

**REPORT OF THE AUDIT OF THE
POWELL COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2020**

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TEDDY MICHAEL PRATER CPA, PLLC
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To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable James Anderson, Jr., Powell County Judge/Executive
Members of the Powell County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Powell County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Powell County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. 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 Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the People of Kentucky
 The Honorable Andy Beshear, Governor
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Powell County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Powell County Fiscal Court as of June 30, 2020, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Powell County Fiscal Court as of June 30, 2020, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Emphasis of Matter

Deficit Fund Balances

As discussed in Note 11 to the financial statement, the Powell County Fiscal Court had a deficit balance in its jail fund of \$80,127 at June 30, 2020. The jail fund deficit was due to prior period transfers of restricted funds that have not been repaid. The financial statement does not include any adjustment for this fiscal year-end deficit. Also, the dispatch fund had a deficit balance of \$343 at June 30, 2020, due to outstanding checks. These matters do not affect our opinion on the financial statement.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Powell County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards (supplementary information) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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Other Matters (Continued)

Supplementary and Other Information (Continued)

The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

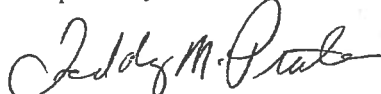
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of the Powell County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Powell County Fiscal Court's internal control over financial reporting and compliance.

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

2020-001 Interfund Payables Result In A Deficit For The Jail Fund

Respectfully submitted,



Teddy Michael Prater CPA, PLLC

December 11, 2020

POWELL COUNTY OFFICIALS**For The Year Ended June 30, 2020****Fiscal Court Members:**

James Anderson, Jr.	County Judge/Executive
Chad Patton	Magistrate
Dennis Combs	Magistrate
Michael Lockard	Magistrate
Timmy Tipton	Magistrate
Donna Gabbard	Magistrate

Other Elected Officials:

Robert G. King	County Attorney
Travis Crabtree	Jailer
Jackie Everman	County Clerk
Brian King	Circuit Court Clerk
Danny Rogers	Sheriff
Dustin Billings	Property Valuation Administrator
Megan Wells Davis	Coroner

Appointed Personnel:

Connie Crabtree	County Treasurer
Kacey Davidson	Finance Officer / Payroll Clerk

**POWELL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2020

POWELL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	LG&EA Fund
RECEIPTS				
Taxes	\$ 2,198,549	\$	\$	\$
In Lieu Tax Payments	31,650	29,451		
Excess Fees	44,442			
Licenses and Permits				
Intergovernmental	80,473	1,062,045	2,816,771	291,938
Charges for Services	306,707		22,609	
Miscellaneous	718,719	167,850	169,596	42
Interest	7,122	6,698	131	3,156
Total Receipts	<u>3,387,662</u>	<u>1,266,044</u>	<u>3,009,107</u>	<u>295,136</u>
DISBURSEMENTS				
General Government	1,530,211			15,443
Protection to Persons and Property	18,611		1,925,169	83,130
General Health and Sanitation	636,369		198,918	90,000
Social Services	20,000			5,000
Recreation and Culture	114,602			6,000
Transportation Facilities and Services		11,326		
Roads		816,890		19,255
Airports				44,787
Debt Service	25,514	149,198	10,960	15,146
Capital Projects				
Administration	687,090	180,377	525,840	15,750
Total Disbursements	<u>3,032,397</u>	<u>1,157,791</u>	<u>2,660,887</u>	<u>294,511</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>355,265</u>	<u>108,253</u>	<u>348,220</u>	<u>625</u>
Other Adjustments to Cash (Uses)		144,922		
Financing Obligation Proceeds				
Financing Premium and Discount				
Transfers From Other Funds	118,000		130,000	
Transfers To Other Funds	(813,456)		(455,800)	
Total Other Adjustments to Cash (Uses)	<u>(695,456)</u>	<u>144,922</u>	<u>(325,800)</u>	
Net Change in Fund Balance	(340,191)	253,175	22,420	625
Fund Balance - Beginning (Restated)	832,847	308,121	150,481	291,689
Fund Balance - Ending	<u>\$ 492,656</u>	<u>\$ 561,296</u>	<u>\$ 172,901</u>	<u>\$ 292,314</u>
Composition of Fund Balance				
Bank Balance	\$ 494,784	\$ 570,776	\$ 210,355	\$ 297,446
Plus: Deposits In Transit	17,557			
Less: Outstanding Checks	(19,685)	(9,480)	(37,454)	(5,132)
Fund Balance - Ending	<u>\$ 492,656</u>	<u>\$ 561,296</u>	<u>\$ 172,901</u>	<u>\$ 292,314</u>

