net revenues	45,413,467	51,080	45,464,547
EXPENDITURES:			
CHFS - other sub-grantees	29,758,538	-	29,758,538
WIOA sub-grantees	825,128	-	825,128
Commodities	2,847,206	-	2,847,206
Other federal contracts sub-grantees	20,943	-	20,943
Other state contracts sub-grantees	923,243	-	923,243
Other local contracts sub-grantees	596,057	-	596,057
Revolving loans	-	50,000	50,000
Direct salaries	4,213,366	-	4,213,366
Direct employee benefits	1,914,759	-	1,914,759
Direct travel	110,927	-	110,927
Direct contracts	776,198	1,080	777,278
Uncollectible government funds	108,697	-	108,697
Direct other	1,236,514	-	1,236,514
Direct local non-grant expenses	124,614	-	124,614
Shared expenses	910,319	-	910,319
Total expenditures	44,366,509	51,080	44,417,589
Excess of revenues (expenditures)	1,046,958	-	1,046,958
OTHER FINANCING SOURCES (USES):			
Operating sources in	96,776	-	96,776
Operating uses out	(148,273)	(57,133)	(205,406)
Net other financing sources (uses)	(51,497)	(57,133)	(108,630)
Net change in fund balances	995,461	(57,133)	938,328
Fund balances - beginning of year	3,506,837	364,873	3,871,710
Fund balances - end of year	\$ 4,502,298	\$ 307,740	\$ 4,810,038

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net change in fund balances - total government funds \$ 938,328

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 (\$120,862) exceeded depreciation expense (\$506,370). (385,508)

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	310,452
Principal payment on subscription liabilities	60,657
Difference between interest expense on modified accrual basis vs. accrual basis	2,025
	508,134

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	778,506
Cost of benefits earned	(343,736)
	434,770

The NKADD OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net OPEB liability is measured a year before the NKADD's report date. OPEB expense, which is the change in the net OPEB liability adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the Statement of Activities

NKADD insurance contributions	-
Cost of benefits earned	577,990
	577,990
Net difference in accrual for sick leave liability (long term)	(54,000)
Change in Net Position of Governmental Activities	\$ 2,019,714

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northern Kentucky Area Development District (NKADD) is a non-profit public agency, functioning as an instrumentality of a political subdivision of the Commonwealth of Kentucky. The NKADD operates under legislative authority which has as its primary purpose the promotion of economic development and the establishment of a framework for joint federal, state and local efforts directed toward providing basic services and facilities essential to the social, economic and physical development of the eight county area in Northern Kentucky. The accounting policies of the NKADD conform to generally accepted accounting principles.

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

The following is a summary of the more significant policies:

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

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

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

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

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

The following funds are used by the NKADD:

Governmental Fund Types:

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

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balances:

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

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

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

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

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

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

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

1. Accrual

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

2. Modified Accrual

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

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.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025, the NKADD held no cash equivalents.

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

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

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

Building and improvements	25 – 40 years
Furniture and fixtures	7 years
Computers and equipment	3 – 5 years
Computer software	5 – 10 years

J. Leases: The NKADD is a leasee 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.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 funds financial statements in the current year.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 funds financial statements in the current year.

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 that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. New Accounting Pronouncements: GASB Statement No. 101, Compensated Absenses, issued June 2022 and was adopted by the NKADD beginning with fiscal year ending June 30, 2025. Statement No. 101 provides guidance on the accounting and financial reporting for compensated absences. GASB 101 required retrospective application. There was no material impact on the financial statements as a result of retrospective application of this change in accounting principle.

The NKADD recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The NKADD's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The NKADD's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the NKADD and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

V. Reclassifications: Certain 2024 figures were reclassified to conform to the 2025 presentation.

NOTE 2 – CASH AND INVESTMENTS

At June 30, 2025, the carrying amount of the NKADD's deposits (cash and cash equivalents) was \$5,861,910 and the bank balances totaled \$5,928,180. Of these deposits the building construction account balance was \$21,553, which consists of a money market government fund, and is uninsured. Of the remaining cash, \$250,000 at each bank is covered by the Federal Depository Insurance (FDIC) with the balance secured by pledged securities held by the pledging financial institution's agent as collateral for the bank balances in excess of the FDIC insured amount.

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	<u>\$ 226,975</u>	\$ _____ -	\$ _____ -	<u>\$ 226,975</u>
Total capital assets not being depreciated	<u>226,975</u>	_____ -	_____ -	<u>226,975</u>
Other capital assets:				
Buildings and improvements	2,927,591	-	-	2,927,591
Right of use buildings	1,484,361	-	-	1,484,361
Computer software	65,616	-	-	65,616
Right of use equipment	63,092	14,206	-	77,298
Right-of-use software	179,753	-	(155,859)	23,894
Equipment	786,445	120,862	(25,049)	882,258
Furniture and fixtures	<u>136,525</u>	_____ -	(37,669)	<u>98,856</u>
Total capital assets being depreciated	<u>5,643,383</u>	<u>135,068</u>	<u>(218,577)</u>	<u>5,559,874</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,379,186)	(83,374)	-	(1,462,560)
Right of use buildings	(809,555)	(292,368)	-	(1,101,923)
Computer software	(43,471)	(3,090)	-	(46,561)
Right of use equipment	(15,752)	(15,140)	-	(30,892)
Right-of-use software	(105,801)	(59,628)	155,859	(9,570)
Equipment	(520,042)	(52,770)	25,049	(547,763)
Furniture and fixtures	<u>(136,525)</u>	_____ -	<u>37,669</u>	<u>(98,856)</u>
Total accumulated depreciation	<u>(3,010,332)</u>	<u>(506,370)</u>	<u>218,577</u>	<u>(3,298,125)</u>
Other capital assets, net	<u>2,633,051</u>	<u>(371,302)</u>	_____ -	<u>2,261,749</u>
Governmental activities capital assets, net	<u>\$ 2,860,026</u>	<u>\$ (371,302)</u>	\$ _____ -	<u>\$ 2,488,724</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – LONG TERM DEBT

The following is a summary of changes in the long term debt for the year ended June 30, 2025:

	June 30, 2024	Increase	Decrease	June 30, 2025
Financed Purchase Agreement	\$ 1,210,000	\$ -	\$ (135,000)	\$ 1,075,000
Premium on long-term debt	8,025	-	-	8,025
Total long term debt	<u><u>\$ 1,218,025</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (135,000)</u></u>	<u><u>\$ 1,083,025</u></u>

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

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

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4.00%	165,000	19,987	184,987
2031-2034	4.25%	315,000	31,023	346,023
Totals		<u><u>\$ 1,075,000</u></u>	<u><u>\$ 190,262</u></u>	<u><u>\$ 1,265,262</u></u>

NOTE 5 - LEASES

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2025</u>
Commodities warehouse (a)	7/1/2021	6 years	\$ 78,030	2%	\$ 430,838	\$ 133,073
Georgetown office (b)	7/1/2021	8 years	15,765	2%	103,627	50,791
Covington career center (b)	7/1/2021	5 years	199,580	2%	948,895	197,471
Carrollton career center (b)	7/1/2023	3 years	10,200	2%	29,676	10,089
New Copier (c)	3/20/2023	5 years	11,448	2%	54,430	29,707
Postage machine (c)	10/1/2023	5 years	1,739	2%	8,662	5,874
Water coolers (c)	8/1/2024	5 years	2,988	2%	14,206	11,709
Total						<u><u>\$ 438,714</u></u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, Georgetown, and Carrollton. (b)
 Copier, printers, postage machine, and water coolers. (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>
2026	\$ 317,068	\$ 4,920
2027	84,684	1,484
2028	27,666	462
2029	9,048	61
2030	248	1
	<u>\$ 438,714</u>	<u>\$ 6,928</u>

NOTE 6 – SUBLEASE

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

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Receivable</u>	<u>Balance June 30, 2025</u>
Covington career center	7/1/2021	2-5 years	\$ 29,527	2%	118,782	\$ 35,814
Total						<u>\$ 35,814</u>

The NKADD received \$34,509 in sublease revenue and \$1,038 in interest revenue for the year ended June 30, 2025.

