

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

**For The Year Ended
June 30, 2021**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan 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 Logan County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the Logan 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
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

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 Logan 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 Logan County Fiscal Court as of June 30, 2021, 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 Logan County Fiscal Court as of June 30, 2021, 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 as described in Note 1.

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 Logan 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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
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Members of the Logan County Fiscal Court

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 January 14, 2022, on our consideration of the Logan 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 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 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 Logan County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

January 14, 2022

LOGAN COUNTY OFFICIALS
For The Year Ended June 30, 2021

Fiscal Court Members:

Logan Chick	County Judge/Executive
Tyler Davenport	Magistrate
Jack Crossley	Magistrate
Barry Joe Wright	Magistrate
Robert Chyle	Magistrate
Jason Harper	Magistrate
Thomas Bouldin	Magistrate

Other Elected Officials:

Joe Ross	County Attorney
Phil Gregory	Jailer
Scottie Harper	County Clerk
Mary Orange	Circuit Court Clerk
Stephen Stratton	Sheriff
Brooke Brown Waldrup	Property Valuation Administrator
Mary Givens	Coroner

Appointed Personnel:

Amanda Stratton	County Treasurer
Karen Taylor	Chief Financial Officer

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

For The Year Ended June 30, 2021

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

For The Year Ended June 30, 2021

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 2,572,034	\$	\$
In Lieu Tax Payments	233,239		
Licenses and Permits	29,381		
Intergovernmental	2,364,786	1,949,204	809,090
Charges for Services			23,699
Miscellaneous	164,635	27,669	24,976
Interest	155	89	17
Total Receipts	<u>5,364,230</u>	<u>1,976,962</u>	<u>857,782</u>
DISBURSEMENTS			
General Government	4,293,991	332	
Protection to Persons and Property	727,549		1,839,925
General Health and Sanitation	300		
Social Services	675		
Recreation and Culture	29,642		
Roads		1,727,078	
Airports			
Debt Service			
Capital Projects		96,021	
Administration	700,619	263,795	509,050
Total Disbursements	<u>5,752,776</u>	<u>2,087,226</u>	<u>2,348,975</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(388,546)</u>	<u>(110,264)</u>	<u>(1,491,193)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	1,352,667		1,820,594
Transfers To Other Funds			(325,938)
Total Other Adjustments to Cash (Uses)	<u>1,352,667</u>		<u>1,494,656</u>
Net Change in Fund Balance	964,121	(110,264)	3,463
Fund Balance - Beginning (Restated)	<u>933,880</u>	<u>497,812</u>	<u>126,399</u>
Fund Balance - Ending	<u>\$ 1,898,001</u>	<u>\$ 387,548</u>	<u>\$ 129,862</u>
Composition of Fund Balance			
Bank Balance	\$ 1,955,095	\$ 387,735	\$ 130,077
Plus: Deposits In Transit			
Less: Outstanding Checks	(57,094)	(187)	(215)
Investments			
Fund Balance - Ending	<u>\$ 1,898,001</u>	<u>\$ 387,548</u>	<u>\$ 129,862</u>

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

LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2021
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	Federal Grants Fund	Solid Waste Fund	Occupational Tax Fund	Lifeskills Fund	911 Fund
\$	\$	\$	\$ 4,059,287	\$	\$ 337,033
118,595	1,235,254	131,352 55,170			31,711
471					
400		3,501			1,714
13	55	62	631	16	6
<u>119,479</u>	<u>1,235,309</u>	<u>190,085</u>	<u>4,059,918</u>	<u>16</u>	<u>370,464</u>
107,500			115,942		682,332
110,775		211,352			
27,575					
81,522					
29,934					
19,000					
1,427		41,267	27,026		189,062
<u>377,733</u>		<u>252,619</u>	<u>142,968</u>		<u>871,394</u>
<u>(258,254)</u>	<u>1,235,309</u>	<u>(62,534)</u>	<u>3,916,950</u>	<u>16</u>	<u>(500,930)</u>
225,000					491,993
	(1,235,254)		(2,655,525)		
<u>225,000</u>	<u>(1,235,254)</u>		<u>(2,655,525)</u>		<u>491,993</u>
(33,254)	55	(62,534)	1,261,425	16	(8,937)
<u>124,530</u>		<u>611,788</u>	<u>5,907,404</u>	<u>153,379</u>	<u>68,723</u>
<u>\$ 91,276</u>	<u>\$ 55</u>	<u>\$ 549,254</u>	<u>\$ 7,168,829</u>	<u>\$ 153,395</u>	<u>\$ 59,786</u>
\$ 91,276	\$ 55	\$ 549,345	\$ 7,168,829	\$ 153,395	\$ 61,094
		(91)			(1,308)
<u>\$ 91,276</u>	<u>\$ 55</u>	<u>\$ 549,254</u>	<u>\$ 7,168,829</u>	<u>\$ 153,395</u>	<u>\$ 59,786</u>

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

LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2021
(Continued)