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

POWELL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020
(Continued)

Budgeted Funds						
CSEPP Fund	Ambulance Fund	Forest Fire Fund	Grants Fund	CDBG Fund	ABC Fund	Dispatch Fund
\$	\$	\$ 471	\$	\$	\$	\$ 92,471
					123,978	
799,668			18,248			154,861
	869,444					179
	65,947					7
	15		27			
799,668	935,406	471	18,275		123,978	247,518
					67,268	
870,266	991,771	1,524	38,068			321,980
	303,567		5,878	499	4,439	117,911
870,266	1,295,338	1,524	43,946	499	71,707	439,891
(70,598)	(359,932)	(1,053)	(25,671)	(499)	52,271	(192,373)
105,000	347,562	600	35,013			183,000
(105,000)					(13,000)	
	347,562	600	35,013		(13,000)	183,000
(70,598)	(12,370)	(453)	9,342	(499)	39,271	(9,373)
167,321	22,542	507	54,583	10,150	24,171	9,030
\$ 96,723	\$ 10,172	\$ 54	\$ 63,925	\$ 9,651	\$ 63,442	\$ (343)
\$ 175,770	\$ 19,371	\$ 54	\$ 63,954	\$ 9,651	\$ 66,072	\$ 2,172
					2,400	
(79,047)	(9,199)		(29)		(5,030)	(2,515)
\$ 96,723	\$ 10,172	\$ 54	\$ 63,925	\$ 9,651	\$ 63,442	\$ (343)

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

POWELL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020
(Continued)

	Unbudgeted Funds			
	Jail Commissary Fund	Jail Construction Fund	Energy Savings Project Fund	Total Funds
RECEIPTS				
Taxes	\$	\$	\$	\$ 2,291,491
In Lieu Tax Payments				61,101
Excess Fees				44,442
Licenses and Permits				123,978
Intergovernmental				5,224,004
Charges for Services				1,198,760
Miscellaneous	96,542			1,218,875
Interest	7	1,459	124	18,746
Total Receipts	96,549	1,459	124	10,181,397
DISBURSEMENTS				
General Government				1,612,922
Protection to Persons and Property				4,250,519
General Health and Sanitation				925,287
Social Services				25,000
Recreation and Culture	113,462			234,064
Transportation Facilities and Services				11,326
Roads				836,145
Airports		444,600		44,787
Debt Service			538,210	645,418
Capital Projects		15,025		538,210
Administration	113,462	459,625	538,210	1,856,376
Total Disbursements				10,980,054
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(16,913)	(458,166)	(538,086)	(798,657)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			1,110,000	1,254,922
Financing Premium and Discount			15,527	15,527
Transfers From Other Funds		455,800	12,281	1,387,256
Transfers To Other Funds				(1,387,256)
Total Other Adjustments to Cash (Uses)		455,800	1,137,808	1,270,449
Net Change in Fund Balance	(16,913)	(2,366)	599,722	471,792
Fund Balance - Beginning (Restated)	22,047	159,443		2,052,932
Fund Balance - Ending	\$ 5,134	\$ 157,077	\$ 599,722	\$ 2,524,724
Composition of Fund Balance				
Bank Balance	\$ 5,134	\$ 157,077	\$ 599,722	\$ 2,672,338
Plus: Deposits In Transit				19,957
Less: Outstanding Checks				(167,571)
Fund Balance - Ending	\$ 5,134	\$ 157,077	\$ 599,722	\$ 2,524,724

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

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TO THE FINANCIAL STATEMENT**

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**POWELL COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Powell County includes all budgeted and unbudgeted funds under the control of the Powell County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Local Government Economic Assistance (LGEA) Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Chemical Stockpile Emergency Preparedness Program (CSEPP) Fund - The primary purpose of this fund is to account for federal CSEPP grant monies to improve Powell County's capacity to plan for and respond to potential accidents associated with the storage and ultimate disposal of chemical warfare materials located at the Bluegrass Army Depot in neighboring Madison County. The U.S. Congress appropriates funding for reimbursement of CSEPP disbursements. CSEPP funds may not be commingled with other funds.