NOTE 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Total Subscription Liability</u>	<u>Balance June 30, 2025</u>
Bonterra	4/1/2024	3 years	\$ 8,045	2%	\$ 23,895	\$ 8,357

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>
2026	\$ 2,074	\$ 38
2027	<u>6,283</u>	<u>53</u>
	<u>\$ 8,357</u>	<u>\$ 91</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – EMPLOYEE'S PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the NKADD are provided with pensions through the County Employees Retirement System (CERS)—a cost-sharing multiple-employer defined benefit pension plan. Per Kentucky Revised Statute Section 78.782 and 61.505, 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 At least 10 years service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced Retirement	At least 5 years service and 65 years old, or Age 57+ and sum of service years plus age equal 87 Not available
	Reduced Retirement	

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

Contributions. Kentucky Revised Statute Section 78.635 grants the authority to establish and amend the benefit terms to the CERS Board of Trustees (the Board). Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rate set by the Board for the year ended June 30, 2025 was 19.71%, all of which was for the pension fund. Contributions to the pension plan from the NKADD were \$778,506 for the year ended June 30, 2025.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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

At June 30, 2025, the NKADD reported a liability of \$7,109,887 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2024, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2023. 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, 2024. This method was expected to be reflective of the NKADD’s long-term contribution effort. At June 30, 2024, the NKADD’s proportion was 0.118886%, which was an increase of 0.007089% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the NKADD recognized pension expense of \$343,736. At June 30, 2025, the NKADD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 344,132	\$ -
Changes of assumptions	-	321,227
Net difference between projected and actual earnings on plan investments	-	457,128
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	274,163	71,625
NKADD contributions subsequent to the measurement date	<u>778,506</u>	<u>-</u>
	<u>\$ 1,396,801</u>	<u>\$ 849,980</u>

The \$778,506 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ (191,349)
2027	237,265
2028	(175,725)
2029	(101,876)
	<u><u>\$ (231,685)</u></u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension 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%
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-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, 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, 2024 valuation were based on the results of an actuarial experience study for the period of June 30, 2023.

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

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

Long-Term Expected Rate of Return. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables on the top of page 24.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	<u>100%</u>	<u>4.69%</u>
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		<u>7.19%</u>

Sensitivity of the NKADD's proportionate share of the net pension liability to changes in the discount rate. The following presents the NKADD's proportionate share of the net pension liability, calculated using the discount rate of 6.50%, 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-percentage-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%)
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NKADD's proportionate share of the net pension liability	\$ 9,165,806	\$ 7,109,887	\$ 5,404,016
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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, 2025, \$83,077 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, 2025

NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits provided. The Insurance Fund provides hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The eligible Medicare retirees receive benefits through a Medicare Advantage Plan. The amount of plan premium (contribution) paid by the Insurance Fund is based on years of service and participation date. For members participating prior to July 1, 2003, members completing 20 or more years of service received 100% contribution. Members completing 15 – 19 years, 10-14 years, and 4-9 years received 75%, 50%, and 25% respectively. Members completing less than 4 years of service receive no insurance benefit. As a result of House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The monthly dollar contribution for 2024 is \$14.41 for CERS Non-hazardous employees. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

Contributions. Kentucky Revised Statute Section 78.635 grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are not required to contribute to the insurance fund. Tier 2 and 3 employees are required to contribute 1% of their creditable compensation to the insurance fund. Employers contribute at the rate determined by the Board. As stated in Note 8 Employee's Pension Plan, the actuarially determined rate set by the Board for the year ended June 30, 2024 was 19.71%, 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, 2025, the NKADD reported a liability (asset) of \$(205,852) for its proportionate share of the net OPEB liability. The net OPEB liability (asset) was based on an actuarial valuation performed on June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2024, using generally accepted actuarial principles. 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, 2024. This method is expected to be reflective of the NKADD's long-term contribution effort. At June 30, 2024, the NKADD's proportion was 0.119003%, which was an increase of 0.007211% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the NKADD recognized OPEB expense of \$(577,990). At June 30, 2025, 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, 2025

NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,204	\$ 1,619,646
Changes of assumptions	186,526	145,250
Net difference between projected and actual earnings on plan investments	-	187,851
Changes in proportion and differences between NKADD contributions and proportionate share of contributions	94,832	98,114
NKADD contributions subsequent to the measurement date	55,801	-
	<u>\$ 451,363</u>	<u>\$ 2,050,861</u>

The \$55,801 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, 2026. 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:	
2026	\$ (678,897)
2027	(530,899)
2028	(441,373)
2029	(4,130)
	<u>\$ (1,655,299)</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%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.50%
Healthcare trend rates	Pre – 65: Initial trend starting at 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years Post – 65: Initial trend starting at 8.00% in 2026, then gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 the 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, 2024 valuation were based on the results of an actuarial experience study for the period ending June 30, 2023.

Discount rate. The single discount rate used to measure the total OPEB liability was 5.99%. 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 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. 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 plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

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

The long-term expected rate of return on plan assets is the same as disclosed in Note 8 Employee's Pension Plan. Additionally, the target allocation and best estimates of arithmetic nominal rates of return for each major asset class are the same as disclosed in Note 8.

Sensitivity of the NKADD's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the NKADD's proportionate share of the net OPEB liability, calculated using the discount rate of 5.99%, 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 (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

	1%	Current	1%
Decrease	Discount Rate	Increase	
(4.99%)	(5.99%)	(6.99%)	
NKADD's proportionate share of the net OPEB liability	\$ 278,335	\$ (205,852)	\$ (612,956)

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	1% Decrease	Current Healthcare Trend Rate	1% Increase
NKADD's proportionate share of the net OPEB liability	\$ (495,254)	\$ (205,852)	\$ 131,282

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, 2025.

NOTE 10 - OTHER FINANCING SOURCES (USES)

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

	Governmental Fund Types	
	General Fund	Special Revenue Fund Types
Principal payment on long term debt	\$ (135,000)	\$ -
Transfer from general fixed assets	96,060	-
Transfer (to) general fixed assets	(13,273)	-
Net financed purchase activity	716	-
Net revolving loan principal activity	-	(57,133)
Net other financing sources (uses)	<u>\$ (51,497)</u>	<u>\$ (57,133)</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - INTERFUND ACTIVITY

Due from and due to other funds represent 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.

Due to	Due from	Amount
<u>Receivable Fund</u>	<u>Payable Fund</u>	
Special Revenue	General	\$460,855

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, 2025 may be impaired. Based on prior experience, management believes that the NKADD will not incur significant losses from possible grant disallowances. Amounts that management anticipates will be refunded are included in funds received in excess of revenues earned.