	<u>Budgeted Funds</u>	
	<u>American Rescue Plan Act Fund</u>	<u>Special Reserve Fund</u>
RECEIPTS		
Taxes	\$	\$
In Lieu Tax Payments		
Licenses and Permits		
Intergovernmental	2,632,123	
Charges for Services		
Miscellaneous	5	
Interest	30	4,618
Total Receipts	<u>2,632,158</u>	<u>4,618</u>
DISBURSEMENTS		
General Government		
Protection to Persons and Property		
General Health and Sanitation		
Social Services		
Recreation and Culture		
Roads		
Airports		
Debt Service		
Capital Projects		
Administration		
Total Disbursements	<u> </u>	<u> </u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,632,158</u>	<u>4,618</u>
Other Adjustments to Cash (Uses)		
Transfers From Other Funds		525
Transfers To Other Funds		
Total Other Adjustments to Cash (Uses)		<u>525</u>
Net Change in Fund Balance	2,632,158	5,143
Fund Balance - Beginning		<u>4,177,230</u>
Fund Balance - Ending	<u>\$ 2,632,158</u>	<u>\$ 4,182,373</u>
Composition of Fund Balance		
Bank Balance	\$ 2,632,158	\$ 4,182,373
Plus: Deposits In Transit		
Less: Outstanding Checks		
Investments		
Fund Balance - Ending	<u>\$ 2,632,158</u>	<u>\$ 4,182,373</u>

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

LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2021
(Continued)

<u>Unbudgeted Funds</u>				<u>Internal</u>
<u>Public</u>	<u>Public</u>			<u>Service Fund</u>
<u>Properties</u>	<u>Properties</u>	<u>Jail</u>	<u>Total</u>	<u>Health</u>
<u>Corporation</u>	<u>Corporation</u>	<u>Commissary</u>	<u>Funds</u>	<u>Insurance</u>
<u>Detention Center</u>	<u>Justice Center</u>	<u>Fund</u>		<u>Fund</u>
<u>Fund</u>	<u>Fund</u>			
\$	\$	\$	\$ 6,968,354	\$
			233,239	
			160,733	
9,265	1,071,300		10,276,498	
			24,170	
		203,321	426,221	712,816
			5,692	26
<u>9,265</u>	<u>1,071,300</u>	<u>203,321</u>	<u>18,094,907</u>	<u>712,842</u>
			4,517,765	
			3,249,806	
			322,427	442,931
			28,250	
		146,184	257,348	
			1,757,012	
			19,000	
335,200	1,069,800		1,405,000	
			96,021	
	1,500		1,733,746	
<u>335,200</u>	<u>1,071,300</u>	<u>146,184</u>	<u>13,386,375</u>	<u>442,931</u>
(325,935)		57,137	4,708,532	269,911
325,938			4,216,717	
			(4,216,717)	
<u>325,938</u>				
3		57,137	4,708,532	269,911
342,263	3,856	361,624	13,308,888	
<u>\$ 342,266</u>	<u>\$ 3,856</u>	<u>\$ 418,761</u>	<u>\$ 18,017,420</u>	<u>\$ 269,911</u>
\$ 41,354	\$ 3,856	\$ 419,521	\$ 17,776,163	\$ 269,911
		60	60	
		(820)	(59,715)	
<u>300,912</u>			<u>300,912</u>	
<u>\$ 342,266</u>	<u>\$ 3,856</u>	<u>\$ 418,761</u>	<u>\$ 18,017,420</u>	<u>\$ 269,911</u>

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

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LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Logan County includes all budgeted and unbudgeted funds under the control of the Logan 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.

The Logan County Tourist and Convention Commission would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they are no longer required components of the reporting entity. Audits of the following entities can be obtained from the Logan County Fiscal Court: 200 West Fourth Street, Russellville, KY 42276.

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.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

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 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.

Federal Grants Fund - The primary purpose of this fund is to account for Coronavirus Relief Fund and related disbursements. The primary source of receipts for this fund are federal grants.

Solid Waste Fund - The primary purpose of this fund is to account for solid waste management receipts and related disbursements. The primary source of receipts for this fund is the off-site waste management fees.

Occupational Tax Fund - The primary purpose of this fund is to account for occupational and net profit taxes. The primary sources of receipts for this fund are taxes collected for occupational license fees and net profit tax. These receipts are transferred to other funds as needed.

Lifeskills Fund - The primary purpose of this fund is to account for the proceeds of specific revenue sources and related disbursements that are legally restricted for specific purposes. These funds were received as a repayment of a revolving loan connected to a federal grant. Under the grant agreement, these funds must be used for community or economic development activities.

911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for Coronavirus Relief Fund and related disbursements. The primary source of receipts for this fund are federal grants.

Special Reserve Fund - The primary purpose of this fund is to account for special revenue sources and related disbursements. The primary source of receipts for this fund is interest earned.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Detention Center Fund - The primary purpose of this fund is to account for debt service requirements of the revenue refunding bonds issued to advance refund revenue bonds that funded the construction of the detention center. The Department for Local Government does not require the fiscal court to budget these funds.