Ambulance Fund - The purpose of this fund is to account for the receipts and disbursements of the ambulance service operations.

Forest Fire Fund - The primary purpose of this fund is to account for the taxes received and the related disbursements to prevent forest fires.

Grants Fund - The primary purpose of this fund is to account for the grants that are received from various state agencies and the federal government. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Community Development Block Grant (CDBG) Fund - The primary purpose of this fund is to account for the receipts and disbursements related to community development block grants.

Alcohol Beverage Control (ABC) Fund - The primary purpose of this fund is to account for receipts and disbursements related to the sale of alcoholic beverages.

Dispatch Fund - The primary purpose of this fund is to account for receipts and disbursements of the county's emergency operations.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

Jail Construction Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund a jail construction project.

Energy Savings Project Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund an energy savings project.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The state local finance officer does not require the jail construction fund and the energy savings project fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Powell County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Powell County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Powell County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2020.

	General Fund	Jail Fund	CSEPP Fund	ABC Fund	Total Transfers In
General Fund	\$	\$	\$ 105,000	\$ 13,000	\$ 118,000
Jail Fund	130,000				130,000
CSEPP Fund	105,000				105,000
Ambulance Fund	347,562				347,562
Forest Fire Fund	600				600
Grants Fund	35,013				35,013
Dispatch Fund	183,000				183,000
Jail Construction Fund		455,800			455,800
Energy Savings Project Fund	12,281				12,281
Total Transfers Out	<u>\$ 813,456</u>	<u>\$ 455,800</u>	<u>\$ 105,000</u>	<u>\$ 13,000</u>	<u>\$ 1,387,256</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2020, was \$35,696.

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Short-term Debt

A. Direct Borrowings

1. 2017 Promissory Note

On December 27, 2017, the fiscal court entered into a promissory note with a local bank, in the amount of \$353,725, to pay debt service related to the KACoFC Revenue Bonds, 2016 First Series B. The original note matured December 27, 2018, and was extended to December 31, 2019, and then extended again to December 31, 2020. Included as an addition in the table below, is a \$500 increase to the note for renewal processing fees. The principal balance outstanding as of June 30, 2020 is \$164,824.

2. 2018 KACoLT Truck Lease

On December 6, 2018, the fiscal court entered into a lease agreement, in the amount of \$141,922, with the Kentucky Association of Counties Leasing Trust (KACoLT) for the purchase of a mack truck. The lease agreement required monthly interest payments and one principal payment on May 20, 2020. The lease was paid in full as of June 30, 2020.

3. 2019 KACoLT Truck Lease

On October 17, 2019, the fiscal court entered into a lease agreement, in the amount of \$144,922, with the Kentucky Association of Counties Leasing Trust (KACoLT) for the purchase of a mack truck. The lease agreement requires monthly interest payments and one principal payment on May 20, 2021. The principal balance outstanding as of June 30, 2020 is \$144,922.

B. Changes In Short-term Debt

Short-term Debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 306,246	\$ 145,422	\$ 141,922	\$ 309,746	\$ 309,746
Total Short-term Debt	\$ 306,246	\$ 145,422	\$ 141,922	\$ 309,746	\$ 309,746

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt

A. Direct Borrowings

1. KACoFC Revenue Bonds, 2016 First Series B

On May 18, 2016, the fiscal court entered into a \$6,310,000 financing agreement related to the issuance of Kentucky Association of Counties Finance Corporation (KACoFC) Financing Program Revenue Bonds, 2016 First Series B for the construction of a jail project. The financing agreement requires annual principal payments and semiannual interest payments ending December 20, 2035. As of June 30, 2020, the principal balance outstanding is \$5,575,000. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Interest
2021	\$ 260,000	\$ 192,437
2022	270,000	182,488
2023	280,000	170,812
2024	295,000	158,613
2025	305,000	145,875
2026-2030	1,715,000	547,200
2031-2035	2,010,000	243,963
2036	440,000	8,150
Totals	<u>\$ 5,575,000</u>	<u>\$ 1,649,538</u>