The NKADD passes a significant portion of the local, state and federal grant funds it receives through to sub-grantees. The NKADD monitors the activities of the sub-grantees and requires that applicable sub-grantees have financial and compliance audits performed. To the extent that audits of sub-grantees indicate failures to comply with applicable grant requirements, the NKADD assesses the likelihood of grant refunds payable as a result of such noncompliance, and records a liability for amounts management deems to be in excess of amounts recoverable from the sub-grantee. Management also assesses the likelihood of noncompliance by sub-grantees that have not yet submitted audited results. The NKADD has not received nor reviewed all of the fiscal year 2025 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 \$256,020 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 30, 2025, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the NKADD as of that date.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
	\$ 3,506,837	\$ 3,506,837	\$ 3,506,837	
Fund balance July 1, 2024				
RESOURCES (inflows):				
Federal and state revenues	7,596,141	6,274,678	8,750,915	2,476,237
Local contract revenue	816,360	1,301,864	1,337,679	35,815
Local contribution revenue	192,073	192,105	192,105	-
Annual meeting	-	7,643	7,643	-
Miscellaneous revenue	-	154,010	154,010	-
Pass-through revenue	21,824,309	34,889,528	32,123,909	(2,765,619)
Total resources	<u>30,428,883</u>	<u>42,819,828</u>	<u>42,566,261</u>	<u>(253,567)</u>
Amounts available for use	<u>33,935,720</u>	<u>46,326,665</u>	<u>46,073,098</u>	<u>(253,567)</u>
EXPENDITURES (outflows):				
Direct salaries	4,256,850	4,467,659	4,213,366	254,293
Direct employee benefits	1,993,227	1,985,536	1,914,759	70,777
Direct travel	88,265	116,628	110,927	5,701
Direct contracts	268,866	807,940	776,198	31,742
Uncollectible government funds	-	65,278	108,697	(43,419)
Direct other	834,021	1,386,742	1,236,514	150,228
Direct local non-grant expenses	12,615	7,643	124,614	(116,971)
Shared expenses	866,175	950,068	910,319	39,749
Pass-through expenditures	21,824,309	34,889,528	32,123,909	2,765,619
Total expenditures before other uses	<u>30,144,328</u>	<u>44,677,022</u>	<u>41,519,303</u>	<u>3,157,719</u>
Net other financing uses	<u>135,000</u>	<u>135,000</u>	<u>51,497</u>	<u>83,503</u>
Net expenditures	<u>30,279,328</u>	<u>44,812,022</u>	<u>41,570,800</u>	<u>3,241,222</u>
Budgetary fund balance June 30, 2025	<u>\$ 3,656,392</u>	<u>\$ 1,514,643</u>	<u>\$ 4,502,298</u>	<u>\$ 2,987,655</u>

The accompanying notes are an integral part of this statement.

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2025**

NOTE 1 - BUDGETING POLICIES

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

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

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

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

County Employees Retirement System

	Last 10 Fiscal Years*									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NKADD's proportion of the net pension liability (asset)	0.118886%	0.111797%	0.114889%	0.121675%	0.118447%	0.123778%	0.124776%	0.126917%	0.132907%	0.136770%
NKADD's proportionate share of the net pension liability (asset)	\$ 7,109,887	\$ 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
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
NKADD's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	190.49%	220.64%	264.63%	249.24%	299.25%	277.88%	242.72%	239.40%	204.62%	183.23%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%

* 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 DISTRICT PENSION CONTRIBUTIONS

County Employees Retirement System

	Last 10 Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 778,506	\$ 871,127	\$ 760,801	\$ 664,412	\$ 600,735	\$ 585,917	\$ 508,135	\$ 453,343	\$ 432,888	\$ 397,061
Contributions in relation to the contractually required contribution	\$ (778,506)	\$ (871,127)	\$ (760,801)	\$ (664,412)	\$ (600,735)	\$ (585,917)	\$ (508,135)	\$ (453,343)	\$ (432,888)	\$ (397,061)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NKADD's covered-employee payroll	\$ 3,949,803	\$ 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
Contributions as a percentage of covered-employee payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.40%

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION

June 30, 2025

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

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

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

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

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

2015

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

2017

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

2019

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

2024

- The assumed investment rate of return was increased from 6.25% to 6.50%.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

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

County Employees Retirement System

	Last 10 Fiscal Years*									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NKADD's proportion of the net OPEB liability (asset)	0.119003%	0.111792%	0.114869%	0.121646%	0.118412%	0.123746%	0.124771%	0.126917%		
NKADD's proportionate share of the net OPEB liability (asset)	\$ (205,852)	\$ (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	\$ 3,732,333	\$ 3,251,276	\$ 3,138,439	\$ 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	-5.52%	-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	104.89%	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 DISTRICT OPEB FUND CONTRIBUTIONS

County Employees Retirement System

	Last 10 Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ 110,218	\$ 181,403	\$ 148,160	\$ 144,506	\$ 164,784	\$ 147,149	\$ 146,779	\$ 146,779
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ (110,218)	\$ (181,403)	\$ (148,160)	\$ (144,506)	\$ (164,784)	\$ (147,149)	\$ (146,779)	\$ (146,779)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NKADD's covered-employee payroll	\$ 3,949,803	\$ 3,732,333	\$ 3,251,276	\$ 3,138,459	\$ 3,112,616	\$ 3,035,839	\$ 3,132,771	\$ 3,130,822	\$ 3,103,141	\$ 3,103,141
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.70%	4.71%

The accompanying notes are an integral part of this statement.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2025

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

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

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

2017

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

2018

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

2019

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

June 30, 2025

2020

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

2021

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

2022

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

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.

2024

- The assumed healthcare trend rates for pre – 65 members decreased from an initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 6.20% 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 increased from an initial trend starting at 6.30% and gradually decreasing to an ultimate rate of 4.05% over a period of 13 years to an initial trend starting at 9.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY GRANT
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED JUNE 30, 2025

	Cabinet for Health and Family Services	Workforce Innovation & Opportunity Act	Commodities	Loan Program
REVENUES:				
Federal	\$ 3,887,122	\$ 1,748,260	\$ 611,270	\$ (4,456)
State	31,295,655	1,674	-	-
Federal commodities	-	-	2,847,206	-
Local funds applied	47,853	-	17,924	-
Match - cash	525,519	-	-	-
Match - In kind	264,511	-	-	-
Program income	17,547	-	-	-
Interest income	-	-	-	12,304
Local revenue	<u>77,254</u>	<u>37,619</u>	<u>9,600</u>	<u>43,232</u>
Total revenues	<u>36,115,461</u>	<u>1,787,553</u>	<u>3,486,000</u>	<u>51,080</u>
EXPENDITURES:				
Direct Expenses:				
Salaries	2,218,936	350,999	164,729	-
Employee benefits	1,040,846	134,637	69,682	-
Travel	74,775	4,361	1,038	-
Contracts	33,514	263,736	125,885	1,080
Uncollectible government funds	25,576	-	-	-
Other	<u>683,911</u>	<u>137,345</u>	<u>242,035</u>	<u>-</u>
Total direct expenses	<u>4,077,558</u>	<u>891,078</u>	<u>603,369</u>	<u>1,080</u>
Shared expenses applied	<u>484,935</u>	<u>71,347</u>	<u>35,425</u>	<u>-</u>
Sub-total expenditures	<u>4,562,493</u>	<u>962,425</u>	<u>638,794</u>	<u>1,080</u>
Sub-recipients/sub-grantees	<u>30,566,115</u>	<u>825,128</u>	<u>2,847,206</u>	<u>50,000</u>
Total expenditures	<u>35,128,608</u>	<u>1,787,553</u>	<u>3,486,000</u>	<u>51,080</u>
Excess revenues (expenditures) before transfers to (from)	<u>986,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to (from)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues (expenditures)	<u>\$ 986,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Joint Funding Administration	Other Federal Contracts	Other State Contracts	Other Local Contracts	Shared Expenses	Revenues and Expenditures
\$ 108,676	\$ 1,065,813	\$ -	\$ -	\$ -	\$ 7,416,685
313,611	17,862	1,228,824	-	-	32,857,626
-	-	-	-	-	2,847,206
17,156	21,441	20,348	(124,722)	-	-
-	-	-	-	-	525,519
-	-	-	-	-	264,511
-	-	-	-	-	17,547
-	-	-	154,010	-	166,314
-	19,023	-	1,989,988	-	2,176,716
<u>439,443</u>	<u>1,124,139</u>	<u>1,249,172</u>	<u>2,019,276</u>	<u>-</u>	<u>46,272,124</u>
256,506	472,094	164,367	585,735	70,531	4,283,897
106,296	242,707	74,309	246,282	49,162	1,963,921
5,906	6,229	4,535	14,083	4,176	115,103
-	246,252	-	106,811	177,509	954,787
-	-	-	83,121	-	108,697
17,367	31,557	46,282	202,631	608,941	1,970,069
<u>386,075</u>	<u>998,839</u>	<u>289,493</u>	<u>1,238,663</u>	<u>910,319</u>	<u>9,396,474</u>
<u>53,368</u>	<u>104,357</u>	<u>36,436</u>	<u>124,451</u>	<u>(910,319)</u>	<u>-</u>
<u>439,443</u>	<u>1,103,196</u>	<u>325,929</u>	<u>1,363,114</u>	<u>-</u>	<u>9,396,474</u>
<u>-</u>	<u>20,943</u>	<u>923,243</u>	<u>596,057</u>	<u>-</u>	<u>35,828,692</u>
<u>439,443</u>	<u>1,124,139</u>	<u>1,249,172</u>	<u>1,959,171</u>	<u>-</u>	<u>45,225,166</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>60,105</u>	<u>-</u>	<u>1,046,958</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,105</u>	<u>\$ -</u>	<u>\$ 1,046,958</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