Public Properties Corporation Justice Center Fund - The primary purpose of this fund is to account for debt service requirements of the revenue refunding bonds issued to advance refund revenue bonds that funded the construction of the justice center. The Department for Local Government does not require the fiscal court to budget these 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.

Internal Service Fund

The fiscal court reports the following internal service fund:

Health Insurance Fund - The primary purpose of this fund is to account for contributions, claims, and fees for self-insured employee health insurance.

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 public properties corporation detention center fund and the public properties corporation justice center fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Logan County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Logan 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 Logan County Fiscal Court.

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

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.

H. Related Organizations, Joint Ventures and Jointly Governed Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on this criteria, the following are considered related organizations of the Logan County Fiscal Court:

- East Logan Water District
- North Logan Water District
- South Logan Water District
- Logan County Search and Rescue Squad

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Organizations, Joint Ventures and Jointly Governed Organization (Continued)

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Logan County Fiscal Court:

- Industrial Development
- Airport

Regional governments or other multi-governmental arrangements that are governed by representative from each of the governments that created the organizations but are not joint ventures because the participants do not retain an ongoing financial interest or responsibility. Based on this criteria, the following is considered a jointly governed organization of the Logan County Fiscal Court:

- Planning and Zoning

Note 2. Deposits and Investments

A. 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, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments

As of June 30, 2021, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)	
		Less Than 1	1-5
U.S. Treasury			
Mutual Funds	\$ 41,354	\$ 41,354	\$
Investments:			
U.S. Government and			
U.S. Agencies Bonds	300,912		300,912
Total Investments	<u>300,912</u>		<u>300,912</u>
 Total Fund Balance	 <u>\$ 342,266</u>	 <u>\$ 41,354</u>	 <u>\$ 300,912</u>

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$300,912 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds;

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority;
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section;

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have 5 percent or more of the fiscal court's investments invested in any single security.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in U.S. denominations.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2021.

	Occupational Tax Fund	Jail Fund	Federal Grants Fund	Total Transfers In
General Fund	\$ 650,000	\$	\$ 702,667	\$ 1,352,667
911 Fund	375,000		116,993	491,993
Jail Fund	1,405,000		415,594	1,820,594
LGEA Fund	225,000			225,000
Special Reserve Fund	525			525
Public Properties Corporation Detention Center Fund		325,938		325,938
Total Transfers Out	<u>\$ 2,655,525</u>	<u>\$ 325,938</u>	<u>\$ 1,235,254</u>	<u>\$ 4,216,717</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 funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2021 was \$8,177. This balance is included in the jail commissary fund balance of \$418,761.

South Central Kentucky Drug Task Force Seizure Fund - The South Central Kentucky Drug Task Force deposited cash evidence into a custodial bank account. These funds are held until a resolution in the form of a court order is received. The funds are then remitted in accordance with the court order. The account had a beginning balance of \$99,221, with receipts of \$69,125 and \$39,064 of disbursements for fiscal year ended June 30, 2020. The account balance was \$129,282 as of June 30, 2021.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt

A. Other Debt

1. First Mortgage Revenue Refunding Bonds (Detention Facilities Project), Series 2010

On March 4, 2010, the Logan County Public Properties Corporation issued first mortgage revenue refunding bonds (detention facilities project), series 2010, to refund the first mortgage revenue bonds (detention facility project), series 1998. The total bond issue was in the amount of \$3,835,000, with interest rates varying between 2% and 4%. Interest is payable on March 1 and September 1 of each year. Principal is payable annually on September 1.

Upon the happening and continuance of any event of default to protect and enforce its rights and the rights of the owners of the bonds by such of the following remedies, as the trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

By enforcement of the foreclosable mortgage lien on the project site and improvements granted by the mortgage, and in such event the trustee will take over possession, custody and control of the project site and will operate or carry out decretal sale of same with due regard to state and federal law and the covenants contained in the lease for the benefit of the owners of the bonds. Provided, however, that no such foreclosure sale will result in a deficiency judgment of any type or in any amount against AOC, the county or the corporation, and until such sale the county may at any time by the discharge of the bonds and interest and any premium thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that in the event of any such enforcement of said lien by the trustee, there will first be paid all expenses incident to said document, and thereafter the bonds then outstanding will be paid and retired.

By declaring all bonds due and payable, and if all defaults will be made good, then, with the written consent of the owners of not less than 50% in a principal amount of the outstanding bonds, by annulling such declaration and its consequences.

Total principal balance outstanding as of June 30, 2021, was \$1,240,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 290,000	\$ 43,800
2023	305,000	31,900
2024	315,000	19,500
2025	330,000	6,600
Totals	<u>\$ 1,240,000</u>	<u>\$ 101,800</u>

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt (Continued)

A. Other Debt (Continued)

2. First Mortgage Revenue Refunding Bonds (Justice Center Project), Series 2016

On March 9, 2016, the Logan County Public Properties Corporation issued first mortgage revenue refunding bonds (justice center project), series 2016, to refund the first mortgage revenue bonds (justice center project), series 2008. The total bond issue was in the amount of \$7,595,000, with interest rates varying between 3.5% and 4%. Interest is payable on March 1 and September 1 of each year. Principal is payable annually on February 1 beginning February 1, 2020.