2. KACoFC Revenue Bonds, 2017 First Series E

On November 15, 2017, the fiscal court entered into a \$370,000 financing agreement related to the issuance of Kentucky Association of Counties Finance Corporation (KACoFC) Financing Program Revenue Bonds, 2017 First Series E for the purchase of land. The financing agreement requires annual principal payments and semiannual interest payments ending December 20, 2037. As of June 30, 2020, the principal balance outstanding is \$350,000. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Interest
2021	\$ 15,000	\$ 14,864
2022	15,000	14,076
2023	15,000	13,289
2024	15,000	12,501
2025	15,000	11,714
2026-2030	90,000	45,994
2031-2035	110,000	25,494
2036-2038	75,000	5,153
Totals	<u>\$ 350,000</u>	<u>\$ 143,085</u>

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

3. KACoFC Revenue Bonds, 2020 First Series A

On March 10, 2020, the fiscal court entered into a \$1,110,000 financing agreement related to the issuance of Kentucky Association of Counties Finance Corporation (KACoFC) Financing Program Revenue Bonds, 2020 First Series A for an energy savings project. The financing agreement requires annual principal payments and semiannual interest payments ending December 20, 2039. As of June 30, 2020, the principal balance outstanding is \$1,110,000. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 40,000	\$ 33,709
2022	40,000	32,330
2023	40,000	30,630
2024	45,000	28,830
2025	45,000	26,917
2026-2030	260,000	89,988
2031-2035	305,000	53,288
2036-2040	<u>335,000</u>	<u>16,690</u>
Totals	<u>\$ 1,110,000</u>	<u>\$ 312,382</u>

4. Promissory Note

On August 7, 2018, the fiscal court entered into a promissory note with a local bank, in the amount of \$40,167, for the purchase of a fire truck. Five annual payments are to be made, beginning August 2019 and ending August 2023. As of June 30, 2020, the principal balance outstanding is \$32,752. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 7,712	\$ 1,313
2022	8,021	1,003
2023	8,342	682
2024	<u>8,677</u>	<u>348</u>
Totals	<u>\$ 32,752</u>	<u>\$ 3,346</u>

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

5. Equipment Lease/Purchase

On March 12, 2019, the fiscal court entered into a lease purchase agreement for a case loader backhoe. Monthly payments are to be made, beginning April 2019 and ending March 2024. As of June 30, 2020, the principal balance outstanding is \$69,966. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 17,549	\$ 2,646
2022	18,335	1,860
2023	19,155	1,039
2024	14,927	219
Totals	<u>\$ 69,966</u>	<u>\$ 5,764</u>

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings	<u>\$ 6,316,930</u>	<u>\$ 1,110,000</u>	<u>\$ 289,212</u>	<u>\$ 7,137,718</u>	<u>\$ 340,261</u>
Total Long-term Debt	<u>\$ 6,316,930</u>	<u>\$ 1,110,000</u>	<u>\$ 289,212</u>	<u>\$ 7,137,718</u>	<u>\$ 340,261</u>

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2018 was \$502,224, FY 2019 was \$536,035, and FY 2020 was \$783,692.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 24.06 percent.

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, nonhazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 8. Deferred Compensation

The Powell County Fiscal Court allows all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

POWELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 9. Insurance

For the fiscal year ended June 30, 2020, the Powell County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Subsequent Event

On December 10, 2020, the fiscal court entered into a \$1,925,000 financing agreement related to the issuance of Kentucky Association of Counties Finance Corporation (KACoFC) Financing Program Revenue Bonds, 2020 First Series E for an ATV park project. The financing agreement requires annual principal payments and semiannual interest payments ending December 20, 2040.