REFERENCE	Title III		Title VII	
	Pages 48-52		Pages 54-55	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 3,004,818	\$ 2,490,283	\$ 57,856	\$ 56,146
State	273,750	273,750	-	-
Local funds applied	23,130	40,574	29	29
Match - cash	506,822	445,512	-	-
Match - In kind	240,592	238,631	11,764	10,083
Program income	-	13,791	-	-
Interest income	-	-	-	-
Local revenue	-	6,878	-	-
Total revenues	4,049,112	3,509,419	69,649	66,258
EXPENDITURES:				
Direct Expenses:				
Salaries	381,750	340,144	12,911	12,905
Employee benefits	190,533	169,604	6,036	6,034
Travel	13,184	10,811	2,762	2,762
Contracts	105,720	28,558	-	-
Uncollectible government funds	-	-	-	-
Other	208,409	204,051	45,425	42,064
Total direct expenses	899,596	753,168	67,134	63,765
Shared expenses applied	87,983	74,418	2,515	2,493
Sub-total expenditures	987,579	827,586	69,649	66,258
Sub-recipients/sub-grantees	3,061,533	2,681,833	-	-
Total expenditures	4,049,112	3,509,419	69,649	66,258
Excess revenues (expenditures) before transfers to (from)				
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Grandparents Support		NSIP		INNU	
Pages 56-57		320-319		320-345	
Budget	Actual	Budget	Actual	Budget	Actual
\$	\$	\$	\$	\$	\$
-	-	87,481	87,481	4,657	4,657
153,903	153,903	-	-	-	-
1,792	2,099	-	-	15	15
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
155,695	156,002	87,481	87,481	4,672	4,672
45,697	45,642	-	-	1,318	1,318
23,569	23,569	-	-	657	657
1,771	1,771	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
74,552	74,419	-	-	2,447	2,447
145,589	145,401	-	-	4,422	4,422
10,106	10,601	-	-	250	250
155,695	156,002	-	-	4,672	4,672
-	-	87,481	87,481	-	-
155,695	156,002	87,481	87,481	4,672	4,672
-	-	-	-	-	-
-	-	-	-	-	-
\$	\$	\$	\$	\$	\$

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

REFERENCE	Homecare		LTC Ombudsman	
	Pages 58-59		321-323	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	1,505,150	1,505,150	131,329	131,329
Local funds applied	30,294	4,524	-	293
Match - cash	70,835	53,218	-	-
Match - In kind	15,797	15,797	-	-
Program income	3,291	3,291	-	-
Interest income	-	-	-	-
Local revenue	25,000	70,301	-	-
Total revenues	1,650,367	1,652,281	131,329	131,622
EXPENDITURES:				
Direct Expenses:				
Salaries	417,075	416,384	74,026	74,026
Employee benefits	186,194	185,031	36,594	36,594
Travel	6,914	6,914	4,275	4,275
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	10,266	10,804	193	59
Total direct expenses	620,449	619,133	115,088	114,954
Shared expenses applied	85,870	89,100	16,241	16,668
Sub-total expenditures	706,319	708,233	131,329	131,622
Sub-recipients/sub-grantees	944,048	944,048	-	-
Total expenditures	1,650,367	1,652,281	131,329	131,622
Excess revenues (expenditures) before transfers to (from)				
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

SHIP		MIPPA 2		MIPPA 3	
326-311		326-312		326-313	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 44,886	\$ 44,886	\$ 53,095	\$ 44,250	\$ 9,294	\$ 9,294
-	-	-	-	-	-
-	71	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	465	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>44,886</u>	<u>45,422</u>	<u>53,095</u>	<u>44,250</u>	<u>9,294</u>	<u>9,294</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,231	1,231	-	-	-	-
<u>1,231</u>	<u>1,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
1,231	1,231	-	-	-	-
<u>43,655</u>	<u>44,191</u>	<u>53,095</u>	<u>44,250</u>	<u>9,294</u>	<u>9,294</u>
<u>44,886</u>	<u>45,422</u>	<u>53,095</u>	<u>44,250</u>	<u>9,294</u>	<u>9,294</u>
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TOTAL BY PROGRAM
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