Upon the happening and continuance of any event of default to protect and enforce its rights and the rights of the owners of the bonds by such of the following remedies, as the trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

By enforcement of the foreclosable mortgage lien on the project site and improvements granted by the mortgage, and in such event the trustee will take over possession, custody and control of the project site and will operate or carry out decretal sale of same with due regard to state and federal law and the covenants contained in the lease for the benefit of the owners of the bonds. Provided, however, that no such foreclosure sale will result in a deficiency judgment of any type or in any amount against AOC, the county or the corporation, and until such sale the county may at any time by the discharge of the bonds and interest and any premium thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that in the event of any such enforcement of said lien by the trustee, there will first be paid all expenses incident to said document, and thereafter the bonds then outstanding will be paid and retired.

By declaring all bonds due and payable, and if all defaults will be made good, then, with the written consent of the owners of not less than 25% in a principal amount of the outstanding bonds, by annulling such declaration and its consequences.

Total principal balance outstanding as of June 30, 2021, was \$6,675,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 885,000	\$ 182,400
2023	900,000	164,700
2024	920,000	146,700
2025	950,000	119,100
2026	980,000	90,600
2027-2028	<u>2,040,000</u>	<u>92,250</u>
Totals	<u>\$ 6,675,000</u>	<u>\$ 795,750</u>

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt (Continued)

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
First Mortgage Revenue Bonds	\$ 9,065,000	\$	\$1,150,000	\$ 7,915,000	\$ 1,175,000
Total Long-term Debt	<u>\$ 9,065,000</u>	<u>\$ 0</u>	<u>\$ 1,150,000</u>	<u>\$ 7,915,000</u>	<u>\$ 1,175,000</u>

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Fiscal Year Ended June 30	Other Debt	
	Principal	Interest
2022	\$ 1,175,000	\$ 226,200
2023	1,205,000	196,600
2024	1,235,000	166,200
2025	1,280,000	125,700
2026	980,000	90,600
2027-2028	<u>2,040,000</u>	<u>92,250</u>
Totals	<u>\$ 7,915,000</u>	<u>\$ 897,550</u>

Note 6. Contingency

The county is involved in a lawsuit. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

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. Effective April 1, 2021, the Kentucky Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 7. Employee Retirement System (Continued)

The county's contribution for FY 2019 was \$786,756, FY 2020 was \$929,103, and FY 2021 was \$922,890.

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.

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%

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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, non-hazardous 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.

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, KPPA 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.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 7. Employee Retirement System (Continued)

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 Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA 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 Logan County Fiscal Court voted to allow 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.

Note 9. Health Reimbursement Account/Flexible Spending Account

The Logan County Fiscal Court has established a flexible spending account on April 23, 2019, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \$2,000 each year to an HRA for employees who choose employee only plans and \$4,000 each year to an HRA for employees with spouse, child, or family plans. The fiscal court contributes \$200 per month or \$2,400 each year to an FSA for employees who choose to waive health insurance. Employees may also contribute additional pre-tax funds through payroll deduction.

Note 10. Insurance

For the fiscal year ended June 30, 2021, the Logan 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 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.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 11. Self-Insurance

The Logan County Fiscal Court elected to begin a partially self-funded health insurance plan in June 20, 2020. The administrator of the plan is Paragon Benefits, Inc. This partially self-funded insurance plan covers all employees. The county pays 85% of each employees benefits and the employee pays the remaining 15%. Logan County elected to purchase a stop-loss insurance policy from Berkley Life and Health Insurance Company to cover losses from individual and aggregate claims once the county reached the individual and aggregate attachment points. Employees are required to assume liability for claims in excess of maximum lifetime reimbursements established by the insurance company.

During fiscal year 2021, the Logan County Fiscal Court's health insurance fund had a beginning balance of \$0. The fund received \$712,842 and disbursed \$442,931. The health insurance fund had a balance of \$269,911 as of June 30, 2021.

In April 27, 2021, the decision was made to move from Paragon to Anthem starting in fiscal year ending June 30, 2022. The county continues to pay out runoff claims from the health insurance account that are outstanding.

Note 12. Subsequent Events

The South Central Kentucky Drug Task Force has transferred to Simpson County as of July 1, 2021. SCKTDF will be audited as a component unit of the Simpson County Fiscal Court for fiscal year ending June 30, 2022.

Note 13. Related Party Transactions

- A. The Logan County Attorney received office space from the fiscal court for his role as county attorney. This space is also shared with his private practice, he paid \$11,000 for rent to the fiscal court for fiscal year June 30, 2021.
- B. The South Central Kentucky Drug Task Force paid \$5,370 for fiscal year ending June 30, 2021, to a contracting business owned by the drug task force administrative assistant's spouse.