Note 11. Fund Balance - Deficits

As of June 30, 2020, the jail fund had a deficit balance of \$80,127. The jail fund deficit was due to prior period transfers of restricted funds that have not been repaid. The financial statement does not include any adjustment for this fiscal year-end deficit.

Cash Balance	\$	172,901
Interfund Payables		<u>(253,028)</u>
Fund Balance	\$	<u>(80,127)</u>

Also, the dispatch fund had a deficit balance of \$343 at June 30, 2020, due to outstanding checks.

Note 12. Prior Period Adjustments

The beginning balances of the following funds were increased, by the respective amounts, for prior year voided checks:

General Fund	\$	212
Jail Fund		100
CSEPP Fund		<u>79</u>
Total	\$	<u>391</u>

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

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POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

GENERAL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,238,000	\$ 2,238,000	\$ 2,198,549	\$ (39,451)
In Lieu Tax Payments	20,000	20,000	31,650	11,650
Excess Fees	44,000	44,000	44,442	442
Intergovernmental	119,750	119,750	80,473	(39,277)
Charges for Services	294,350	303,475	306,707	3,232
Miscellaneous	734,373	760,809	718,719	(42,090)
Interest	5,000	5,000	7,122	2,122
Total Receipts	<u>3,455,473</u>	<u>3,491,034</u>	<u>3,387,662</u>	<u>(103,372)</u>
DISBURSEMENTS				
General Government	1,465,497	1,896,261	1,530,211	366,050
Protection to Persons and Property	12,400	21,624	18,611	3,013
General Health and Sanitation	522,850	697,862	636,369	61,493
Social Services	20,000	20,000	20,000	
Recreation and Culture	121,521	141,842	114,602	27,240
Debt Service	26,040	25,514	25,514	
Administration	826,610	1,230,011	687,090	542,921
Total Disbursements	<u>2,994,918</u>	<u>4,033,114</u>	<u>3,032,397</u>	<u>1,000,717</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>460,555</u>	<u>(542,080)</u>	<u>355,265</u>	<u>897,345</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	195,933	195,933	118,000	(77,933)
Transfers To Other Funds	<u>(926,488)</u>	<u>(926,488)</u>	<u>(813,456)</u>	<u>113,032</u>
Total Other Adjustments to Cash (Uses)	<u>(730,555)</u>	<u>(730,555)</u>	<u>(695,456)</u>	<u>35,099</u>
Net Change in Fund Balance	(270,000)	(1,272,635)	(340,191)	932,444
Fund Balance - Beginning (Restated)	<u>270,000</u>	<u>832,635</u>	<u>832,847</u>	<u>212</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (440,000)</u>	<u>\$ 492,656</u>	<u>\$ 932,656</u>

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 40,000	\$ 40,000	\$ 29,451	\$ (10,549)
Intergovernmental	1,813,533	1,839,521	1,062,045	(777,476)
Miscellaneous	16,000	16,000	167,850	151,850
Interest	7,500	7,500	6,698	(802)
Total Receipts	1,877,033	1,903,021	1,266,044	(636,977)
DISBURSEMENTS				
Transportation Facilities and Services	20,000	20,000	11,326	8,674
Roads	1,349,800	1,589,056	816,890	772,166
Debt Service		149,198	149,198	
Capital Projects	4,500			
Administration	802,829	233,655	180,377	53,278
Total Disbursements	2,177,129	1,991,909	1,157,791	834,118
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(300,096)	(88,888)	108,253	197,141
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		275,792	144,922	(130,870)
Transfers To Other Funds	(182,933)	(182,933)		182,933
Total Other Adjustments to Cash (Uses)	(182,933)	92,859	144,922	52,063
Net Change in Fund Balance	(483,029)	3,971	253,175	249,204
Fund Balance - Beginning	483,029	483,029	308,121	(174,908)
Fund Balance - Ending	\$ 0	\$ 487,000	\$ 561,296	\$ 74,296

