

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023  
with  
REPORT OF INDEPENDENT AUDITORS**

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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
Cumberland Valley Area Development District  
London, Kentucky

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cumberland Valley Area Development District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Cumberland Valley Area Development District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cumberland Valley Area Development District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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 Cumberland Valley 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.





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*and*

*Business Advisors*

***Auditors' Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the pension and other postemployment benefits liability and contributions information per 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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*Certified Public Accountants  
and*

*Business Advisors*

***Supplementary Information***

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

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 31, 2023, on our consideration of Cumberland Valley Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, scope, 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 District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cumberland Valley Area Development District's internal control over financial reporting and compliance.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
December 31, 2023



**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
Year ended June 30, 2023

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As management of the Cumberland Valley Area Development District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes.

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments; Omnibus, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

The District's solid financial position is attributed to sound fiscal management and continuing review of all policies in search of ways to increase revenues and/or reduce costs. Our current financial position is strong and our budget for FY 2023 is solid and supports the needs of the District.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This annual report includes the management's discussion and analysis, the independent auditors report, the District's audited financial statements, and notes to the financial statements. The notes to the financial statements explain in detail some of the information in the financial statements.

The District's financial statements utilize the accrual basis of accounting. Also, the financial statements conform to generally accepted accounting principles and guidelines set forth by the Governmental Accounting Standards Board (GASB). The District is a single fund, special purpose entity that provides regional planning, development and aging services to the city, county and nonprofit agencies within the 8-county area. As such, the entity-wide financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. These statements display information about the entity.

The District does not utilize multiple funds in accounting for its financial activities; therefore, fund type statements are not presented. The Statements of Net Position details the District's assets and liabilities and very similar to the balance sheet. The Statements of Revenues, Expenses and Changes in Net Position details revenue classified by source and expenditures by purpose for separate fiscal years and the also considers adjustments, if any, for prior year events.

The basic financial statements can be found in the table of contents of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found in the table of contents of this report.

### **FINANCIAL ANALYSIS**

The enclosed financial statements summarize the overall financial condition of CVADD for the fiscal years ended June 30, 2023 and 2022, as summarized in the following table:

*See table on next page*

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT - LONDON, KY**  
 Year ended June 30, 2023

	FY 2023	FY 2022
Current Assets	\$ 4,758,113	\$ 4,095,422
Capital Assets	439,595	243,472
Deferred outflows of resources	<u>1,078,544</u>	<u>945,052</u>
 Total Assets and Deferred Outflows	 <u>\$ 6,276,252</u>	 <u>\$ 5,283,946</u>
 Current Liabilities	 \$ 1,866,294	 \$ 939,469
Net Pension Liability	2,645,530	2,513,589
Net OPEB Liability	<u>722,089</u>	<u>754,580</u>
Total Liabilities	5,233,913	4,207,638
 Deferred inflow of resources	 900,758	 964,093
 Net Position		
Invested in capital assets	439,595	243,472
Restricted	1,444,724	1,444,025
Unrestricted	<u>(1,742,738)</u>	<u>(1,575,282)</u>
Total Net Position	<u>141,581</u>	<u>112,215</u>
 Total Liabilities, Deferred Inflows, & Net Position	 <u>\$ 6,276,252</u>	 <u>\$ 5,283,946</u>

Net position may serve over time as a useful indicator of a district's financial position. Cumberland Valley Area Development District liabilities exceeded assets by \$141,581 as of June 30, 2023, an increase of \$29,366 from the previous year.

The largest portion of the District's net position reflects its restricted assets, such as restricted cash for grant and revolving loan activities.

The following table presents a summary of revenues, expenses, and changes in fund balance reported for the fiscal year ended June 30, 2023, compared to the fiscal year ended June 30, 2022.

*See Table on Next Page*

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT - LONDON, KY**  
Year ended June 30, 2023

	FY 2023	FY 2022
Revenues:		
Federal and state revenues	\$ 12,201,125	\$ 8,440,351
Local Revenues	474,206	370,816
Interest income	<u>-</u>	<u>-</u>
Total Revenues	<u>12,675,331</u>	<u>8,811,167</u>
Expenses		
Personnel	1,780,266	1,557,058
Contractual	9,440,051	5,750,477
Other	<u>1,407,848</u>	<u>1,135,494</u>
Total Operating Expenses	12,628,165	8,443,029
Operating Income	47,166	368,138
Non-operating Income (Expense)	<u>-</u>	<u>-</u>
Increase (decrease) in fund balance	<u>47,166</u>	<u>368,137</u>

**Capital Assets**

The following table summarizes the capital asset and depreciation activity of the District for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Cost:				
Equipment and vehicles	\$ 235,870	\$ 218,367	\$ -	\$ 454,237
Building and land	<u>886,581</u>	<u>-</u>	<u>-</u>	<u>886,581</u>
Total capital assets	<u>1,122,451</u>	<u>218,367</u>	<u>-</u>	<u>1,340,818</u>
Less: accumulated depreciation	(878,978)	(22,245)		(901,223)
Total capital assets	<u>\$ 243,473</u>	<u>\$ 196,122</u>	<u>\$ -</u>	<u>\$ 439,595</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District is experiencing slow-growing revenues and rising operating costs. More economical ways of delivering services and paying for those services are currently being researched.

In summary, the District enjoys a high level of services, excellent facilities, and adequate financial reserves. However, the reality is that steady development in the District that would generate new revenue to offset increased costs has not occurred due to state and federal budget constraints.

**CONTACTING THE CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT MANAGEMENT**

Questions regarding this report should be directed to the Executive Director by phone (606) 864-7391 or by mail at PO Box 1740, London, KY 40743.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2023

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current Assets</b>			
Cash - unrestricted	1,630,035	\$ -	\$ 1,630,035
Cash - restricted	-	1,448,470	1,448,470
Accounts receivable	1,679,608	-	1,679,608
Restricted notes receivable, net	-	-	-
<b>Total current assets</b>	<u>3,309,643</u>	<u>1,448,470</u>	<u>4,758,113</u>
<b>Noncurrent Assets</b>			
Capital assets, net	439,595	-	439,595
<b>Total noncurrent assets</b>	<u>439,595</u>	<u>-</u>	<u>439,595</u>
<b>Total assets</b>	<u>3,749,238</u>	<u>1,448,470</u>	<u>5,197,708</u>
<b>Deferred outflow of resources</b>			
Deferred outflows from pensions	672,399	-	672,399
Deferred outflows from OPEB	406,145	-	406,145
<b>Total deferred outflows of resources</b>	<u>1,078,544</u>	<u>-</u>	<u>1,078,544</u>
<b>Total assets and deferred outflows</b>	<u>4,827,782</u>	<u>1,448,470</u>	<u>6,276,252</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	1,628,559	3,746	1,632,305
Accrued payroll and payroll taxes	196,532	-	196,532
Unearned revenue	37,457	-	37,457
<b>Total current liabilities</b>	<u>1,862,548</u>	<u>3,746</u>	<u>1,866,294</u>
<b>Other Liabilities</b>			
Net pension liability	2,645,530	-	2,645,530
Net OPEB liability	722,089	-	722,089
<b>Total noncurrent liabilities</b>	<u>3,367,619</u>	<u>-</u>	<u>3,367,619</u>
<b>Deferred inflow of resources</b>			
Deferred pension inflows	446,933	-	446,933
Deferred OPEB inflows	453,825	-	453,825
<b>Total deferred inflows of resources</b>	<u>900,758</u>	<u>-</u>	<u>900,758</u>
<b>NET POSITION</b>			
Net investment in capital assets	439,595	-	439,595
Restricted for:			
Other	-	1,444,724	1,444,724
Unrestricted	(1,742,738)	-	(1,742,738)
<b>Total net position</b>	<u>(1,303,143)</u>	<u>1,444,724</u>	<u>141,581</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>4,827,782</u>	<u>\$ 1,448,470</u>	<u>\$ 6,276,252</u>

The accompanying notes are an integral part of these financial statements

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2023**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Business-Type Activities	Total
<b>Governmental activities</b>							
General	\$ 2,943,488	\$ 3,610	\$ 1,407,507	\$ -	(1,532,371)	\$ -	\$ (1,532,371)
Aging	3,300,378	-	3,967,848	-	667,470	-	667,470
CDO	6,285,554	-	6,825,770	-	540,216	-	540,216
<b>Total governmental activities</b>	<b>12,529,420</b>	<b>3,610</b>	<b>12,201,125</b>	<b>-</b>	<b>(324,685)</b>	<b>-</b>	<b>(324,685)</b>
<b>Business-type activities</b>							
Revolving loan activities	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
			<b>General revenues</b>				
			Interest income		-	723	723
			Membership dues		72,517	-	72,517
			Other		398,077	(24)	398,053
			Transfers in(out)		-	-	-
			<b>Total general revenues</b>		<b>470,594</b>	<b>699</b>	<b>471,293</b>
			<b>Change in net position</b>		<b>145,909</b>	<b>699</b>	<b>146,608</b>
			Restated net position July 1, 2022		(1,449,052)	1,444,025	(5,027)
			<b>Net position June 30, 2023</b>		<b>(1,303,143)</b>	<b>\$ 1,444,724</b>	<b>\$ 141,581</b>

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

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Funds - Aging</u>	<u>Special Revenue Funds - CDO</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 891,058	\$ 368,155	\$ 370,822	\$ 1,630,035
Accounts Receivable	<u>1,372,950</u>	<u>282,233</u>	<u>24,425</u>	<u>1,679,608</u>
<b>Total assets</b>	<b><u>\$ 2,264,008</u></b>	<b><u>\$ 650,388</u></b>	<b><u>\$ 395,247</u></b>	<b><u>\$ 3,309,643</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	165,338	779,262	683,959	1,628,559
Accrued expenses	171,670	-	24,862	196,532
Unearned revenues	37,457	-	-	37,457
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>374,465</u></b>	<b><u>779,262</u></b>	<b><u>708,821</u></b>	<b><u>1,862,548</u></b>
<b>Fund Balances</b>				
Restricted	-	(128,874)	(313,574)	(442,448)
Committed	-	-	-	-
Unassigned	<u>1,889,543</u>	<u>-</u>	<u>-</u>	<u>1,889,543</u>
<b>Total fund balances</b>	<b><u>1,889,543</u></b>	<b><u>(128,874)</u></b>	<b><u>(313,574)</u></b>	<b><u>1,447,095</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 2,264,008</u></b>	<b><u>\$ 650,388</u></b>	<b><u>\$ 395,247</u></b>	<b><u>\$ 3,309,643</u></b>

**CUMBLERAND VALLEY AREA DEVELOPMENT DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION**

**June 30, 2023**

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Total fund balances - governmental funds	\$ 1,447,095
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	439,595
Deferred outflow of resources are not recorded in the government fund financials because they do not affect current resources, but are recorded in the statement of net position.	1,078,544
Net pension obligations and net OPEB obligations are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(3,367,619)
Deferred inflow of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	<u>(900,758)</u>
Total net position - governmental activities	<u>\$ (1,303,143)</u>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2023

<b>Revenues</b>	<b>General Fund</b>	<b>Special Revenue Fund - Aging</b>	<b>Special Revenue Fund - CDO</b>	<b>Total Governmental Funds</b>
Federal grants	\$ 918,350	\$ 2,562,089	\$ -	\$ 3,480,439
State grants	489,157	1,405,759	6,825,770	8,720,686
Interest	-	-	-	-
Dues	72,517	-	-	72,517
Rental	3,610	-	-	3,610
Program Fees and donations	6,080	30,760	-	36,840
Required match	15,415	319,036	-	334,451
Other	-	26,788	-	26,788
<b>Total revenues</b>	<u>1,505,129</u>	<u>4,344,432</u>	<u>6,825,770</u>	<u>12,675,331</u>
<b>Expenditures</b>				
Salaries and benefits	1,780,266	-	-	1,780,266
Travel	64,695	-	-	64,695
Shared expenses	546,043	-	-	546,043
Other	294,505	130,501	37,653	462,659
Services and contracts	341,309	2,850,841	6,247,901	9,440,051
Required match	15,415	319,036	-	334,451
<b>Total expenditures</b>	<u>3,042,233</u>	<u>3,300,378</u>	<u>6,285,554</u>	<u>12,628,165</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>(1,537,104)</u>	<u>1,044,054</u>	<u>540,216</u>	<u>47,166</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	1,832,002	-	-	1,832,002
Operating transfers out	-	(1,034,681)	(797,321)	(1,832,002)
<b>Total other financing sources (uses)</b>	<u>1,832,002</u>	<u>(1,034,681)</u>	<u>(797,321)</u>	<u>-</u>
<b>Net change in fund balances</b>	294,898	9,372	(257,106)	47,164
<b>Restated fund balance, July 1, 2022</b>	<u>1,594,645</u>	<u>(138,246)</u>	<u>(56,468)</u>	<u>1,399,931</u>
<b>Fund balance, June 30, 2023</b>	<u>\$ 1,889,543</u>	<u>\$ (128,874)</u>	<u>\$ (313,574)</u>	<u>\$ 1,447,095</u>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year ended June 30, 2023**

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Net change in total fund balances - governmental funds	\$ 47,164
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which depreciation exceeds capital outlay expense for the year.	196,122
Pension contributions are recorded in the fund statements but are deferred outflows on the statement of net position while calculated pension expense is recorded in the statement of activities.	<u>(97,377)</u>
Change in net position - governmental activities	<u>\$ 145,909</u>

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION -  
 PROPRIETARY FUNDS  
 June 30, 2023

	RLF EDA Fund	RLF ARC Fund	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,432,827	15,643	1,448,470
Total current assets	<u>1,432,827</u>	<u>15,643</u>	<u>1,448,470</u>
<b>Total assets</b>	<u>1,432,827</u>	<u>15,643</u>	<u>1,448,470</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	3,746	-	3,746
Total current liabilities	<u>3,746</u>	<u>-</u>	<u>3,746</u>
<b>Total liabilities</b>	<u>3,746</u>	<u>-</u>	<u>3,746</u>
<b>NET POSITION</b>			
Restricted for:			
Other	1,429,081	15,643	1,444,724
<b>Total net position</b>	<u>1,429,081</u>	<u>15,643</u>	<u>1,444,724</u>

**CUMBLERAND VALLEY AREA DEVELOPMENT DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
 PROPRIETARY FUNDS  
 Year ended June 30, 2023**

	RLF EDA Fund	RLF ARC Fund	Total
<b>Operating revenues</b>			
Interest from loans	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
<b>Operating expenses</b>			
Other	24	-	24
Total operating expenses	24	-	24
Operating income/(loss)	(24)	-	(24)
<b>Nonoperating revenues</b>			
Interest income	721	2	723
Total nonoperating revenues/(expenses)	721	2	723
Income before contributions transfers and special items	697	2	699
Transfers in (out)	-	-	-
<b>Change in net position</b>	697	2	699
Net position as of June 30, 2022	1,428,384	15,641	1,444,025
<b>Net position as of June 30, 2023</b>	<u>\$ 1,429,081</u>	<u>\$ 15,643</u>	<u>\$ 1,444,724</u>

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 Year ended June 30, 2023

	RLF EDA Fund	RLF ARC Fund	Total
<b>Cash flows from operating activities</b>			
Cash received from:			
Other receipts	\$ -	\$ -	\$ -
Cash paid to/for:			
Other payments	(24)	-	(24)
Net cash used in operating activities	(24)	-	(24)
<b>Cash flows from investing activities</b>			
Interest income	721	2	723
Transfer from (to) general fund	-	-	-
Net cash used in investing activities	721	2	723
<b>Cash flows from non-capital financing activities</b>			
Interest paid on debt	-	-	-
Net cash used in capital and related activities	-	-	-
Net increase in cash and cash equivalents	697	2	699
Cash and cash equivalents as of June 30, 2022	1,432,130	15,641	1,447,771
<b>Cash and cash equivalents as of June 30, 2023</b>	<b>\$ 1,432,827</b>	<b>\$ 15,643</b>	<b>\$ 1,448,470</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income/ (loss)	\$ (24)	\$ -	\$ (24)
Adjustments to reconcile change in net position to net cash used in operating activities:			
Increase/(decrease) in accounts payable	-	-	-
Other	-	-	-
<b>Net cash used in operating activities</b>	<b>\$ (24)</b>	<b>\$ -</b>	<b>\$ (24)</b>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
Year ended June 30, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Cumberland Valley Area Development District ("District") was created and established by KRS 147A.050 to 147A.120 and is a "Public Agency" within the meaning of KRS 65.210 to 65.300. The purpose of the Area Development District (ADD) is to improve the quality of life in the Cumberland Valley area by promoting economic development, to provide basic facilities essential to the stimulation of business, manufacturing, services, tourism and commercial activities; and through efforts promoting human resource development to improve health, welfare and education systems within the eight county area consisting of Bell, Clay, Harlan, Jackson, Knox, Laurel, Rockcastle, and Whitley; and provide a forum for elected officials and citizens to reach a consensus and establish local-state-federal partnerships to seek a coordinated solution to problems. The Board of Directors is composed of 49 members made up of 8 County Judge Executives, 22 Mayors, and 19 Citizen Members.

The basic financial statements of the District have been prepared in accordance with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Basis of Presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the basis of presentation:

**Government-wide Financial Statements** - The statement of net position and the statement of revenues, expenses, and changes in net position display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Financial Statements** - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities; and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

1. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The Special Revenue Fund – CDO accounts for proceeds of specific state revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. This is a major fund of the District.

2. Proprietary Fund Types

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or other purposes. Both Revolving Loan Funds are major funds of the District.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District uses the accrual basis of accounting.

Revenues – The District recognizes revenue on the accrual basis of accounting. Grant and contract revenue are recognized as eligible expenses are incurred. Revenue is recognized on performance contracts based upon the percentage of completion or agreed upon services method.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Basis of Accounting - continued

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Revolving Loan Notes Receivable

Revolving loan notes receivable are stated at face value, less an allowance for loan losses. The allowance is established through periodic charges to direct expenses.

Allowance for Doubtful Accounts

The allowance for loan losses related to revolving loans is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay.

Cash and Cash Equivalents

The District has bank accounts and certificates of deposit. The monies are either maintained in a central bank account or used to purchase legal investments.

Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Capital Assets-continued

All reported capital assets, except land and construction-in-progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for general capital assets.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and infrastructure	10-50 years
Machinery and equipment	10 years

Accumulated Unpaid Vacation and Sick Leave Benefits

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Full-time employees accrued vacation time is based on the employee's length of service or specified in a written employment offer. The maximum amount of vacation time that can be accrued for any employee is 30 days. The entire unpaid vacation benefit liability is reported on the financial statements.

Sick leave benefits are accrued at the rate of one and one quarter (1.25) days per month with no maximum accumulation. Per District policy, no payment of sick leave will be made to any employee in the event of termination of employment, regardless of the reason. Therefore, there is no liability for unused sick leave benefits recorded in the accompanying financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Bonds and Related Premiums, Discounts, and Issuance Costs

In the financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are: Once the budget is approved by the Board, it can be amended. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year. Each budget is prepared and controlled at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the District. For the District, those revenues are primarily grants and interest earned on revolving loans. All other revenues are non-operating, such as investment income. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating, such as interest expense.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when limitations are imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

In-Kind

In-kind contributions included in the accompanying financial statements consist of donated volunteer time, facilities, or services.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (CERS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. 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.

Cost Allocation Plan

The District is required by the Department of Local Government to operate under a cost allocation plan that conforms to 2 CFR part 225. A summary of the cost allocation plan is described in detail in Note B. The District is in conformity with 2 CFR Part 225.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE B – COST ALLOCATION**

Joint Costs are accumulated into a cost pool and allocated to grant programs based on direct personnel costs, per a written cost allocation plan. All funds expended by the District are charged either to a specific grant and/or program element as a direct charge or allocated to all programs as a shared (indirect) cost. Direct charges are defined in 2 CFR part 225, Uniform Guidance (formerly OMB Circular A-87 and A-133) as those that can be identified specifically with a particular cost objective. Shared (indirect) costs are those incurred for a common or joint purposes benefiting more than one grant and/or program element. All costs are recognized under the provisions of 2 CFR Part 225, Uniform Guidance (formerly OMB Circular A-102).

**NOTE C - CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

At June 30, 2023, the carrying amount of the District's deposits (cash and investments) was \$3,078,505 and the bank balance was \$3,370,890. Of this amount, \$1,448,470 is restricted for the Revolving Loan Funds as required by the Economic Development Administration (EDA). If the EDA determines that the District has excess funds, then those monies would be sequestered into an interest-bearing account separately from other restricted funds.

**NOTE D – ACCOUNTS RECEIVABLES**

Grant and local receivables are expected to be fully collectible. Grant and local grants receivable consist of the following:

	<u>2023</u>
Grants	\$ 1,664,980
Various Local	<u>14,628</u>
	<u>\$ 1,679,608</u>

Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

**NOTE E – REVOLVING LOAN PROGRAM AND RELATED RESTRICTED RECEIVABLES**

The District received a grant of \$930,500 from the U.S. Department of Commerce, Economic Development Administration (EDA) to establish a revolving loan program to stimulate economic development in the area. In addition, the District provided a local match of \$393,500, as required by the grant. At June 30, 2023, the accompanying financial statements include cash of \$1,448,470. As of June 30, 2023, there was no outstanding loan receivables. The District is in the process of potentially transferring the \$930,500 to another entity to manage the Revolving Loan Program.

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2023</u>
Cost:				
Equipment and vehicles	\$ 235,870	\$ 218,367	\$ -	\$ 454,237
Building and land	<u>886,581</u>	<u>-</u>	<u>-</u>	<u>886,581</u>
Total capital assets	<u>1,122,451</u>	<u>218,367</u>	<u>-</u>	<u>1,340,818</u>
Less: accumulated depreciation	(878,978)	(22,245)	-	(901,223)
Total capital assets	<u>\$ 243,473</u>	<u>\$ 196,122</u>	<u>\$ -</u>	<u>\$ 439,595</u>

Depreciation expense is directly charged to local operations due to the nature of the District.

**NOTE G- RETIREMENT PLANS**

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan description*—Substantially all full-time employees of the District participate in the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided*—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

**NOTE G - RETIREMENT PLANS - CONTINUED**

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 At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

*Funding Policy* – Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.79% of the employee’s total compensation subject to contribution.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the District as its proportionate share of the net pension liability associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 2,645,530
	\$ 2,645,530

The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District’s proportion was 0.036596%. For the year ended June 30, 2022, the District recognized pension expense of \$111,266 related to CERS.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

**NOTE G - RETIREMENT PLANS - CONTINUED**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,828	\$ 23,560
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	359,977	292,156
Changes in proportion and differences between District contributions and proportionate share of contributions	52,993	131,217
District contributions subsequent to the measurement date	<u>256,601</u>	<u>-</u>
Total	<u>\$ 672,399</u>	<u>\$ 446,933</u>

The \$256,601 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (27,179)
2024	(56,877)
2025	(22,232)
2026	75,153
	<u>\$ (31,135)</u>

*Actuarial assumptions*—The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>
Inflation	2.50%
Projected salary increases	3.3-10.3%
Investment rate of return, net of investment expense & inflation	6.25%

*Discount rate*—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

**NOTE G - RETIREMENT PLANS - CONTINUED**

*Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate*—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 3,306,584	\$ 2,645,530	\$ 2,098,783

*Pension plan fiduciary net position*—Detailed information about the CERS pension plans fiduciary net position, projected benefits, and projected funding status is available in separately issued financial reports at <http://kyret.ky.gov/>.

The payroll for employees covered under CERS was \$1,194,054. The contribution requirement for CERS for the year ended June 30, 2023, 2022, and 2021 was \$319,887, \$296,813, and \$258,244, respectively. The District met their contribution requirements.

**NOTE H- OTHER POSTEMPLOYMENT BENEFITS PLAN**

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan description*—Employees are provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided*—CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating 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. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

**NOTE H - OTHER POSTEMPLOYMENT BENEFITS PLAN - CONTINUED**

Contributions—Required contributions by the employee are based on the tier:

Tier 1	Participation date	Before September 1, 2008
	Contribution percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution percentage	1%

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

At June 30, 2023, the District reported a liability of \$722,089 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 the District's proportion was .036589 percent.

The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the CERS net OPEB liability \$ 722,089

For the year ended June 30, 2023, the District recognized OPEB expense of (\$13,889). At June 30, 2022, the District reported deferred outflows of resources and deferred Onflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 72,684	\$ 165,592
Changes of assumptions	114,203	94,103
Net difference between projected and actual earnings on pension plan investments	134,460	105,153
Changes in proportion and differences between District contributions and proportionate share of contributions	21,512	88,977
District contributions subsequent to the measurement date	<u>63,286</u>	<u>-</u>
Total	<u>\$ 406,145</u>	<u>\$ 453,825</u>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
 Year ended June 30, 2023

**NOTE H - OTHER POSTEMPLOYMENT BENEFITS PLAN - CONTINUED**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2023	\$ (26,806)
2024	(26,165)
2025	(51,437)
2026	(6,558)
	<u>\$ (110,966)</u>

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

*Discount rate* – The Discount rate used to measure the total OPEB liability was 5.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	\$ 965,318	\$ 722,089	\$ 521,020

*Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates* – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
CERS			
District's proportionate share of net OPEB liability	\$ 536,857	\$ 722,089	\$ 944,517

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
 Year ended June 30, 2023

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**NOTE I – DEFERRED COMPENSATION**

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

**NOTE J- CONTINGENCIES**

*Grants* - The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2023 may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**NOTE K - RISK MANAGEMENT**

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance, fidelity bonds and employee dishonesty bonds. The District has purchased certain policies, which are retrospectively rated, which include workers' compensation insurance. Contributions for workers' compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

**NOTE L – CONCENTRATIONS**

The District depends on grants from federal and state sources for its continued existence.

**NOTE M – COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the District at risk for a substantial loss (contingency). There were no instances of noncompliance noted.

**NOTE N – TRANSFER OF FUNDS**

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
SPECIAL REVENUE - AGING	GENERAL	INDIRECT COSTS/REIMBURSEMENTS	1,034,681
SPECIAL REVENUE - CDO	GENERAL	INDIRECT COSTS/REIMBURSEMENTS	797,321

**NOTE O – RELATED PARTY TRANSACTIONS**

The District provides fiscal management services to Cumberland Valley Area Development District PDS Program as Fiscal Agent (CVADD PDS). CVADD PDS operates the Participant Directed Services (“PDS”) (formerly titled “Consumer Directed Options”) program for the Cabinet for Health and Family Services and the Department of Aging and Independent Living (DAIL) for the District. Waiver clients have the option to choose PDS at any time. The District serves as the fiscal agent for the client and as a support broker. For support broker, the District earns \$162.50 per month per client based upon an actual visit (or via a telephone call contact during the COVID-19 pandemic) made by District staff. For financial management, the District earns \$162.50 per month per client. For medical goods, the PDS programs bills the state for actual costs when the need is determined. For payroll, claims are submitted to the state after payroll is processed. During the year ended June 30, 2021, the District earned \$674,132 from the PDS program for administration and the District was owed \$311,675, respectively by the PDS program.

**NOTE P – INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2023, there were no interfund receivables due.

**NOTE Q – PRIOR PERIOD ADJUSTMENTS**

The Special Revenue Fund - CDO beginning fund balance was adjusted by a decrease of \$312,161 due to a change in accounting for the program. It involved a transfer between funds and does not affect our opinion on this audit. Governmental activities beginning net position was reduced by \$117,242 due to adjustments to prior year receivables. The beginning fund balance for the General Fund was increased by \$18 and the Special Revenue Fund – Aging was increased by \$146 both due to rounding issues.

**NOTE R – DEFICIT FUND BALANCE / NET POSITION**

The Special Revenue Funds had a deficit fund balance of \$128,874 as of June 30, 2023. The Governmental Activities had a deficit net position of \$1,521,510 as of June 30, 2023.

**NOTE S – SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through December 31, 2023, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	General Fund	
<b>Revenues</b>				
Federal grants	\$ 838,670	\$ 838,670	\$ 918,350	\$ 79,680
State grants	691,393	691,393	489,157	(202,236)
Interest	-	-	-	-
Dues	78,200	78,200	72,517	(5,683)
Rental	-	-	3,610	3,610
Program fees and donations	-	-	6,080	6,080
Required match	-	-	15,415	15,415
Other	-	-	-	-
<b>Total revenues</b>	<b>1,608,263</b>	<b>1,608,263</b>	<b>1,505,129</b>	<b>(103,134)</b>
<b>Expenditures</b>				
Salaries and benefits	2,425,306	2,425,306	1,780,266	645,040
Travel	55,000	55,000	64,695	(9,695)
Shared expenses	287,030	287,030	546,043	(259,013)
Other	33,000	33,000	294,505	(261,505)
Services and contracts	667,532	667,532	341,309	326,223
Required match	18,773	18,773	15,415	3,358
<b>Total expenditures</b>	<b>3,486,641</b>	<b>3,486,641</b>	<b>3,042,233</b>	<b>444,408</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(1,878,378)</b>	<b>(1,878,378)</b>	<b>(1,537,104)</b>	<b>341,274</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	1,919,305	1,919,305	1,832,002	(87,303)
Operating transfers out	(40,927)	(40,927)	-	40,927
<b>Total other financing sources (uses)</b>	<b>1,878,378</b>	<b>1,878,378</b>	<b>1,832,002</b>	<b>(46,376)</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>-</b>	<b>-</b>	<b>294,898</b>	<b>294,898</b>
<b>Fund balance, July 1, 2022</b>	<b>-</b>	<b>-</b>	<b>1,594,645</b>	<b>1,594,645</b>
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,889,543</b>	<b>\$ 1,889,543</b>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND - AGING**  
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Special Revenue Fund - Aging	Budget Favorable (Unfavorable)
<b>Revenues</b>				
Federal grants	\$ 2,400,000	\$ 2,400,000	\$ 2,562,089	\$ 162,089
State grants	1,224,000	1,224,000	1,405,759	181,759
Program fees and donations	-	-	30,760	30,760
Required match	-	-	319,036	319,036
Other	-	-	26,788	26,788
<b>Total revenues</b>	<b>3,624,000</b>	<b>3,624,000</b>	<b>4,344,432</b>	<b>720,432</b>
<b>Expenditures</b>				
Other	132,000	132,000	130,501	1,499
Services and contracts	2,391,180	2,391,180	2,850,841	(459,661)
Required match	170,000	170,000	319,036	(149,036)
<b>Total expenditures</b>	<b>2,693,180</b>	<b>2,693,180</b>	<b>3,300,378</b>	<b>(607,198)</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>930,820</b>	<b>930,820</b>	<b>1,044,054</b>	<b>113,234</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(930,820)	(930,820)	(1,034,681)	(103,861)
<b>Total other financing sources (uses)</b>	<b>(930,820)</b>	<b>(930,820)</b>	<b>(1,034,681)</b>	<b>(103,861)</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>-</b>	<b>-</b>	<b>9,372</b>	<b>9,372</b>
<b>Fund balance, July 1, 2022</b>	<b>-</b>	<b>-</b>	<b>(138,246)</b>	<b>(138,246)</b>
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (128,874)</b>	<b>\$ (128,874)</b>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND - CDO**  
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Special Revenue Fund - CDO	Budget Favorable (Unfavorable)
<b>Revenues</b>				
Federal grants	\$ -	\$ -	\$ -	\$ -
State grants	4,800,000	4,800,000	6,825,770	2,025,770
Other	-	-	-	-
<b>Total revenues</b>	<u>4,800,000</u>	<u>4,800,000</u>	<u>6,825,770</u>	<u>2,025,770</u>
<b>Expenditures</b>				
Other	40,000	40,000	37,653	2,347
Services and contracts	4,160,000	4,160,000	6,247,901	(2,087,901)
Required match	-	-	-	-
<b>Total expenditures</b>	<u>4,200,000</u>	<u>4,200,000</u>	<u>6,285,554</u>	<u>(2,085,554)</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>600,000</u>	<u>600,000</u>	<u>540,216</u>	<u>(59,784)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(600,000)	(600,000)	(797,321)	(197,321)
<b>Total other financing sources (uses)</b>	<u>(600,000)</u>	<u>(600,000)</u>	<u>(797,321)</u>	<u>(197,321)</u>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<u>-</u>	<u>-</u>	<u>(257,106)</u>	<u>(257,106)</u>
<b>Fund balance, July 1, 2022</b>	<u>-</u>	<u>-</u>	<u>(56,468)</u>	<u>(56,468)</u>
<b>Fund balance, June 30, 2023</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(313,574)</u>	<u>\$ (313,574)</u>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUNDS  
Year ended June 30, 2023**

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The District's budgetary process accounts for transactions on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares an annual budget based upon estimates of local, state, and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget shall be submitted to the board no later than thirty days prior to the beginning of the fiscal year it covers. The board adopts the budget. The District has the ability to amend the budget.

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 June 30, 2023

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.04%	\$ 2,645,530	\$ 1,194,054	221.56%	52.42%
2022	0.04%	\$ 2,513,589	\$ 1,102,514	227.99%	57.33%
2021	0.04%	\$ 2,865,865	\$ 1,049,673	273.02%	47.81%
2020	0.04%	\$ 2,753,156	\$ 1,019,882	269.95%	50.45%
2019	0.04%	\$ 2,613,532	\$ 1,055,847	247.53%	53.54%
2018	0.04%	\$ 2,563,983	\$ 1,095,718	234.00%	53.30%
2017	0.05%	\$ 2,273,282	\$ 1,075,138	211.44%	55.50%
2016	0.04%	\$ 1,843,379	\$ 1,132,246	162.81%	66.75%
2015	0.04%	\$ 1,411,000	\$ 1,029,493	137.06%	66.80%

\* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS  
 COUNTY EMPLOYEES RETIREMENT SYSTEM

Year ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 279,409	\$ 279,409	\$ -	\$ 1,194,054	23.40%
2022	\$ 212,785	\$ 212,785	\$ -	\$ 1,102,514	19.30%
2021	\$ 202,587	\$ 202,587	\$ -	\$ 1,049,673	19.30%
2020	\$ 196,837	\$ 196,837	\$ -	\$ 1,019,882	19.30%
2019	\$ 171,258	\$ 171,258	\$ -	\$ 1,055,847	16.22%
2018	\$ 158,660	\$ 158,660	\$ -	\$ 1,095,718	14.48%
2017	\$ 199,804	\$ 199,804	\$ -	\$ 1,075,138	18.58%
2016	\$ 193,161	\$ 193,161	\$ -	\$ 1,132,246	17.06%
2015	\$ 181,838	\$ 181,838	\$ -	\$ 1,029,493	17.66%

\* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND  
Year ended June 30, 2023

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Changes of Benefit Terms

None.

Changes of Assumptions

None.

CUMBLERAND VALLEY AREA DEVELOPMENT DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
 NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
 County Employees Retirement System  
 June 30, 2023

	<u>District's proportion of net OPEB liability (asset)</u>	<u>District's proportionate share of the net OPEB liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2023	0.04%	\$ 722,089	\$ 1,194,054	60.47%	60.95%
2022	0.04%	\$ 754,580	\$ 1,102,514	68.44%	62.91%
2021	0.04%	\$ 901,986	\$ 1,049,673	85.93%	51.67%
2020	0.04%	\$ 658,250	\$ 1,019,882	64.54%	60.44%
2019	0.04%	\$ 761,894	\$ 1,055,847	72.16%	57.62%
2018	0.04%	\$ 880,610	\$ 1,095,718	80.37%	81.10%

\* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN  
 County Employees Retirement System  
 Year ended June 30, 2023

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 56,837	\$ 56,837	\$ -	\$ 1,194,054	3.39%
2022	\$ 52,480	\$ 52,480	\$ -	\$ 1,102,514	4.76%
2021	\$ 49,964	\$ 49,964	\$ -	\$ 1,049,673	4.76%
2020	\$ 48,546	\$ 48,546	\$ -	\$ 1,019,882	4.76%
2019	\$ 55,538	\$ 55,538	\$ -	\$ 1,055,847	5.26%
2018	\$ 51,499	\$ 51,499	\$ -	\$ 1,095,718	4.70%

\* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
Year ended June 30, 2023

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Changes of Benefit Terms

None.

Changes of Assumptions

The Single Discount Rate changed from 5.20% to 5.70%.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**SCHEDULED OF SHARED COSTS**  
 June 30, 2023

**INDIRECT EXPENDITURES:**

	<u>2023</u>
Salaries	\$ 175,227
Fringe benefits	126,408
Travel	5,166
Printing and publications	961
Professional dues	4,730
Legal and accounting	52,128
Janitorial service and supplies	17,692
Utilities	21,220
Equipment, leases, and space	9,900
Supplies	24,047
Telephone and internet	20,399
Meetings	5,412
Registration	675
Insurance	34,821
Office	6,723
Repairs and maintenance	32,017
Contract services	926
Other	7,591
	<u>\$ 546,043</u>

**ALLOCATION OF SHARED COSTS:**

Joint Funding Administration	\$ 96,430
Aging Programs	231,275
CDO	130,443
Other	87,895
	<u>\$ 546,043</u>

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT  
 STATEMENT OF COMPLETED GRANTS - AREA AGENCY ON AGING  
 Year Ended June 30, 2023

	Title IIIB Ombudsman	Title IIIB Support Services - Administration	Title IIIB Support Services - Services	Title IIIC1 Congregate Meals and Services - Administration	Title IIIC1 Congregate Meals and Services - Services
<b>REVENUES</b>					
Federal grants	\$ 16,557	\$ 40,504	\$ 223,170	57,037	547,290
Federal grants - CARES ACT		9,519	-	-	-
Federal Grants - COVID 19				-	-
Federal Grants - CRF Coronavirus Relief Fund				-	-
Federal Grants - CRRSAA				-	-
State grants	31,723	9,254	193,369	12,193	10,000
Program fees and donations	-	-	1,607	-	11,129
Miscellaneous	-	-	-	-	-
Local meals and trays	-	-	-	-	-
In-kind match	-	-	57,750	-	86,600
Total revenues	<u>48,280</u>	<u>59,277</u>	<u>475,896</u>	<u>69,230</u>	<u>655,019</u>
<b>EXPENDITURES</b>					
Services and contracts	-	-	327,301	-	558,327
Other	1,300	1,000	1,500	1,508	10,092
Transfers for:					
Personnel	31,941	42,061	62,893	49,413	-
Travel	3,317	37	1,357	468	-
Other operating	830	1,836	3,649	991	-
Indirect cost	10,892	14,343	21,446	16,850	-
Other - In-Kind Match	-	-	57,750	-	86,600
Total expenditures	<u>48,280</u>	<u>59,277</u>	<u>475,896</u>	<u>69,230</u>	<u>655,019</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Title IIC2 Home Delivered Meals and Services - Administration	Title IIC2 Home Delivered Meals and Services - Services	Title IIIE National Caregiver - Administration	Title IIIE National Caregiver - Services	Title VII Elder Abuse	Title IIID Health Promotion - Services	Title VII Ombudsman	NSIP
36,302	298,066	13,737	225,056	\$ 4,148	\$ 20,738	\$ 411	\$ 62,268
5,979	-	-	-	-	-	3,554	-
-	-	-	-	-	-	2,933	-
-	-	-	-	-	-	-	-
10,261	145,877	-	36,000	-	-	1,082	-
-	10,000	6,865	-	-	-	-	-
-	4,839	4,579	-	-	-	-	-
-	-	-	-	-	-	-	-
-	66,000	-	39,100	732	-	506	-
<u>52,542</u>	<u>524,782</u>	<u>25,181</u>	<u>300,156</u>	<u>4,880</u>	<u>20,738</u>	<u>8,486</u>	<u>62,268</u>
-	437,212	-	171,383	-	6,025	-	62,268
1,500	21,570	546	1,000	-	-	681	-
-	-	-	-	-	-	-	-
36,632	-	17,644	64,917	2,948	10,574	4,917	-
331	-	-	1,009	43	-	104	-
1,587	-	974	610	152	533	601	-
12,492	-	6,017	22,137	1,005	3,606	1,677	-
-	66,000	-	39,100	732	-	506	-
<u>52,542</u>	<u>524,782</u>	<u>25,181</u>	<u>300,156</u>	<u>4,880</u>	<u>20,738</u>	<u>8,486</u>	<u>62,268</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Title V Senior Community Service Employment Program Adminstration	Title V Senior Community Service Employment Program - Services	SHIP Services	Homecare Admin	Homecare Services	State LTC Ombudsman (SLTCO)
\$ 10,857	\$ 76,613	\$ 44,000	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	91,095	819,856	29,049
-	-	-	-	1,159	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,855	-	-	54,384	-
<u>10,857</u>	<u>86,468</u>	<u>44,000</u>	<u>91,095</u>	<u>875,399</u>	<u>29,049</u>
-	-	-	-	603,191	-
-	-	-	2,555	3,000	374
7,695	69,814	32,130	61,111	145,455	19,822
532	-	215	1,697	10,039	1,605
6	6,799	699	4,893	9,730	489
2,624	-	10,956	20,839	49,600	6,759
-	9,855	-	-	54,384	-
<u>10,857</u>	<u>86,468</u>	<u>44,000</u>	<u>91,095</u>	<u>875,399</u>	<u>29,049</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Medicaid ADRC (No Wrong Door)	MIPPA SHIP	MIPPA AAA	MIPPA ADRC	ESMP	Local	Total
\$ 73,694	\$ 11,583	\$ 16,551	\$ 4,000	\$ 757,502	\$ -	\$ 2,540,084
-	-	-	-	-	-	19,052
-	-	-	-	-	-	2,933
-	-	-	-	-	-	-
16,000	-	-	-	-	-	1,405,759
-	-	-	-	-	-	30,760
-	-	-	-	-	16,654	26,072
-	-	-	-	-	716	716
-	-	-	-	4,109	-	319,036
<u>89,694</u>	<u>11,583</u>	<u>16,551</u>	<u>4,000</u>	<u>761,611</u>	<u>17,370</u>	<u>4,344,412</u>
-	-	-	-	685,134	-	2,850,841
46,725	647	646	-	27,840	8,017	130,501
32,035	8,155	11,855	2,964	33,061	-	748,037
-	-	-	-	-	-	20,754
10	-	7	25	194	-	34,615
10,924	2,781	4,043	1,011	11,273	-	231,275
-	-	-	-	4,109	-	319,036
<u>89,694</u>	<u>11,583</u>	<u>16,551</u>	<u>4,000</u>	<u>761,611</u>	<u>8,017</u>	<u>4,335,057</u>
-	-	-	-	-	9,353	9,353

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**CONSUMER DIRECTED OPTION (CDO) PROGRAM**  
 Year Ended June 30, 2023

	<u>Participant Directed Services</u>
<b>Revenues</b>	
State grant	\$ <u>6,825,770</u>
<b>Total revenues</b>	<u>6,825,770</u>
<b>Expenditure</b>	
Direct Expenses:	
Program Services	6,247,901
Other	<u>37,654</u>
<b>Total direct expenses</b>	<u>6,285,555</u>
Transfers for:	
Salaries	224,629
Fringe benefits	157,902
Travel	10,609
Shared costs	130,443
Other	<u>273,738</u>
<b>Total transfers</b>	<u>797,321</u>
<b>Total expenses</b>	<u>7,082,876</u>
<b>Excess of revenue over (under) expenses</b>	\$ <u>(257,106)</u>

**Cumberland Valley Area Development District**  
**STATEMENT OF OPERATIONS BY PROGRAM - GENERAL FUND/REVOLVING LOAN FUNDS**  
June 30, 2023

	<u>JFA</u>	<u>Aging</u>	<u>CDO</u>	<u>Contracts</u>	<u>Local</u>	<u>Total</u>
<b>REVENUE</b>						
Federal grants	\$ 206,052	\$ -	\$ -	\$ 712,298	\$ -	\$ 918,350
State grants	284,592	-	-	204,565	-	489,157
Interest	-	-	-	-	-	-
Dues	-	-	-	-	72,517	72,517
Rental	-	-	-	-	3,610	3,610
Program fees and donations	-	-	-	-	6,080	6,080
Local match	-	-	-	15,415	-	15,415
Transfers for:						
Aging	-	1,034,681	-	-	-	1,034,681
Direct services	-	-	-	-	-	-
Administration	-	-	797,321	-	-	797,321
Case management	-	-	-	-	-	-
Required match	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>490,644</u>	<u>1,034,681</u>	<u>797,321</u>	<u>\$ 932,278</u>	<u>\$ 82,207</u>	<u>3,337,131</u>
<b>EXPENDITURES</b>						
Salaries	191,613	467,058	224,629	207,218	-	1,090,518
Fringe benefits	106,316	280,982	157,902	144,548	-	689,748
Travel	9,027	20,754	10,609	24,305	-	64,695
Shared expenses	96,430	231,275	130,443	87,895	-	546,043
Other	95,729	34,612	50,756	93,563	19,845	294,505
Contracts	-	-	-	341,309	-	341,309
Local match	-	-	-	15,415	-	15,415
Transfer out for balance	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>499,115</u>	<u>1,034,681</u>	<u>574,339</u>	<u>914,253</u>	<u>19,845</u>	<u>3,042,233</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (8,471)</u>	<u>\$ -</u>	<u>\$ 222,982</u>	<u>\$ 18,025</u>	<u>\$ 62,362</u>	<u>\$ 294,898</u>

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
<u>Appalachian Regional Commission</u>				
Passed through State Department of Local Government:				
Appalachian Local Development District Assistance	23.009	PON2 112-2100003353	\$ -	\$ 129,433
Total Appalachian Regional Commission			-	129,433
<u>U.S. Department of Commerce</u>				
Passed through State Department of Local Government:				
Economic Development-Support for Planning Organizations	11.302	PON2 112-2100003353	-	66,667
<i>Economic Development Cluster</i>				
Economic Adjustment Assistance	11.307	PON2 112 2100000395	-	1,025,756
COVID-19 - Economic Adjustment Assistance	11.307	PON2 112 2100000395	-	357,743
Total Economic Development Cluster			-	1,383,499
Total U.S. Department of Commerce			-	1,450,166
<u>U.S. Department of Transportation</u>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	SC 625 2200000260	-	65,994
Total Highway Safety Cluster			-	65,994
Statewide Transportation Planning	20.505	KY-2021-030-00	-	24,566
Total U.S. Department of Transportation			-	90,560
<u>U.S. Department of Health and Human Services</u>				
Passed through KY Cabinet for Health and Family Services/ Department for Aging and Independent Living:				
<i>Aging Cluster</i>				
Special Programs of Aging, Title III Part B, Grants for Supportive Services and Senior Centers	93.044	PON2 725 2100002005	289,749	289,749
Special Programs of Aging, Title III Part C, Nutrition Services	93.045	PON2 725 2100002005	944,674	944,674
Nutrition Services Incentive Program	93.053	PON2 725 2100003024	62,268	62,268
Total Aging Cluster			1,296,691	1,296,691
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health promotion Services	93.043	PON2 725 2100002005	-	20,738
State Health Insurance Assistance Program	93.324	PON2 725 2000003467	-	44,000
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	PON2 725 2100001810	-	4,148
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	PON2 725 2100001810	-	6,898
National Family Caregiver Support, Title III, Part E	93.052	PON2 725 2100002005	-	238,793
ADRC - No Wrong Door	93.048	PON2 725 2000004400	-	73,694
Medicare Enrollment Assistance Program	93.071	PON2 725 2100003015	-	32,134
Total U.S. Department of Health and Human Services			1,296,691	1,717,096

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Labor</u>				
Passed through Department for Aging and Independent Living: Senior Community Service Employment Program, Title V	17.235	PON2 725 2000002889	-	87,470
Passed through Lake Cumberland Area Development District: <i>WIOA Cluster</i>				
WIA/WIOA Adult Program	17.258	H220360101	-	194,127
Total WIOA Cluster				
Total U.S. Department of Labor			-	281,597
<u>U.S. Environmental Protection Agency</u>				
Passed through Office of Solid Waste and Emergency Response:				
Brownfields Assessment and Cleanup Cooperative Agreements - ARRA	66.818	BF00D001120	-	69,868
Total U.S. Environmental Protection Agency			-	69,868
<u>U.S. Department of the Treasury</u>				
Passed through the Kentucky Cabinet				
Coronavirus State and Local Fiscal Recovery Funds	21.027	PON2 112-2100003458	757,502	757,502
Total U.S. Department of the Treasury			757,502	757,502
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State Department of Local Government				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grant/Entitlement Grants	14.218	PON2 112-2100003353	-	9,953
Total CDBG - Entitlement Grants Cluster				
Total U.S. Department of Housing and Urban Development			-	9,953
Total Expenditures of Federal Awards			\$ 2,054,193	\$ 4,506,175

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2023

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**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Cumberland Valley Area Development District (District) and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance or *OMB Circular A-87, Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE C – CLUSTER PROGRAMS**

The following CFDA numbers are considered cluster programs:

Economic Development Cluster	
Investments for Public Works and Economic Development Facilities	11.300
Economic Adjustment Assistance	11.307
Highway Safety Cluster	
State and Community Highway Safety	20.600
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601
Occupant Protection Incentive Grants	20.602
Safety Belt Performance Grants	20.609
State Traffic Safety Information System Improvements Grants	20.610
Incentive Grant Program to Prohibit Racial Profiling	20.611
Incentive Grant Program to Increase Motorcyclist Safety	20.612
Child Safety and Child Booster Seat Incentive Grants	20.613
National Priority Safety Programs	20.616
Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205
Recreational Trails Program	20.219
Federal Lands Access Program	20.224
Appalachian Development Highway System	23.003
WIOA Cluster	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
Aging Cluster	
Special Programs for the Aging – Title III, Part B - Grants for Supportive Services and Senior Citizens	93.044
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
CDBG – Entitlement Grants Cluster	
Community Development Block Grants/Entitlement Grants	17.258
Community Development Block Grants/Special Purpose Grants/Insular Areas	17.259

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
Year Ended June 30, 2023

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**NOTE D - INDIRECT COST RATE**

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE E - LOANS**

The Accounting Standards require disclosure of the calculation of the Revolving Loan Fund's federal expenditures as shown in the accompanying Schedule of Expenditures of Federal Awards. The RLF calculation for June 30, 2023, is as follows:

Cash and Investments	1,448,234
Administrative Expenses	17,132
Other	-
	<u>1,465,366</u>
Federal Participation Rate	<u>70%</u>
Federal Share of the RLF	<u>\$ 1,025,756</u>



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Business Advisors

**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**

Members of the Board  
Cumberland Valley Area Development District  
London, Kentucky

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cumberland Valley Area Development District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Cumberland Valley Area Development District's basic financial statements, and have issued our report thereon dated December 31, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cumberland Valley 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 Cumberland Valley Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cumberland Valley 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 Cumberland Valley 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*. In addition, the results of our test disclosed no instances of material noncompliance with specific state statutes or regulations identified in the *Independent Auditor's Contract-State Audit Requirements*.

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We noted other matters involving the internal control over financial reporting that we have reported to the management of Cumberland Valley Area Development District in a separate letter dated December 31, 2023.

**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.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
December 31, 2023





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**Cloyd & Associates, PSC**

*Certified Public Accountants  
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Business Advisors*

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

Members of the Board  
Cumberland Valley Area Development District  
London, Kentucky

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Cumberland Valley Area Development District's (District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Cumberland Valley Area Development District's major federal programs for the year ended June 30, 2023. The Cumberland Valley Area Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cumberland Valley 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, 2023.

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

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

We are required to be independent of the Cumberland Valley Area Development District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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





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

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 risk 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.



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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

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.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
December 31, 2023



**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2023

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statement noted	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs:			
Material weaknesses identified	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Aging Cluster	
Special Programs for the Aging – Title III, Part B - Grants for Supportive Services and Senior Citizens	93.044
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
COVID-19 - Coronavirus Relief Funds	21.019

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
Auditee qualified as low risk	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(continued)

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
Year Ended June 30, 2023

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
Year Ended June 30, 2023

**Status of Prior Year Findings**

There were no prior year audit findings.

**CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT**

**CORRECTIVE ACTION PLAN**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NAME OF CONTACT PERSON**

Whitney Chesnut, Executive Director

606-864-7391

**CORRECTION ACTION PLANNED**

No corrective action needed.