Note 14. Conduit Debt

From time to time, the county has issued to provide financial assistance to for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Logan County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2021, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 15. Tax Abatements

The occupational tax was abated under the authority of the Logan County Fiscal Court. Champion Petfoods USA, Inc., is eligible to receive this tax abatement due as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit in an amount up to 0.33 percent of the county's occupational license fee. Champion Petfoods USA, Inc., made the commitment to create and/or retain jobs by building a new pet food processing, warehousing, and distribution facility. The performance term of the tax abatement is 10 years from the activation of the incentive program. For fiscal year ended June 30, 2021, Logan County Fiscal Court abated \$32,988.

The occupational tax was abated under the authority of the Logan County Fiscal Court. Ventra Plastics is eligible to receive this tax abatement due as a result of its commitment to locate and create jobs and investments regarding an expansion in Logan County. The taxes are abated by granting of a credit of 0.27 percent of the county's occupational license fee for respective salaries and wages for any position created or any new hire resulting directly from the company's planned expansion. Ventra Plastics made the commitment to locate and create jobs and investments regarding an expansion. The performance term of the tax abatement is 10 years from the activation of the incentive program. Ventra Plastics has not activated this incentive program as of June 30, 2021. For fiscal year ended June 30, 2021, Logan County Fiscal Court abated zero occupational taxes.

The occupational tax was abated under the authority of the Logan County Fiscal Court. Logan Aluminum, Inc., is eligible to receive this tax abatement due as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit of 0.75 percent of the county's occupational license fee. Logan Aluminum, Inc., made the commitment regarding an expansion which involves a substantial investment in property and equipment and creating new jobs. The performance term of the tax abatement is 10 years from the activation of the incentive program. Logan Aluminum, Inc., has not activated this incentive program as of June 30, 2021. For fiscal year ended June 30, 2021, Logan County Fiscal Court abated zero occupational taxes.

The occupational tax was abated under the authority of the Logan County Fiscal Court. Emerson Electric Co. is eligible to receive this tax abatement due as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit of 0.27 percent of the county's occupational license fee. Emerson Electric Co. made the commitment regarding an expansion which involves a substantial investment in property and equipment and creating new jobs. The performance term of the tax abatement is 10 years from the activation of the incentive program. Emerson Electric Co. has not activated this incentive program as of June 30, 2021. For fiscal year ended June 30, 2021, Logan County Fiscal Court abated zero occupational taxes.

The occupational tax was abated under the authority of the Logan County Fiscal Court. Tri-Arrows Aluminum, Inc., is eligible to receive this tax abatement due as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit of 0.75 percent of the county's occupational license fee. Tri-Arrows Aluminum, Inc., made the commitment regarding an expansion which involves a substantial investment in property and equipment and creating new jobs. The performance term of the tax abatement is 10 years from the activation of the incentive program. Tri-Arrows Aluminum, Inc., has not activated this incentive program as of June 30, 2021. For fiscal year ended June 30, 2021, Logan County Fiscal Court abated zero occupational taxes.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 16. South Central Kentucky Drug Task Force

A. Awards Account

Under terms stipulated by the United States Department of Justice and the Commonwealth of Kentucky, the South Central Kentucky Drug Task Force office receives proceeds awarded by the court orders involved in drug related convictions. These funds are to be used for law enforcement activities. As of July 1, 2020, the balance was \$54. During fiscal year 2021, funds of \$54,638 were received and funds of \$45,170 were expended, leaving a balance of \$9,522 as of June 30, 2021.

B. Evidence Account

The South Central Kentucky Drug Task Force office uses the evidence account to fund drug related under cover activities. As of July 1, 2020, the balance was \$77. During fiscal year 2021, funds of \$16,473 were received and funds of \$16,280 were expended, leaving a balance of \$270 as of June 30, 2021.

Note 17. Prior Period Adjustment

The beginning balance for the general fund was restated as follows:

	<u>General Fund</u>
Ending Cash Balances Prior Year	\$ 933,823
- Adjustment to Prior Year Surplus	<u>57</u>
Beginning Fund Balance Restated	<u>\$ 933,880</u>

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LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

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LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,209,250	\$ 2,209,250	\$ 2,572,034	\$ 362,784
In Lieu Tax Payments	230,000	230,000	233,239	3,239
Licenses and Permits	29,500	29,500	29,381	(119)
Intergovernmental	1,935,510	1,935,510	2,364,786	429,276
Miscellaneous	84,571	123,365	164,635	41,270
Interest	1,414	1,414	155	(1,259)
Total Receipts	<u>4,490,245</u>	<u>4,529,039</u>	<u>5,364,230</u>	<u>835,191</u>
DISBURSEMENTS				
General Government	5,255,487	5,291,038	4,293,991	997,047
Protection to Persons and Property	742,324	896,670	727,549	169,121
General Health and Sanitation	300	300	300	
Social Services	1,000	1,000	675	325
Recreation and Culture	58,000	58,000	29,642	28,358
Capital Projects	97,386	97,386		97,386
Administration	890,313	815,819	700,619	115,200
Total Disbursements	<u>7,044,810</u>	<u>7,160,213</u>	<u>5,752,776</u>	<u>1,407,437</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,554,565)</u>	<u>(2,631,174)</u>	<u>(388,546)</u>	<u>2,242,628</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,754,565	1,754,565	1,352,667	(401,898)
Total Other Adjustments to Cash (Uses)	<u>1,754,565</u>	<u>1,754,565</u>	<u>1,352,667</u>	<u>(401,898)</u>
Net Change in Fund Balance	(800,000)	(876,609)	964,121	1,840,730
Fund Balance - Beginning (Restated)	800,000	876,609	933,880	57,271
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,898,001</u>	<u>\$ 1,898,001</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,907,649	\$ 1,907,649	\$ 1,949,204	\$ 41,555
Miscellaneous	1,200	1,200	27,669	26,469
Interest	1,103	1,103	89	(1,014)
Total Receipts	<u>1,909,952</u>	<u>1,909,952</u>	<u>1,976,962</u>	<u>67,010</u>
DISBURSEMENTS				
General Government	500	500	332	168
Roads	3,031,776	3,031,591	1,727,078	1,304,513
Capital Projects	100,000	100,000	96,021	3,979
Administration	327,193	327,378	263,795	63,583
Total Disbursements	<u>3,459,469</u>	<u>3,459,469</u>	<u>2,087,226</u>	<u>1,372,243</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,549,517)</u>	<u>(1,549,517)</u>	<u>(110,264)</u>	<u>1,439,253</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,074,517</u>	<u>1,074,517</u>		<u>(1,074,517)</u>
Total Other Adjustments to Cash (Uses)	<u>1,074,517</u>	<u>1,074,517</u>		<u>(1,074,517)</u>
Net Change in Fund Balance	(475,000)	(475,000)	(110,264)	364,736
Fund Balance - Beginning	<u>475,000</u>	<u>475,000</u>	<u>497,812</u>	<u>22,812</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 387,548</u>	<u>\$ 387,548</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,136,980	\$ 1,136,980	\$ 809,090	\$ (327,890)
Charges for Services	46,800	46,800	23,699	(23,101)
Miscellaneous	30,800	30,800	24,976	(5,824)
Interest	355	355	17	(338)
Total Receipts	<u>1,214,935</u>	<u>1,214,935</u>	<u>857,782</u>	<u>(357,153)</u>
DISBURSEMENTS				
Protection to Persons and Property	2,414,284	2,414,284	1,839,925	574,359
Debt Service	325,938	325,938		325,938
Administration	809,633	809,633	509,050	300,583
Total Disbursements	<u>3,549,855</u>	<u>3,549,855</u>	<u>2,348,975</u>	<u>1,200,880</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,334,920)</u>	<u>(2,334,920)</u>	<u>(1,491,193)</u>	<u>843,727</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,205,470	2,205,470	1,820,594	(384,876)
Transfers To Other Funds			<u>(325,938)</u>	<u>(325,938)</u>
Total Other Adjustments to Cash (Uses)	<u>2,205,470</u>	<u>2,205,470</u>	<u>1,494,656</u>	<u>(710,814)</u>
Net Change in Fund Balance	(129,450)	(129,450)	3,463	132,913
Fund Balance - Beginning	<u>129,450</u>	<u>129,450</u>	<u>126,399</u>	<u>(3,051)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 129,862</u>	<u>\$ 129,862</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 89,000	\$ 90,500	\$ 118,595	\$ 28,095
Charges for Services	350	350	471	121
Miscellaneous			400	400
Interest	159	159	13	(146)
Total Receipts	<u>89,509</u>	<u>91,009</u>	<u>119,479</u>	<u>28,470</u>
DISBURSEMENTS				
General Government	220,000	220,000	107,500	112,500
General Health and Sanitation	108,500	111,000	110,775	225
Social Services	41,500	41,500	27,575	13,925
Recreation and Culture	358,740	358,740	81,522	277,218
Roads	107,373	106,373	29,934	76,439
Airports	29,000	29,000	19,000	10,000
Administration	1,702	1,702	1,427	275
Total Disbursements	<u>866,815</u>	<u>868,315</u>	<u>377,733</u>	<u>490,582</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(777,306)</u>	<u>(777,306)</u>	<u>(258,254)</u>	<u>519,052</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>667,306</u>	<u>667,306</u>	<u>225,000</u>	<u>(442,306)</u>
Total Other Adjustments to Cash (Uses)	<u>667,306</u>	<u>667,306</u>	<u>225,000</u>	<u>(442,306)</u>
Net Change in Fund Balance	(110,000)	(110,000)	(33,254)	76,746
Fund Balance - Beginning	<u>110,000</u>	<u>110,000</u>	<u>124,530</u>	<u>14,530</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 91,276</u>	<u>\$ 91,276</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 1,235,254	\$ 1,235,254	\$
Interest			55	55
Total Receipts		1,235,254	1,235,309	55
DISBURSEMENTS				
General Government		1,235,254		1,235,254
Total Disbursements		1,235,254		1,235,254
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1,235,309	1,235,309
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,235,254)	(1,235,254)
Total Other Adjustments to Cash (Uses)			(1,235,254)	(1,235,254)
Net Change in Fund Balance			55	55
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 55	\$ 55

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	SOLID WASTE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 50,000	\$ 50,000	\$ 131,352	\$ 81,352
Intergovernmental	47,057	55,056	55,170	114
Miscellaneous	5,100	5,100	3,501	(1,599)
Interest	838	838	62	(776)
Total Receipts	<u>102,995</u>	<u>110,994</u>	<u>190,085</u>	<u>79,091</u>
DISBURSEMENTS				
General Health and Sanitation	279,701	283,700	211,352	72,348
Administration	322,294	326,294	41,267	285,027
Total Disbursements	<u>601,995</u>	<u>609,994</u>	<u>252,619</u>	<u>357,375</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(499,000)</u>	<u>(499,000)</u>	<u>(62,534)</u>	<u>436,466</u>
Net Change in Fund Balance	(499,000)	(499,000)	(62,534)	436,466
Fund Balance - Beginning	<u>499,000</u>	<u>499,000</u>	<u>611,788</u>	<u>112,788</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 549,254</u>	<u>\$ 549,254</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	OCCUPATIONAL TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,955,000	\$ 2,955,000	\$ 4,059,287	\$ 1,104,287
Interest	6,363	6,363	631	(5,732)
Total Receipts	<u>2,961,363</u>	<u>2,961,363</u>	<u>4,059,918</u>	<u>1,098,555</u>
DISBURSEMENTS				
General Government	292,036	292,036	115,942	176,094
Administration	408,480	408,480	27,026	381,454
Total Disbursements	<u>700,516</u>	<u>700,516</u>	<u>142,968</u>	<u>557,548</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,260,847</u>	<u>2,260,847</u>	<u>3,916,950</u>	<u>1,656,103</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(6,560,847)</u>	<u>(6,560,847)</u>	<u>(2,655,525)</u>	<u>3,905,322</u>
Total Other Adjustments to Cash (Uses)	<u>(6,560,847)</u>	<u>(6,560,847)</u>	<u>(2,655,525)</u>	<u>3,905,322</u>
Net Change in Fund Balance	(4,300,000)	(4,300,000)	1,261,425	5,561,425
Fund Balance - Beginning	<u>4,300,000</u>	<u>4,300,000</u>	<u>5,907,404</u>	<u>1,607,404</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,168,829</u>	<u>\$ 7,168,829</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	LIFESKILLS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 193	\$ 193	\$ 16	\$ (177)
Total Receipts	193	193	16	(177)
DISBURSEMENTS				
General Government	153,573	153,573		153,573
Total Disbursements	153,573	153,573		153,573
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(153,380)	(153,380)	16	153,396
Net Change in Fund Balance	(153,380)	(153,380)	16	153,396
Fund Balance - Beginning	153,380	153,380	153,379	(1)
Fund Balance - Ending	\$ 0	\$ 0	\$ 153,395	\$ 153,395

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 330,000	\$ 330,000	\$ 337,033	\$ 7,033
Intergovernmental	31,712	31,712	31,711	(1)
Miscellaneous	100	100	1,714	1,614
Interest	72	72	6	(66)
Total Receipts	<u>361,884</u>	<u>361,884</u>	<u>370,464</u>	<u>8,580</u>
DISBURSEMENTS				
Protection to Persons and Property	963,062	963,062	682,332	280,730
Administration	310,811	310,811	189,062	121,749
Total Disbursements	<u>1,273,873</u>	<u>1,273,873</u>	<u>871,394</u>	<u>402,479</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(911,989)</u>	<u>(911,989)</u>	<u>(500,930)</u>	<u>411,059</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	858,989	858,989	491,993	(366,996)
Total Other Adjustments to Cash (Uses)	<u>858,989</u>	<u>858,989</u>	<u>491,993</u>	<u>(366,996)</u>
Net Change in Fund Balance	(53,000)	(53,000)	(8,937)	44,063
Fund Balance - Beginning	<u>53,000</u>	<u>53,000</u>	<u>68,723</u>	<u>15,723</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 59,786</u>	<u>\$ 59,786</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$ 2,632,123	\$ 2,632,123	\$
Miscellaneous			5	5
Interest			30	30
Total Receipts		2,632,123	2,632,158	35
DISBURSEMENTS				
Administration		2,632,123		2,632,123
Total Disbursements		2,632,123		2,632,123
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			2,632,158	2,632,158
Net Change in Fund Balance			2,632,158	2,632,158
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,632,158	\$ 2,632,158

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	SPECIAL RESERVE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 44,865	\$ 44,865	\$ 4,618	\$ (40,247)
Total Receipts	44,865	44,865	4,618	(40,247)
DISBURSEMENTS				
Administration	4,222,117	4,222,117		4,222,117
Total Disbursements	4,222,117	4,222,117		4,222,117
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,177,252)	(4,177,252)	4,618	4,181,870
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			525	525
Total Other Adjustments to Cash (Uses)			525	525
Net Change in Fund Balance	(4,177,252)	(4,177,252)	5,143	4,182,395
Fund Balance - Beginning	4,177,252	4,177,252	4,177,230	(22)
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,182,373	\$ 4,182,373

LOGAN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2021

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.

**LOGAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2021

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LOGAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Justice, Bureau of Justice Assistance</u>				
<i>Passed-Through Kentucky Justice and Public Safety Cabinet</i>				
Edward Byrne Memorial State Justice Assistance Grant Program	16.738	2019-JAG-South Cent-01217	\$	\$
Edward Byrne Memorial State Justice Assistance Grant Program	16.738	2020-JAG-South Cent-01233	_____	107,439
Total U.S. Department of Justice			<u>\$</u>	<u>\$ 107,439</u>
<u>U.S. Department of Transportation</u>				
<i>Passed-Through Kentucky Transportation Cabinet</i>				
<i>Office of Highway Safety</i>				
National Highway Traffic Safety Program	20.600	SC 625 2000001730	\$	\$ 2,487
National Highway Traffic Safety Program	20.600	SC 625 2100000322	_____	165
Total U.S. Department of Transportation			<u>\$</u>	<u>\$ 2,652</u>
<u>U. S. Department of the Treasury</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
COVID-19 CARES Act - Coronavirus Relief Funds for States	21.019	PON2 112 2100000142	\$	\$ 554,202
COVID-19 CARES Act - Coronavirus Relief Funds for States	21.019	PON2 112 2100001391	_____	312,534
Total U.S. Department of the Treasury			<u>\$</u>	<u>\$ 866,736</u>
<u>Office of National Drug Control Policy</u>				
<i>Passed-Through Laurel County Fiscal Court</i>				
High Intensity Drug Trafficking Areas - Appalachia HIDTA	95.001	G20AP001A	\$	\$ 7,886
High Intensity Drug Trafficking Areas - Appalachia HIDTA	95.001	G21AP0001A	_____	23,871
Total Office of National Drug Control Policy			<u>\$</u>	<u>\$ 31,757</u>
<u>U.S. Department of Homeland Security, Federal</u>				
<u>Emergency Management Agency</u>				
Public Assistance Program Coronavirus (COVID-19) Pandemic	97.036		\$	\$ 6,743
<i>Passed-Through Kentucky Department of Military Affairs</i>				
<i>Kentucky Emergency Management (KYEM)</i>				
Emergency Management Performance Grant Program (EMPG)	97.042	SC 095 2000000513		2,315
Emergency Management Performance Grant Program (EMPG)	97.042	SC 095 2100000605	_____	6,792
Total U.S. Department of Homeland Security			<u>\$</u>	<u>15,850</u>
Total Expenditures of Federal Awards			<u>\$ 0</u>	<u>\$ 1,024,434</u>

The accompanying notes are an integral part of this schedule

LOGAN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Logan County, Kentucky under programs of the federal government for the year ended June 30, 2021. 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 Logan County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Logan County, Kentucky.

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

Logan County has not adopted an indirect cost rate and has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

For The Year Ended June 30, 2021

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LOGAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2021

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 2,376,428	\$	\$	\$ 2,376,428
Construction In Progress	7,500	5,000		12,500
Buildings and Building Improvements	21,056,369	32,570		21,088,939
Equipment	4,232,333	222,596	56,462	4,398,467
Vehicles	2,027,574	329,845	287,730	2,069,689
Infrastructure	17,210,204	832,449	2,993,613	15,049,040
 Total Capital Assets	 <u>\$ 46,910,408</u>	 <u>\$ 1,422,460</u>	 <u>\$ 3,337,805</u>	 <u>\$ 44,995,063</u>

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

June 30, 2021

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.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 25,000	10-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan 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 Logan County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Logan County Fiscal Court's financial statement and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Logan County Fiscal Court'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Logan County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Logan 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 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. 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 Logan 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

January 14, 2022

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Logan 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 Logan County Fiscal Court's major federal programs for the year ended June 30, 2021. The Logan 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 Logan 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 Logan 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 Logan County Fiscal Court's compliance.



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

Opinion on Each Major Federal Program

In our opinion, the Logan 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, 2021.

Report on Internal Control over Compliance

Management of the Logan 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 Logan 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 to determine the auditing 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 Logan 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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,



Mike Harmon
Auditor of Public Accounts

January 14, 2022

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

For The Year Ended June 30, 2021

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LOGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: 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>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID 19-Coronavirus Relief Fund

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

**LOGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021
(Continued)**

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

None.

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

LOGAN COUNTY FISCAL COURT

For The Year Ended June 30, 2021

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

COUNTY FISCAL COURT

For The Year Ended June 30, 2021

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



County Judge/Executive



County Treasurer