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,780,100	\$ 2,780,100	\$ 2,816,771	\$ 36,671
Charges for Services	34,600	34,600	22,609	(11,991)
Miscellaneous	130,100	130,100	169,596	39,496
Interest	200	200	131	(69)
Total Receipts	2,945,000	2,945,000	3,009,107	64,107
DISBURSEMENTS				
Protection to Persons and Property	1,842,316	1,985,699	1,925,169	60,530
General Health and Sanitation	220,744	220,744	198,918	21,826
Debt Service	811,825	167,501	10,960	156,541
Administration	451,550	562,072	525,840	36,232
Total Disbursements	3,326,435	2,936,016	2,660,887	275,129
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(381,435)	8,984	348,220	339,236
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	296,435	296,435	130,000	(166,435)
Transfers To Other Funds		(455,800)	(455,800)	
Total Other Adjustments to Cash (Uses)	296,435	(159,365)	(325,800)	(166,435)
Net Change in Fund Balance	(85,000)	(150,381)	22,420	172,801
Fund Balance - Beginning (Restated)	85,000	150,381	150,481	100
Fund Balance - Ending	\$ 0	\$ 0	\$ 172,901	\$ 172,901

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 160,100	\$ 160,100	\$ 291,938	\$ 131,838
Miscellaneous	1,000	1,000	42	(958)
Interest	2,000	2,000	3,156	1,156
Total Receipts	163,100	163,100	295,136	132,036
DISBURSEMENTS				
General Government	18,407	18,407	15,443	2,964
Protection to Persons and Property	87,000	88,054	83,130	4,924
General Health and Sanitation		90,000	90,000	
Social Services	9,000	9,000	5,000	4,000
Recreation and Culture	6,000	6,000	6,000	
Roads	180,000	133,905	19,255	114,650
Airports	6,000	44,787	44,787	
Debt Service		20,195	15,146	5,049
Administration	129,893	44,440	15,750	28,690
Total Disbursements	436,300	454,788	294,511	160,277
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(273,200)	(291,688)	625	292,313
Net Change in Fund Balance	(273,200)	(291,688)	625	292,313
Fund Balance - Beginning	273,200	291,688	291,689	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 292,314	\$ 292,314

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	CSEPP			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 803,758	\$ 803,758	\$ 799,668	\$ (4,090)
Total Receipts	803,758	803,758	799,668	(4,090)
DISBURSEMENTS				
Protection to Persons and Property	803,758	895,002	870,266	24,736
Administration	25,000	75,998		75,998
Total Disbursements	828,758	971,000	870,266	100,734
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(25,000)	(167,242)	(70,598)	96,644
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			105,000	105,000
Transfers To Other Funds			(105,000)	(105,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(25,000)	(167,242)	(70,598)	96,644
Fund Balance - Beginning (Restated)	25,000	167,242	167,321	79
Fund Balance - Ending	\$ 0	\$ 0	\$ 96,723	\$ 96,723

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

AMBULANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$	\$ (10,000)
Charges for Services	856,000	856,000	869,444	13,444
Miscellaneous	5,000	42,953	65,947	22,994
Interest	100	100	15	(85)
Total Receipts	871,100	909,053	935,406	26,353
DISBURSEMENTS				
Protection to Persons and Property	910,504	1,022,616	991,771	30,845
Administration	338,326	311,167	303,567	7,600
Total Disbursements	1,248,830	1,333,783	1,295,338	38,445
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(377,730)	(424,730)	(359,932)	64,798
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	355,730	355,730	347,562	(8,168)
Total Other Adjustments to Cash (Uses)	355,730	355,730	347,562	(8,168)
Net Change in Fund Balance	(22,000)	(69,000)	(12,370)	56,630
Fund Balance - Beginning	22,000	22,000	22,542	542
Fund Balance - Ending	\$ 0	\$ (47,000)	\$ 10,172	\$ 57,172

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

FOREST FIRE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,150	\$ 1,150	\$ 471	\$ (679)
Total Receipts	1,150	1,150	471	(679)
DISBURSEMENTS				
Protection to Persons and Property	1,550	1,550	1,524	26
Total Disbursements	1,550	1,550	1,524	26
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(400)	(400)	(1,053)	(653)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			600	600
Total Other Adjustments to Cash (Uses)			600	600
Net Change in Fund Balance	(400)	(400)	(453)	(53)
Fund Balance - Beginning	400	400	507	107
Fund Balance - Ending	\$ 0	\$ 0	\$ 54	\$ 54