REFERENCE	ADRC		ESMP	
	326-318		Pages 60-61	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 27,075	\$ 27,075	\$ -	\$ -
State	13,022	13,022	412,460	412,460
Local funds applied	-	-	228	248
Match - cash	-	-	26,789	26,789
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	20,450	75	-	-
Total revenues	60,547	40,172	439,477	439,497
EXPENDITURES:				
Direct Expenses:				
Salaries	29,972	18,776	18,246	18,246
Employee benefits	16,416	9,743	7,187	7,187
Travel	1,897	1,897	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	7,854	5,348	-	-
Total direct expenses	56,139	35,764	25,433	25,433
Shared expenses applied	4,408	4,408	3,571	3,591
Sub-total expenditures	60,547	40,172	29,004	29,024
Sub-recipients/sub-grantees	-	-	410,473	410,473
Total expenditures	60,547	40,172	439,477	439,497
Excess revenues (expenditures)				
before transfers to (from)				
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CDO Pages 62-63		Cabinet for Health and Family Services	
		Totals	
Budget	Actual	Budget	Actual
\$ 1,123,050	\$ 1,123,050	\$ 4,412,212	\$ 3,887,122
28,271,807	28,806,041	30,761,421	31,295,655
-	-	55,488	47,853
-	-	604,446	525,519
-	-	268,153	264,511
-	-	3,291	17,547
-	-	-	-
-	-	45,450	77,254
<u>29,394,857</u>	<u>29,929,091</u>	<u>36,150,461</u>	<u>36,115,461</u>
1,291,495	1,291,495	2,272,490	2,218,936
602,427	602,427	1,069,613	1,040,846
46,345	46,345	77,148	74,775
4,956	4,956	110,676	33,514
25,576	25,576	25,576	25,576
<u>343,488</u>	<u>343,488</u>	<u>693,865</u>	<u>683,911</u>
2,314,287	2,314,287	4,249,368	4,077,558
<u>283,406</u>	<u>283,406</u>	<u>494,350</u>	<u>484,935</u>
2,597,693	2,597,693	4,743,718	4,562,493
<u>25,943,262</u>	<u>26,344,545</u>	<u>30,552,841</u>	<u>30,566,115</u>
<u>28,540,955</u>	<u>28,942,238</u>	<u>35,296,559</u>	<u>35,128,608</u>
<u>853,902</u>	<u>986,853</u>	<u>853,902</u>	<u>986,853</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 853,902</u>	<u>\$ 986,853</u>	<u>\$ 853,902</u>	<u>\$ 986,853</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	Administration		Supportive Services	
	320-300		320-301	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 85,028	\$ 85,028	\$ 822,915	\$ 669,223
State	29,533	29,533	193,398	193,398
Local funds applied	7,319	7,679	-	16
Match - cash	-	-	215,836	215,836
Match - In kind	-	-	225,592	225,592
Program income	-	-	-	12,904
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	121,880	122,240	1,457,741	1,316,969
EXPENDITURES:				
Direct Expenses:				
Salaries	74,640	74,896	118,519	97,807
Employee benefits	31,329	31,425	68,738	57,083
Travel	126	126	4,242	4,242
Contracts	-	-	86,584	13,361
Uncollectible government funds	-	-	-	-
Other	1,111	1,111	136,016	135,229
Total direct expenses	107,206	107,558	414,099	307,722
Shared expenses applied	14,674	14,682	29,961	22,073
Sub-total expenditures	121,880	122,240	444,060	329,795
Sub-recipients/sub-grantees	-	-	1,013,681	987,174
Total expenditures	121,880	122,240	1,457,741	1,316,969
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from):	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Congregate Meals			Home Delivered Meals			Preventive Health		
320-302			320-303			320-304		
Budget	Actual		Budget	Actual		Budget	Actual	
\$ 530,594	\$ 338,521		\$ 920,332	\$ 920,332		\$ 78,174	\$ 40,082	
5,300	5,300		-	-		-	-	
-	-		-	-		-	-	
57,118	51,705		166,876	161,967		-	244	
-	-		-	-		-	-	
-	887		-	-		-	-	
-	-		-	-		-	-	
-	-		-	4,909		-	-	
<hr/>	<hr/>		<hr/>	<hr/>		<hr/>	<hr/>	
593,012	396,413		1,087,208	1,087,208		78,174	40,326	
<hr/>	<hr/>		<hr/>	<hr/>		<hr/>	<hr/>	
-	-		-	-		3,212	3,212	
-	-		-	-		1,534	1,534	
-	-		-	-		-	-	
-	-		7,511	7,425		346	346	
-	-		-	-		-	-	
-	-		-	-		9,251	9,415	
<hr/>	<hr/>		<hr/>	<hr/>		<hr/>	<hr/>	
-	-		7,511	7,425		14,343	14,507	
-	-		-	-		748	828	
-	-		7,511	7,425		15,091	15,335	
<hr/>	<hr/>		<hr/>	<hr/>		<hr/>	<hr/>	
593,012	396,413		1,079,697	1,079,783		63,083	24,991	
<hr/>	<hr/>		<hr/>	<hr/>		<hr/>	<hr/>	
593,012	396,413		1,087,208	1,087,208		78,174	40,326	
<hr/>	<hr/>		<hr/>	<hr/>		<hr/>	<hr/>	
\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	Caregiver Administration		Caregiver Support	
	320-308		320-309	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 25,537	\$ 25,537	\$ 377,108	\$ 274,721
State	5,832	5,832	22,947	22,947
Local funds applied	6,189	6,189	-	17,095
Match - cash	-	-	66,992	15,760
Match - In kind	-	-	15,000	13,039
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	1,969
Total revenues	37,558	37,558	482,047	345,531
EXPENDITURES:				
Direct Expenses:				
Salaries	23,156	23,156	59,758	55,019
Employee benefits	9,546	9,546	30,412	27,847
Travel	3	3	3,500	2,388
Contracts	-	-	11,279	7,426
Uncollectible government funds	-	-	-	-
Other	44	44	50,611	47,023
Total direct expenses	32,749	32,749	155,560	139,703
Shared expenses applied	4,809	4,809	14,427	12,356
Sub-total expenditures	37,558	37,558	169,987	152,059
Sub-recipients/sub-grantees	-	-	312,060	193,472
Total expenditures	37,558	37,558	482,047	345,531
Excess revenues (expenditures) before transfers to (from)				
	-	-	-	-
Transfers to (from):				
	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Congregate Meals Admin.		Home Delivered Meals Admin.		Ombudsman	
320-316		320-317		320-326	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 25,675	\$ 25,675	\$ 35,201	\$ 35,201	\$ 104,254	\$ 75,963
7,754	7,754	8,986	8,986	-	-
5,229	5,095	4,393	4,500	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
38,658	38,524	48,580	48,687	104,254	75,963
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
22,724	22,704	27,291	27,202	52,450	36,148
10,400	10,400	12,883	12,883	25,691	18,886
35	35	1,863	1,865	3,415	2,152
-	-	-	-	-	-
-	-	-	-	-	-
577	444	875	875	9,924	9,910
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
33,736	33,583	42,912	42,825	91,480	67,096
4,922	4,941	5,668	5,862	12,774	8,867
38,658	38,524	48,580	48,687	104,254	75,963
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
38,658	38,524	48,580	48,687	104,254	75,963
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<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE III
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	Title III	
	Totals	
	Budget	Actual
REVENUES:		
Federal	\$ 3,004,818	\$ 2,490,283
State	273,750	273,750
Local funds applied	23,130	40,574
Match - cash	506,822	445,512
Match - In kind	240,592	238,631
Program income	-	13,791
Interest income	-	-
Local revenue	-	6,878
Total revenues	4,049,112	3,509,419
EXPENDITURES:		
Direct Expenses:		
Salaries	381,750	340,144
Employee benefits	190,533	169,604
Travel	13,184	10,811
Contracts	105,720	28,558
Uncollectible government funds	-	-
Other	208,409	204,051
Total direct expenses	899,596	753,168
Shared expenses applied	87,983	74,418
Sub-total expenditures	987,579	827,586
Sub-recipients/sub-grantees	3,061,533	2,681,833
Total expenditures	4,049,112	3,509,419
Excess revenues (expenditures) before transfers to (from)	-	-
Transfers to (from):	-	-
Excess revenues (expenditures)	\$ -	\$ -

The accompanying notes are an integral part of this statement.

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
TITLE VII
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	Elder Abuse		Ombudsman	
	320-305		320-306	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 6,035	\$ 5,835	\$ 28,458	\$ 28,458
State	-	-	-	-
Local funds applied	-	-	29	29
Match - cash	-	-	-	-
Match - In kind	1,681	1,693	10,083	8,390
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	7,716	7,528	38,570	36,877
EXPENDITURES:				
Direct Expenses:				
Salaries	-	-	12,117	12,117
Employee benefits	-	-	5,698	5,698
Travel	-	-	2,762	2,762
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	7,716	7,528	15,646	13,954
Total direct expenses	7,716	7,528	36,223	34,531
Shared expenses applied	-	-	2,347	2,346
Sub-total expenditures	7,716	7,528	38,570	36,877
Sub-recipients/sub-grantees	-	-	-	-
Total expenditures	7,716	7,528	38,570	36,877
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Ombudsman - Education		Title VII	
320-307		Totals	
Budget	Actual	Budget	Actual
\$ 23,363	\$ 21,853	\$ 57,856	\$ 56,146
-	-	-	-
-	-	29	29
-	-	-	-
-	-	11,764	10,083
-	-	-	-
-	-	-	-
-	-	-	-
<u>23,363</u>	<u>21,853</u>	<u>69,649</u>	<u>66,258</u>
794	788	12,911	12,905
338	336	6,036	6,034
-	-	2,762	2,762
-	-	-	-
-	-	-	-
<u>22,063</u>	<u>20,582</u>	<u>45,425</u>	<u>42,064</u>
23,195	21,706	67,134	63,765
<u>168</u>	<u>147</u>	<u>2,515</u>	<u>2,493</u>
23,363	21,853	69,649	66,258
-	-	-	-
<u>23,363</u>	<u>21,853</u>	<u>69,649</u>	<u>66,258</u>
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
GRANDPARENTS SUPPORT
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	Administration		Support	
	320-314		320-315	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	12,623	12,623	141,280	141,280
Local funds applied	1,792	1,876	-	223
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	14,415	14,499	141,280	141,503
EXPENDITURES:				
Direct Expenses:				
Salaries	8,968	8,913	36,729	36,729
Employee benefits	3,679	3,679	19,890	19,890
Travel	22	22	1,749	1,749
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	-	-	74,552	74,419
Total direct expenses	12,669	12,614	132,920	132,787
Shared expenses applied	1,746	1,885	8,360	8,716
Sub-total expenditures	14,415	14,499	141,280	141,503
Sub-recipients/sub-grantees	-	-	-	-
Total expenditures	14,415	14,499	141,280	141,503
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Grandparents Support	
Totals	
Budget	Actual
\$ -	\$ -
153,903	153,903
1,792	2,099
-	-
-	-
-	-
-	-
-	-
<u>155,695</u>	<u>156,002</u>
45,697	45,642
23,569	23,569
1,771	1,771
-	-
-	-
<u>74,552</u>	<u>74,419</u>
145,589	145,401
<u>10,106</u>	<u>10,601</u>
155,695	156,002
<u>155,695</u>	<u>156,002</u>
\$ -	\$ -

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
HOMECARE
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	Administration		Social Services	
	321-320		321-322	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	154,806	154,806	1,350,344	1,350,344
Local funds applied	4,097	4,524	26,197	-
Match - cash	-	-	70,835	53,218
Match - In kind	-	-	15,797	15,797
Program income	-	-	3,291	3,291
Interest income	-	-	-	-
Local revenue	-	-	25,000	70,301
Total revenues	158,903	159,330	1,491,464	1,492,951
EXPENDITURES:				
Direct Expenses:				
Salaries	95,110	95,110	321,965	321,274
Employee benefits	39,901	39,901	146,293	145,130
Travel	285	285	6,629	6,629
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	4,048	4,014	6,218	6,790
Total direct expenses	139,344	139,310	481,105	479,823
Shared expenses applied	19,559	20,020	66,311	69,080
Sub-total expenditures	158,903	159,330	547,416	548,903
Sub-recipients/sub-grantees	-	-	944,048	944,048
Total expenditures	158,903	159,330	1,491,464	1,492,951
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Homecare	
Totals	
Budget	Actual
\$	\$
1,505,150	1,505,150
30,294	4,524
70,835	53,218
15,797	15,797
3,291	3,291
-	-
<u>25,000</u>	<u>70,301</u>
<u>1,650,367</u>	<u>1,652,281</u>
417,075	416,384
186,194	185,031
6,914	6,914
-	-
-	-
<u>10,266</u>	<u>10,804</u>
620,449	619,133
<u>85,870</u>	<u>89,100</u>
706,319	708,233
<u>944,048</u>	<u>944,048</u>
<u>1,650,367</u>	<u>1,652,281</u>
-	-
-	-
\$	\$

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
ESMP
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	Administration		Regular	
	327-343		327-344	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ -	\$ -	\$ -	\$ -
State	28,776	28,776	383,684	383,684
Local funds applied	228	248	-	-
Match - cash	-	-	26,789	26,789
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	29,004	29,024	410,473	410,473
EXPENDITURES:				
Direct Expenses:				
Salaries	18,246	18,246	-	-
Employee benefits	7,187	7,187	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	-	-	-	-
Total direct expenses	25,433	25,433	-	-
Shared expenses applied	3,571	3,591	-	-
Sub-total expenditures	29,004	29,024	-	-
Sub-recipients/sub-grantees	-	-	410,473	410,473
Total expenditures	29,004	29,024	410,473	410,473
Excess revenues (expenditures) before transfers to (from)	-	-	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

ESMP	
Totals	
Budget	Actual
\$ -	\$ -
412,460	412,460
228	248
26,789	26,789
-	-
-	-
-	-
-	-
<u>439,477</u>	<u>439,497</u>
18,246	18,246
7,187	7,187
-	-
-	-
-	-
-	-
<u>25,433</u>	<u>25,433</u>
<u>3,571</u>	<u>3,591</u>
29,004	29,024
<u>410,473</u>	<u>410,473</u>
<u>439,477</u>	<u>439,497</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u>\$ -</u>	<u>\$ -</u>

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF OPERATIONS BY PROGRAM
CABINET FOR HEALTH AND FAMILY SERVICES
CDO
PERIOD PERFORMANCE: JULY 1, 2024 TO JUNE 30, 2025

Work Element	CDO Financial Management		PDS Services CDO	
	134-552		234-552	
	Budget	Actual	Budget	Actual
REVENUES:				
Federal	\$ 1,123,050	\$ 1,123,050	\$ -	\$ -
State	-	-	307,525	307,525
Local funds applied	-	-	-	-
Match - cash	-	-	-	-
Match - In kind	-	-	-	-
Program income	-	-	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Total revenues	1,123,050	1,123,050	307,525	307,525
EXPENDITURES:				
Direct Expenses:				
Salaries	91,822	91,822	-	-
Employee benefits	46,287	46,287	-	-
Travel	-	-	-	-
Contracts	-	-	-	-
Uncollectible government funds	-	-	-	-
Other	328,515	328,515	-	-
Total direct expenses	466,624	466,624	-	-
Shared expenses applied	20,538	20,538	-	-
Sub-total expenditures	487,162	487,162	-	-
Sub-recipients/sub-grantees	-	-	307,525	307,525
Total expenditures	487,162	487,162	307,525	307,525
Excess revenues (expenditures) before transfers to (from)				
	635,888	635,888	-	-
Transfers to (from)	-	-	-	-
Excess revenues (expenditures)	\$ 635,888	\$ 635,888	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CDO Program		CDO	
334-552		Totals	
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 1,123,050	\$ 1,123,050
27,964,282	28,498,516	28,271,807	28,806,041
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>
<u>27,964,282</u>	<u>28,498,516</u>	<u>29,394,857</u>	<u>29,929,091</u>
1,199,673	1,199,673	1,291,495	1,291,495
556,140	556,140	602,427	602,427
46,345	46,345	46,345	46,345
4,956	4,956	4,956	4,956
25,576	25,576	25,576	25,576
<u>14,973</u>	<u>14,973</u>	<u>343,488</u>	<u>343,488</u>
1,847,663	1,847,663	2,314,287	2,314,287
<u>262,868</u>	<u>262,868</u>	<u>283,406</u>	<u>283,406</u>
2,110,531	2,110,531	2,597,693	2,597,693
<u>25,635,737</u>	<u>26,037,020</u>	<u>25,943,262</u>	<u>26,344,545</u>
<u>27,746,268</u>	<u>28,147,551</u>	<u>28,540,955</u>	<u>28,942,238</u>
<u>218,014</u>	<u>350,965</u>	<u>853,902</u>	<u>986,853</u>
<u>\$ 218,014</u>	<u>\$ 350,965</u>	<u>\$ 853,902</u>	<u>\$ 986,853</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
STATEMENT OF ALLOCATED COSTS CLAIMED
YEAR ENDED JUNE 30, 2025**

	<u>Costs Claimed</u>
Shared Expenses:	
Salaries	\$ 70,531
Employee benefits	49,162
Travel	4,176
Contractual	177,509
Other	
Financing costs	\$ 47,829
Building maintenance	133,215
Miscellaneous	58,323
Depreciation	96,059
Insurance	67,983
Postage	3,250
Telephone	29,568
Consumable supplies	34,896
Utilities	35,113
Computer software and hardware	70,592
Janitor service	22,555
Organizational dues	7,638
Registration	1,537
Marketing and advertising	383
	<hr/>
Total other	<hr/> 608,941
Total shared expenses	<hr/> 910,319
Shared expenses allocated (1)	<hr/> (910,319)
Shared expenses over applied	<hr/> \$ -

Explanatory Notes:

(1) Shared costs are distributed on the basis of total direct salaries and employee benefits. The total shared expenses allocated is approximately 15% of total direct salaries and employee benefits.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – SUB-GRANTEE INFORMATION

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

Cabinet for Health and Family Services Contract

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

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

To the Directors of
Northern Kentucky Area Development District

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 Northern Kentucky Area Development District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Northern Kentucky Area Development District's basic financial statements, and have issued our report thereon dated December 30, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

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.



Crestview Hills, Kentucky
December 30, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Kentucky Area Development District compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Northern Kentucky Area Development District major federal programs for the year ended June 30, 2025. Northern Kentucky Area Development District 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northern Kentucky Area Development District 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 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 internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Crestview Hills, Kentucky
December 30, 2025

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NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's ID Number
U. S. Department of Agriculture		
Passed through Kentucky Department of Agriculture		
Emergency CSFP- CCC	10.194	PON2-035 2500001486
Passed through Kentucky Cabinet for Health and Family Services:		
State Administrative Matching Grants for Supplemental		
NutritionAssistance Program (E&T)	10.561	PON2-736 2400001875
Food Distribution Cluster:		
Passed through Kentucky Department of Agriculture		
CASH:		
Commodity Supplemental Food Program	10.565	PON2-035 2400004402
Commodity Supplemental Food Program	10.565	PON2-035 2000002689
The Emergency Food Assistance Program-TEFAP (Administration)	10.568	PON2-035 2400004330
The Emergency Food Assistance Program-TEFAP (Administration)	10.568	PON2-035 2000002662
Commodity Credit Corporation-TEFAP-CCC (Administration)	10.568	PON 2-035 2300002860
Commodity Credit Corporation-TEFAP-CCC (Administration)	10.568	PON 2-035 2500001808
TEFAP Reach and Resiliency (Administration)	10.568	PON 2-035 2300000650
NONCASH:		
Commodity Supplemental Food Program (Food Commodities)	10.565	PON2-035 2400004402
The Emergency Food Assistance Program (Food Commodities)	10.569	PON2-035 2400004330
Commodity Credit Corporation-TEFAP-CCC (Food Commodities)	10.568	PON 2-035 2300002860
Sub-total for Food Distribution Cluster		
Sub-total for U.S. Department of Agriculture		
U. S. Department of Commerce		
Passed through Governors Office of Local Development:		
Economic Development Administration Partnership Planning Grant	11.302	PON2-112 2400004767
Economic Adjustment Assistance:		
Passed through Economic Development Administration:		
CARES Act Revolving Loan Fund Supplemental Disaster Recovery	11.307	04-79-07541
Sub-total for U.S. Department of Commerce		
U. S. Department of Housing and Urban Development		
Passed through Governors Office of Local Development:		
Community Development Block Grant	14.228	PON2-112 2400004767
Sub-total for U.S. Department of Housing and Urban Development		
U. S. Department of Labor		
Workforce Innovation and Opportunity Act Cluster:		
Passed through Kentucky Cabinet for Workforce Development		
WIOA Adult Program	17.258	27323
WIOA Adult Program	17.258	273SR23
WIOA Adult Program	17.258	27324
WIOA Adult Program	17.258	274SR23
WIOA Adult Program	17.258	27025
WIOA Adult Program	17.258	27325
WIOA Youth Activities	17.259	274SR19
WIOA Youth Activities	17.259	27424
WIOA Youth Activities	17.259	27425
WIOA Dislocated Workers	17.278	27124
WIOA Dislocated Workers	17.278	27225
WIOA Dislocated Workers	17.278	27125

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

Program Award Amounts	Federal Expenditures	Sub-recipient
\$ 53,000	\$ 26,563	\$ -
202,000	115,478	-
211,000	93,012	-
220,000	11,197	-
425,000	192,239	-
425,000	116,052	-
100,691	38,610	-
15,930	15,930	-
171,000	117,667	-
	354,768	354,768
	1,368,388	1,368,388
	1,124,050	1,124,050
	3,431,913	2,847,206
	3,573,954	2,847,206
92,847	92,847	-
368,527	310,070	-
	402,917	-
15,829	15,829	-
	15,829	-
346,439	374	-
121,200	102,965	-
336,466	54,236	-
198,297	137,248	-
96,104	96,104	-
387,419	314,534	-
75,781	1,321	-
422,862	59,786	-
502,081	224,828	-
600,058	155,610	-
161,054	161,054	-
520,000	414,382	-

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's ID Number
Workforce Innovation and Opportunity Act Cluster (continued):		
Passed through KentuckianaWorks		
WIOA - Code KY Pilot Program	17.259	274SR21
Sub-total for Workforce Innovation and Opportunity Act Cluster and U.S. Department of Labor		
U. S. Transportation Department		
Safe Streets and Roads for All	20.939	693JJ32340362
Passed through Ohio Kentucky Indiana Regional Council of Government		
Mobility Manager Grant	20.513	FAIN OH-2019-015-01-00
Mobility Manager Grant	20.513	OH-2021-059-01-00
Sub-total for U.S. Transportation Department		
U.S. Department of Treasury		
Passed through Kentucky Cabinet for Health and Family Services		
ARPA, Coronavirus State and Local Fiscal Recovery Funds	21.027	PON3 725 2200000036 2
U. S. Department of Health and Human Services		
Passed through Kentucky Cabinet for Health and Family Services		
Aging Cluster:		
Title III, Part B Support Services	93.044	PON3 725 2400000102 3
Title III, Part B Support Services (Administration)	93.044	PON3 725 2400000102 3
ARPA Title III, Part B Supportive Services	93.044	PON3 725 2200000036
Title III, Part C Nutrition Services	93.045	PON3 725 2400000102 3
Title III, Part C Nutrition Services	93.045	PON3 725 2400000102 3
ARPA Title III, Part C Nutrition Services	93.045	PON3 725 2400000102 3
Nutrition Services Incentive Program, NSIP	93.053	PON3 725 240000006 2
Nutrition Services Incentive Program, NSIP	93.053	PON3 725 2400000082 1
Sub-total for Aging Cluster		
Title VII, Elder Abuse Prevention	93.042	PON3 725 2400000100 1
Title VII, Ombudsman	93.042	PON3 725 2400000100 1
ARPA, Title VII, Ombudsman	93.042	PON3 725 2400000100 1
Title VII, Ombudsman Education	93.042	PON3 725 2400000100 1
Title III, Part D Preventive Health	93.043	PON3 725 2400000102 3
ARPA, Part D Preventive Health	93.043	PON3 725 2400000102 3
Title III, Part E Family Caregiver Support (Administration)	93.052	PON3 725 2400000102 3
Title III, Part E Family Caregiver Support	93.052	PON3 725 2400000102 3
ARPA Title III, Part E Family Caregiver Support	93.052	PON3 725 2400000102 3
INNU	93.048	PON3 725 2400000103
MIPPA SHIP	93.071	PON2 725 240000007 1
MIPPA SHIP	93.071	PON3 725 2400000081 2
MIPPA AAA	93.071	PON2 725 240000007 1
MIPPA AAA	93.071	PON3 725 2400000081 2
MIPPA ADRC	93.071	PON2 725 240000007 1
MIPPA ADRC	93.071	PON3 725 2400000081 2
Centers for Medicare & Medicaid Services, CMS - (SHIP)	93.324	PON3 725 2400000094 1
Temporary Assistance for Needy Families - KY Works	93.558	PON2-736 2400001875
Medicaid ADRC	93.778	PON3 725 2400000066 1
Sub-total for U.S. Department of Health and Human Services		
Total Federal Expenditures		
Total Federal Expenditures - Cash		
Total Federal Expenditures - Non-cash		

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

<u>Program Award Amounts</u>	<u>Federal Expenditures</u>	<u>Sub-recipient</u>
\$ 28,103	\$ 25,818	\$ -
	1,748,260	-
183,238	71,448	-
206,665	85,566	-
300,000	8,218	-
	165,232	-
5,612	4,988	4,988
656,950	475,592	190,966
81,552	81,552	-
460,558	268,083	66,804
372,161	247,323	197,244
875,741	875,741	859,783
772,596	196,665	153,785
66,010	16,498	16,498
70,983	70,983	70,983
	2,232,437	1,556,063
6,035	5,835	-
16,887	16,887	-
30,689	11,571	-
23,363	21,853	-
49,071	21,832	11,616
43,875	18,250	13,376
18,199	18,199	-
314,816	212,429	57,141
142,735	69,630	-
4,657	4,657	-
17,344	4,339	4,339
22,403	18,670	18,670
15,992	3,995	3,995
21,403	17,840	17,840
3,858	960	960
9,289	7,740	7,740
44,886	44,886	43,655
938,694	785,102	-
27,075	27,075	-
	3,544,187	1,735,395
\$ 9,455,367	\$ 4,587,589	
\$ 6,608,161	\$ 1,740,383	
\$ 2,847,206	\$ 2,847,206	

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northern Kentucky Area Development District. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the NKADD, it is not intended to and does not present the financial position, changes in net position or cash flows of the NKADD. Although many of these programs are jointly funded by Federal, Kentucky and local sources, only Federal expenditures are reported on this schedule. The amounts shown are based on the Federal share of the combined allocations.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

The NKADD has elected not to use the 10% 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, 2025, the NKADD had USDA food commodities totaling \$351,315 in inventory.

Note 5 - Revolving Loan Fund Calculations

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

Balance of loans outstanding	\$ 126,517
Plus: Cash and investment balance	183,553
Plus: Administrative expenses	-
Plus: Loans written off during the fiscal year	-
Subtotal	310,070
Multiplied by federal share of initial capitalization	<u>100%</u>
Total	<u>\$ 310,070</u>

Note 6 – Reconciliation of Federal Revenues - Cash

Statement of Revenues, Expenditures
and Changes in Fund Balance (page 10)

Federal Revenues	\$ 7,416,685
Less: CDO (Federal Medicaid)	(1,123,050)
Adjustment for Revolving Loan Fund	-
Amount reported on page 10	4,456
Amount reported on page 73	<u>310,070</u>
 Federal Expenditures—Cash	
Schedule of Expenditures of Federal Awards (page 75)	<u>\$ 6,608,161</u>

**NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Note 7 – Sub-recipient Supplemental Information

Legal Aid of the Bluegrass, KHNFMSR71737, HS-A-25-LA

Title IIIB	93.044	\$ 23,656
Title IIIB ARPA	93.044	16,344
MIPPA	93.071	53,544
SHIP	93.324	44,886

RC Durr YMCA of Greater Cincinnati, Q7W4E3XBKF15, HS-A-25-RC Durr YMCA

Title IIIB	93.044	\$ 47,056
Title IIIB ARPA	93.044	13,446
Title IIID	93.043	3,943
Title IIID ARPA	93.043	6,279
Coronavirus ARPA	21.027	1,868

City of Williamstown, NNLDUQPPEUQ7, HS-A-25 Williamstown SC

Title IIIB	93.044	\$ 10,403
Title IIIB ARPA	93.044	1,624
Title IIID	93.043	800
Coronavirus ARPA	21.027	624

City of Elsmere, P5SLV21CBVQ9, HS-A-25- Elsmere SC

Title IIIB	93.044	\$ 12,500
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Campbell County Fiscal Court, T4QDQY9ZM657, HS-A-25-Camp

Title IIIB	93.044	\$ 22,867
Title IIIB ARPA	93.044	5,309
Title IIID	93.043	5,423
Title IIID ARPA	93.043	6,171
Coronavirus ARPA	21.027	624

Carroll County Fiscal Court, NU9YJ2KBVYV9, HS-A-25-Carr

Title IIIB	93.044	\$ 22,903
Title IIIB ARPA	93.044	3,397
Title IIID	93.043	1,450
Title IIID ARPA	93.043	425
Coronavirus ARPA	21.027	624

Gallatin County Fiscal Court, M64VELKAMFM76, HS-A-25-Gall

Title IIIB	93.044	\$ 9,803
Title IIIB ARPA	93.044	2,400
Coronavirus ARPA	21.027	624

Pendleton County Fiscal Court, S9NAC91F1EV8, HS-A-25-Pend

Title IIIB	93.044	\$ 22,844
Title IIIB ARPA	93.044	4,760
Title IIID ARPA	93.043	500
Coronavirus ARPA	21.027	624

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Note 7 – Sub-recipient Supplemental Information (continued)

Owen County Fiscal Court, JNJ9C6AR32U7, HS-A-25-Owen		
Title IIIB	93.044	\$ 18,934
Title IIIB ARPA	93.044	2,724
PurFood LLC (MOMS Meals) , RLXXSGXQ3246, HS-A-25-PurFood		
Title IIIC	93.045	\$ 41,143
Title IIIC ARPA	93.045	7,212
Meals on Wheels of Greater Cincinnati/NKY, GQ11LLJD1CS9, HS-A-25-MOWKY		
Title IIIB ARPA	93.044	\$ 16,800
Title IIIC	93.045	1,015,884
Title IIIC ARPA	93.045	146,574
NSIP	93.053	87,481
Visiting Angels, Inc. , MTYLD38JYXN4, HS-A-25-VA		
Title IIIE	93.052	\$ 31,838
Helping Hands NKY, WTLXU1MKE434, HS-A-25-HH		
Title IIIE	93.052	\$ 9,400
Interim, VFJHG4LWEJ39, HS-A-25-INT		
Title IIIE	93.052	\$ 14,907
Lifeline, XK42GCUL2N96, HS-A-25-LL		
Title IIIE	93.052	\$ 995

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

Schedule of Findings and Questioned Costs Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes None noted

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes None noted

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

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

Identification of Major Programs

CFDA No.	Name of Federal Programs or Clusters
10.565/10.568/10.569 93.558	Food Distribution Program Temporary Assistance for Needy Families (TANF)

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

Auditee qualified as low-risk auditee? Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reportable.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reportable.

NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT

Summary Schedule of Prior Audit Findings Year Ended June 30, 2025

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

For the year ended Juen 30, 2024, the auditor discovered Northern Kentucky Area Development District failed to implement adequate internal controls over the budgeting process, which resulted in the budget being overspent.

Status update: Corrective action was taken.