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

GRANTS FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 18,248	\$ 3,248
Interest	60	60	27	(33)
Total Receipts	15,060	15,060	18,275	3,215
DISBURSEMENTS				
Protection to Persons and Property	54,412	63,812	38,068	25,744
Recreation and Culture	39,188	29,788		29,788
Administration	7,340	7,340	5,878	1,462
Total Disbursements	100,940	100,940	43,946	56,994
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(85,880)	(85,880)	(25,671)	60,209
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	39,006	39,006	35,013	(3,993)
Total Other Adjustments to Cash (Uses)	39,006	39,006	35,013	(3,993)
Net Change in Fund Balance	(46,874)	(46,874)	9,342	56,216
Fund Balance - Beginning	46,874	46,874	54,583	7,709
Fund Balance - Ending	\$ 0	\$ 0	\$ 63,925	\$ 63,925

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

CDBG FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Total Receipts	\$	\$	\$
DISBURSEMENTS			
Social Services	10,150	9,651	9,651
Administration		499	499
Total Disbursements	10,150	10,150	499
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,150)	(10,150)	(499)
Net Change in Fund Balance	(10,150)	(10,150)	(499)
Fund Balance - Beginning	10,150	10,150	10,150
Fund Balance - Ending	\$ 0	\$ 0	\$ 9,651

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

ALCOHOL BEVERAGE CONTROL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Licenses and Permits	\$ 77,000	\$ 111,629	\$ 123,978	\$ 12,349
Total Receipts	77,000	111,629	123,978	12,349
DISBURSEMENTS				
General Government	48,800	94,061	67,268	26,793
Administration	15,200	4,568	4,439	129
Total Disbursements	64,000	98,629	71,707	26,922
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	13,000	13,000	52,271	39,271
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(13,000)	(13,000)	(13,000)	
Total Other Adjustments to Cash (Uses)	(13,000)	(13,000)	(13,000)	
Net Change in Fund Balance			39,271	39,271
Fund Balance - Beginning			24,171	24,171
Fund Balance - Ending	\$ 0	\$ 0	\$ 63,442	\$ 63,442

POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

DISPATCH FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 95,771	\$ 95,771	\$ 92,471	\$ (3,300)
Intergovernmental	125,101	125,101	154,861	29,760
Miscellaneous			179	179
Interest	20	20	7	(13)
Total Receipts	220,892	220,892	247,518	26,626
DISBURSEMENTS				
Protection to Persons and Property	328,101	329,475	321,980	7,495
Administration	128,108	126,734	117,911	8,823
Total Disbursements	456,209	456,209	439,891	16,318
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(235,317)	(235,317)	(192,373)	42,944
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	235,317	235,317	183,000	(52,317)
Total Other Adjustments to Cash (Uses)	235,317	235,317	183,000	(52,317)
Net Change in Fund Balance			(9,373)	(9,373)
Fund Balance - Beginning			9,030	9,030
Fund Balance - Ending	\$ 0	\$ 0	\$ (343)	\$ (343)

**POWELL COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES**

June 30, 2020

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

**POWELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2020

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POWELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed-Through Kentucky Department of Military Affairs:</i>			
Chemical Stockpile Emergency Preparedness Program	97.040	P02 095 1600005869	\$ 870,266
Emergency Management Performance Grant	97.042	P02 095 1700001447	<u>8,175</u>
Total U.S. Department of Homeland Security			<u><u>878,441</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 878,441</u></u>

The accompanying notes are an integral part of this schedule.

POWELL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Powell County Fiscal Court, under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Powell County Fiscal Court, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Powell County Fiscal Court.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Powell County Fiscal Court has not adopted an indirect cost rate.

**POWELL COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis**

For The Year Ended June 30, 2020

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POWELL COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (*Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements*	\$ 866,466	\$ 387,500	\$	\$ 1,253,966
Construction In Progress		538,210		538,210
Buildings	13,580,587			13,580,587
Vehicles and Equipment	4,717,801	957,110	265,597	5,409,314
Infrastructure	6,538,199	125,782		6,663,981
 Total Capital Assets	 <u>\$ 25,703,053</u>	 <u>\$ 2,008,602</u>	 <u>\$ 265,597</u>	 <u>\$ 27,446,058</u>

POWELL COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2020

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land and Land Improvements	\$ 12,500	10-60
Buildings	\$ 25,000	10-75
Equipment	\$ 3,000	3-25
Vehicles	\$ 3,000	3-5
Infrastructure	\$ 25,000	10-50

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

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TEDDY MICHAEL PRATER CPA, PLLC
724 Gifford Road
Salyersville, KY 41465
Telephone (606) 349-8042

The Honorable James Anderson, Jr., Powell County Judge/Executive
Members of the Powell County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Powell County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Powell County Fiscal Court's financial statement and have issued our report thereon dated December 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Powell County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Powell County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Powell County Fiscal Court'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 statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Powell County Fiscal Court's financial statement is free of 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 determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

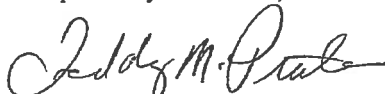
Views of Responsible Official and Planned Corrective Action

Powell County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Teddy M. Prater", written in a cursive style.

Teddy Michael Prater CPA, PLLC

December 11, 2020

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

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TEDDY MICHAEL PRATER CPA, PLLC
724 Gifford Road
Salyersville, KY 41465
Telephone (606) 349-8042

The Honorable James Anderson, Jr., Powell County Judge/Executive
Members of the Powell County Fiscal Court

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Powell County Fiscal Court's 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 the Powell County Fiscal Court's major federal programs for the year ended June 30, 2020. The Powell County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Powell County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Powell County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Powell County Fiscal Court's compliance.

Opinion on Each Major Federal Program

In our opinion, the Powell County Fiscal Court 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, 2020.

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

Report on Internal Control over Compliance

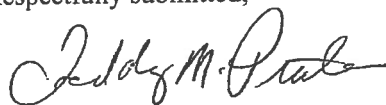
Management of the Powell County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Powell County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Powell County Fiscal Court's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Teddy Michael Prater CPA, PLLC

December 11, 2020

POWELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020

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**POWELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
CFDA #97.040	Chemical Stockpile Emergency Preparedness Program

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

POWELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section II: Financial Statement Findings

State Laws And Regulations

2020-001 Interfund Payables Result In A Deficit For The Jail Fund

This is a repeat finding and was included in the prior year audit report as finding 2019-001.

The fiscal court had a deficit fund balance of \$80,127 in the jail fund at June 30, 2020.

Cash Balance	\$	172,901
Interfund Payables		(253,028)
Fund Balance	\$	<u>(80,127)</u>

The jail fund deficit was due to prior period transfers of restricted funds that have not been repaid. In the past, the fiscal court transferred restricted money from the road fund to the jail fund.

<u>Due From</u>	<u>Due To</u>	<u>6/30/2019 Balance</u>	<u>Increase/ (Decrease)</u>	<u>6/30/2020 Balance</u>
Jail	Road	<u>\$ 253,028</u>	<u>\$ 0</u>	<u>\$ 253,028</u>

The road fund is restricted for transportation, with the exception of the amount calculated on the road fund cost allocation worksheet. Non-allowable disbursements made by the jail fund are due back to the road fund.

Under the regulatory basis of accounting, fund balances are not adjusted on the financial statement for unpaid liabilities; however, the liability is still owed.

We recommend the fund liability be repaid as money becomes available.

Views of Responsible Official and Planned Corrective Action:

This is a finding that existed prior to this administration or that of the current jailer. As stated in previous response, this finding was researched by previous auditors and they after tracing it back for several decades finally gave up on finding when it occurred. If the jail ever reaches the black, we will start to repay the money owed.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

2019-001 Interfund Payables Result In A Deficit For The Jail Fund -Unresolved
 2019-002 The Fiscal Court Overspent The Road Fund Budget - Resolved

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

POWELL COUNTY FISCAL COURT

For The Year Ended June 30, 2020

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
POWELL COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Powell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer