

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

**For The Year Ended
June 30, 2022**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



**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 Robbie Williams, Floyd County Judge/Executive
Members of the Floyd County Fiscal Court

The enclosed report prepared by Patrick & Associates, LLC presents the financial statement of Floyd County, Kentucky, for the year ended June 30, 2022.

We engaged Patrick & Associates, LLC to perform the audit of this financial statement. We worked closely with the firm during our report review process; Patrick & Associates, LLC evaluated the Floyd County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature of Mike Harmon, consisting of the letters "Mike" and "H" connected by a horizontal line.

Mike Harmon
Auditor of Public Accounts

Enclosure

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
AUDITOR.KY.GOV

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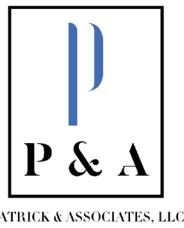
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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

To the People of Kentucky
The Honorable Andy Beshear, Governor
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Independent Auditor's Report

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Floyd County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Floyd County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Floyd County Fiscal Court, for the year ended June 30, 2022, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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 section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Floyd County Fiscal Court, for the year ended June 30, 2022, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Floyd County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Floyd 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 and pervasive.

Responsibilities of Management for the Financial Statement

Floyd County Fiscal Court's management is responsible for the preparation and fair presentation of the 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 Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Floyd County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.

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.

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023, on our consideration of the Floyd 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 Floyd County Fiscal Court's internal control over financial reporting and compliance.

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Other Reporting Required by *Government Auditing Standards* (Continued)

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

- 2022-001 The Floyd County Jailer Lacks Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliation Processes Of The Jail Commissary
- 2022-002 The Floyd County Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements
- 2022-003 The Floyd County Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances
- 2022-004 The Floyd County Fiscal Court Failed To Prepare The Fourth Quarter Financial Report And Schedule Of Expenditure Of Federal Awards In Accordance With Kentucky Revised Statutes (KRS) And Department For Local Government Requirements
- 2022-005 The Floyd County Fiscal Court Did Not Have Adequate Controls In Place To Accurately Report Amounts For Debt On The Fourth Quarter Financial Report
- 2022-006 The Floyd County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget
- 2022-007 The Floyd County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash, Receipts, And Reporting Processes

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

June 13, 2023

FLOYD COUNTY OFFICIALS

For The Year Ended June 30, 2022

Fiscal Court Members:

Robbie Williams	County Judge/Executive
Mark Crider	Magistrate
George Ousley	Magistrate
Mike Tackett	Magistrate
Ronnie Akers	Magistrate

Other Elected Officials:

Keith Bartley	County Attorney
Stuart Halbert	Jailer
Chris Waugh	County Clerk
Douglas Hall	Circuit Court Clerk
John Hunt	Sheriff
Connie Hancock	Property Valuation Administrator
Gregory Nelson	Coroner

Appointed Personnel:

David Layne	County Treasurer
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**FLOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 4,521,949	\$	\$
In Lieu Tax Payments	36,230		
Excess Fees	194,326		
Licenses and Permits	27,671		
Intergovernmental	1,681,235	4,095,817	373,869
Charges for Services	1,867,647		
Miscellaneous	599,650		7,676
Interest	2,939	1,781	868
Total Receipts	<u>8,931,647</u>	<u>4,097,598</u>	<u>382,413</u>
DISBURSEMENTS			
Current:			
General Government	2,204,722		
Protection to Persons and Property	710,624		1,973,038
General Health and Sanitation	2,083,099		
Social Services	476,368		
Recreation and Culture	6,332		
Roads		4,054,404	
Debt Service	142,762	205,104	
Capital Projects			
Administration	760,645	421,426	505,841
Total Disbursements	<u>6,384,552</u>	<u>4,680,934</u>	<u>2,478,879</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,547,095</u>	<u>(583,336)</u>	<u>(2,096,466)</u>
Other Adjustments to Cash (Uses)			
Change in Payroll Revolving Account	(30,293)		
Financing Obligation Proceeds		290,844	
Transfers From Other Funds	2,432,879	1,750,000	2,100,000
Transfers To Other Funds	<u>(4,759,000)</u>	<u>(1,600,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>(2,356,414)</u>	<u>440,844</u>	<u>2,100,000</u>
Net Change in Fund Balance	190,681	(142,492)	3,534
Fund Balance - Beginning	946,163	286,701	131,445
Fund Balance - Ending	<u>\$ 1,136,844</u>	<u>\$ 144,209</u>	<u>\$ 134,979</u>
Composition of Fund Balance			
Bank Balance	\$ 1,175,473	\$ 144,209	\$ 134,979
Plus: Deposits In Transit	17		
Less: Outstanding Checks	<u>(38,646)</u>		
Fund Balance - Ending	<u>\$ 1,136,844</u>	<u>\$ 144,209</u>	<u>\$ 134,979</u>

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

FLOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022
(Continued)

Budgeted Funds					
Local Government	Economic Assistance Fund	State Grants Fund	Federal Grants Fund	Federal Disaster Fund	Revolving Loan Fund
					E-911 Fund
\$ 130,531	\$	\$	\$	\$	\$ 129,153
781,702	35,000		148		
111,920					
69,177					51,585
4,007			143	85	468
<u>1,097,337</u>	<u>35,000</u>		<u>291</u>	<u>85</u>	<u>181,206</u>
90,199					303,630
129,827	25,000		653,479		
1,406,696					
20,000					
148,968					26,834
<u>1,795,690</u>	<u>25,000</u>		<u>653,479</u>		<u>330,464</u>
(698,353)	10,000		(653,188)	85	(149,258)
850,000			1,000,000		
(200,000)					
<u>650,000</u>			<u>1,000,000</u>		
(48,353)	10,000		346,812	85	(149,258)
145,881	13,534	91	316,014	16,058	197,646
<u>\$ 97,528</u>	<u>\$ 23,534</u>	<u>\$ 91</u>	<u>\$ 662,826</u>	<u>\$ 16,143</u>	<u>\$ 48,388</u>
\$ 97,528	\$ 23,534	\$ 91	\$ 664,984	\$ 16,143	\$ 48,388
			(2,158)		
<u>\$ 97,528</u>	<u>\$ 23,534</u>	<u>\$ 91</u>	<u>\$ 662,826</u>	<u>\$ 16,143</u>	<u>\$ 48,388</u>

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

FLOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022
(Continued)

	Budgeted Funds		
	Water and Sewer Fund	Construction Fund	American Rescue Plan Act Fund
RECEIPTS			
Taxes	\$	\$	\$
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental	203,180		3,492,610
Charges for Services			
Miscellaneous			
Interest		8,322	3,271
Total Receipts	<u>203,180</u>	<u>8,322</u>	<u>3,495,881</u>
DISBURSEMENTS			
Current:			
General Government			830,424
Protection to Persons and Property			
General Health and Sanitation	203,178		
Social Services			
Recreation and Culture			
Roads			
Debt Service			
Capital Projects			
Administration			61,479
Total Disbursements	<u>203,178</u>		<u>891,903</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2</u>	<u>8,322</u>	<u>2,603,978</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account			
Financing Obligation Proceeds			
Transfers From Other Funds		1,491,879	
Transfers To Other Funds		(1,032,879)	(2,032,879)
Total Other Adjustments to Cash (Uses)		<u>459,000</u>	<u>(2,032,879)</u>
Net Change in Fund Balance	2	467,322	571,099
Fund Balance - Beginning	3	1,538,595	
Fund Balance - Ending	<u>5</u>	<u>\$ 2,005,917</u>	<u>\$ 571,099</u>
Composition of Fund Balance			
Bank Balance	\$ 5	\$ 2,005,917	\$ 571,554
Plus: Deposits In Transit			
Less: Outstanding Checks			(455)
Ending Fund Balance	<u>\$ 5</u>	<u>\$ 2,005,917</u>	<u>\$ 571,099</u>

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

FLOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022
(Continued)

<u>Unbudgeted Funds</u>				
	Public Properties Corporation Fund	Jail Commissary Fund	Total Funds	
RECEIPTS				
Taxes	\$	\$	\$	4,781,633
In Lieu Tax Payments				36,230
Excess Fees				194,326
Licenses and Permits				27,671
Intergovernmental	616,920			11,280,481
Charges for Services				1,979,567
Miscellaneous		109,358		837,446
Interest		146		22,030
Total Receipts	616,920	109,504		19,159,384
DISBURSEMENTS				
Current:				
General Government				3,035,146
Protection to Persons and Property				3,077,491
General Health and Sanitation				3,094,583
Social Services				476,368
Recreation and Culture		104,838		1,517,866
Roads				4,054,404
Debt Service	616,420			964,286
Capital Projects				20,000
Administration	500			1,925,693
Total Disbursements	616,920	104,838		18,165,837
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				4,666
				993,547
Other Adjustments to Cash (Uses)				
Payroll Revolving Account				(30,293)
Financing Obligation Proceeds				290,844
Transfers From Other Funds				9,624,758
Transfers To Other Funds				(9,624,758)
Total Other Adjustments to Cash (Uses)				260,551
Net Change in Fund Balance		4,666		1,254,098
Fund Balance - Beginning	29,815	82,381		3,704,327
Fund Balance - Ending	\$ 29,815	\$ 87,047		\$ 4,958,425
Composition of Fund Balance				
Bank Balance	\$ 29,815	\$ 89,272	\$ 5,001,892	
Plus: Deposits In Transit				17
Less: Outstanding Checks		(2,225)		(43,484)
Ending Fund Balance	\$ 29,815	\$ 87,047	\$ 4,958,425	

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

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TO THE FINANCIAL STATEMENT**

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**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Floyd County includes all budgeted and unbudgeted funds under the control of the Floyd 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 Floyd County Economic Development Authority and Floyd County Recreational and Tourism 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 no longer are required components of the reporting entity.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

Local Government Economic Assistance 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.

State Grants Fund - The primary purpose of this fund is to account for state grant expenses of the county. The primary source of receipts for this fund is from the state.

Federal Grants Fund - The primary purpose of this fund is to account for federal grant expenses of the county. The primary sources of receipts for this fund are federal grants.

Federal Disaster Fund - The primary purpose of this fund is for the receipt and disbursement of funds for Federal Emergency Management Agency (FEMA) projects.

Revolving Loan Fund - The primary purpose of this fund is to account for the receipt of notes receivable of the county.

E-911 Fund - The primary purpose of this fund is to support the county's 911 system.

Water and Sewer Fund - The primary purpose of this fund is to account for the receipts and disbursements related to water and sewer projects.

Construction Fund - The primary purpose of this fund is to accumulate resources and to disburse as needed for construction or other projects.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for the American Rescue Plan Act grant receipts and disbursements. The primary source of receipts for this fund is from the American Rescue Plan Act grant.

Unbudgeted Fund

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

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.

**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

E. Floyd County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Floyd 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 Floyd 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).

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2022.

	General Fund	Road Fund	Local Government Economic Assistance	Construction Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund	\$ 1,600,000	\$ 500,000	\$ 50,000	\$ 932,879	\$ 1,000,000	\$ 2,432,879
Road Fund				100,000		1,750,000
Jail Fund	1,950,000		150,000			2,100,000
Local Government Economic Assistance Fund	750,000	100,000				850,000
Federal Disaster Fund		1,000,000				1,000,000
Construction Fund	459,000				1,032,879	1,491,879
Total Transfers Out	\$ 4,759,000	\$ 1,600,000	\$ 200,000	\$ 1,032,879	\$ 2,032,879	\$ 9,624,758

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.

**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)**

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. 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, 2022 was \$11,358.

Bail Bonds Fund - This fund accounts for the fee charged for processing a bail bond. The balance in the bail bonds fund as of June 30, 2022 was \$10.

Town of Martin Corps of Engineers Flood Control Project Escrow Account - This account receives and disburses funds used for the Town of Martin Corps of Engineers Flood Control Project. The balance as of June 30, 2022 was \$1,090,099.

Note 5. Leases

Lessor

In August 2013, the Floyd County Public Properties Corporation (the corporation), a blended component unit of the fiscal court, began leasing the judicial center to the Administrative Office of the Courts (AOC). The lease period is for a two-year period and the rental payments shall agree to the annual principal and interest costs on the bonds issued for the financing of the building construction. On July 1 of each even numbered year, the lease may be renewed by AOC, for another biennial period of two years. The lease renewal shall automatically be considered to have been affirmatively exercised each even numbered year by AOC, unless notice of its election not to exercise the option for the biennial period be given by AOC to the corporation, the trustee, and the county in writing at least 60 days prior to the renewal date hereof. The corporation recognized \$616,420 in lease revenue during the current fiscal year. As of June 30, 2022, the corporation's receivable for lease payments was zero. As of July 1, 2022, the lease was renewed for a two-year period with lease valued revenues totaling \$1,232,165.

Lessee

The county leases office space for the offices of county clerk and county sheriff. The lease requires monthly payments of \$5,000. Total payments for the year ended June 30, 2022, were \$60,000. There is not a known lease agreement associated with this lease or when it originated. The value of future lease requirements is unknown.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Excavator - District 4

In July 2017, the county entered into a loan agreement with Caterpillar to finance the purchase of an excavator. The principal amount of the loan was \$45,207 with an interest rate of 3.49%. The agreement requires a monthly payment of \$1,010 until paid in full July 2022. Upon an event of default, Caterpillar will have all rights and remedies available under applicable law. Caterpillar may declare all lease payments due or to become due during the fiscal year in which the event of default occurs to be immediately due and payable by the county and/or Caterpillar may repossess the units by giving written notice to deliver the units to Caterpillar. As of June 30, 2022, the principal balance outstanding was paid in full.

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements (Continued)

2. Excavator - District 3

In March 2018, the county entered into a loan agreement with Caterpillar to finance the purchase of an excavator. The principal amount of the loan was \$68,918 with an interest rate of 3.85%. The agreement requires a monthly payment of \$1,553 until paid in full March 2022. Upon default, the lender may declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due, and then borrower will pay that amount. As of June 30, 2022, the principal balance outstanding was paid in full.

3. Southern Water

On April 8, 2022, The Floyd County Fiscal Court entered into an agreement with Kentucky Association of Counties (KACO) in the amount of \$1,535,000 to refinance the Kentucky Area Development Districts Financing Trust, Series 2006K originally in the amount of \$2,600,000. The Series 2006K was used to refund the First Mortgage Revenue Bond Anticipation 2004B in the amount of \$2,455,000. Terms of the agreement stipulate a 15-year repayment schedule, with biannual interest payments at a rate of 2.18 percent. In the event of default the lessor may, by appropriate court action, enforce the pledge set forth of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due; sell or re-lease the project or any portion thereof; or take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease and any collateral documents (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law), and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof. The principal amount is due December 20 and June 30 of each year. As of June 30, 2022, the principal balance was \$1,450,000. Payments for the remaining years are:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 85,000	\$ 52,154
2024	85,000	50,028
2025	90,000	46,504
2026	95,000	41,878
2027	100,000	37,004
2028-2032	585,000	104,593
2033-2035	410,000	14,447
Totals	<u>\$ 1,450,000</u>	<u>\$ 346,608</u>

4. Dump Trucks

On December 22, 2021, Floyd County entered into an agreement with Kentucky Association of Counties Leasing Trust in the amount of \$290,844 at 2.12 percent interest for the period of 17 months. The funds were used to finance the purchase of two dump trucks. The agreement is secured but not limited to the property purchased. In the event of a default, the property purchased will be repossessed by the financial institution. At June 30, 2022, the principal outstanding was \$290,844. Future principals and interest requirements are:

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements (Continued)

4. Dump Trucks (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	<u>\$ 290,844</u>	<u>\$ 7,329</u>
Totals	<u>\$ 290,844</u>	<u>\$ 7,329</u>

B. Other Debt

1. First Mortgage Revenue Refunding Bonds, Series 2013 - Justice Center Project

In August 2013, the Floyd County Public Properties Corporation issued \$6,200,000 in first mortgage revenue bonds, series 2013. The proceeds from these refunding bonds were used to refinance the 2002 first mortgage revenue bonds. These bonds are scheduled to mature in fiscal year 2027 and carry an interest rate of 1.2 percent to 3.6 percent. Semiannual interest payments are required on September 1 and March 1 of each year. The Floyd County Public Properties Corporation is acting as an agent for the Administrative Office of the Courts in order to manage and maintain the justice center. The Floyd Public Properties Corporation expects rentals for use of the justice center to be in the full amount of the principal and interest requirements of the bonds. Under the terms of a lease, the Administrative Office of the Courts has agreed to pay directly to the paying agent bank, the use allowances payment as provided in the lease. The lease agreement is renewable each year. The Floyd Public Properties Corporation is in reliance upon the use allowance payment in order to meet debt service on the bonds.

The Administrative Office of the Courts with the execution of the lease expressed its intention to continue to pay the full allowance payment in successive biennial budget periods until March 2027. However, the lease does not obligate the Administrative Office of the Courts to do so. In the event of default, 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 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; by bringing suit upon the bonds; by action or suit in equity, require the corporation to account as if it were the trustee of an express trust for the owners of the bonds; by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds; 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; and in the event that all bonds are declared due and payable, by selling investment obligations of the corporation (to the extent not theretofore set aside for redemption of the bonds for which call has been made), and enforcing all chooses in action of the corporation to the fullest legal extent in the name of the corporation for the use and benefit of the owners of the bonds. As of June 30, 2022, the principal balance on these bonds was \$2,830,000. Debt service requirements for the remaining years are:

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long Term Debt (Continued)

B. Other Debt (Continued)

1. First Mortgage Revenue Refunding Bonds, Series 2013 - Justice Center Project (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 530,000	\$ 85,745
2024	545,000	69,348
2025	565,000	51,577
2026	585,000	32,017
2027	<u>605,000</u>	<u>10,890</u>
Totals	<u>\$ 2,830,000</u>	<u>\$ 249,577</u>

2. Series 2017 - Asphalt

In October 2017, the county entered into a lease agreement with the Kentucky Association of Counties Finance Corporation for \$2,125,000 in order to perform various road and jail improvements. The lease is scheduled to mature in fiscal year 2032 and carry an interest rate of 3.93 percent. Semiannual interest payments are required on December 20 and June 130 of each year. In the event of default the lessor may, without any further demand or notice, take one or any combination of the following remedial steps, by appropriate court action, enforce the pledge set forth in this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due; take legal title to, and sell or re-lease the project or any portion thereof; take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof. As of June 30, 2022, the principal balance on the lease was \$1,675,000. Debt service requirements for the remaining years are:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 125,000	\$ 62,969
2024	130,000	57,557
2025	135,000	51,931
2026	140,000	46,094
2027	145,000	40,044
2028-3032	820,000	107,908
2033	<u>180,000</u>	<u>4,084</u>
Totals	<u>\$ 1,675,000</u>	<u>\$ 370,587</u>

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long Term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and					
Direct Placements	\$ 1,549,762	\$ 290,844	\$ 99,762	\$ 1,740,844	\$ 375,844
Other Debt	<u>5,140,000</u>		<u>635,000</u>	<u>4,505,000</u>	<u>655,000</u>
Total Long-term Debt	<u>\$ 6,689,762</u>	<u>\$ 290,844</u>	<u>\$ 734,762</u>	<u>\$ 6,245,844</u>	<u>\$ 1,030,844</u>

D. Aggregate Debt Schedule

The amounts of required principal and interest payments on long-term obligations at June 30, 2022, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 655,000	\$ 148,714	\$ 375,844	\$ 59,483
2024	675,000	126,905	85,000	50,028
2025	700,000	103,508	90,000	46,504
2026	725,000	78,111	95,000	41,878
2027	750,000	50,934	100,000	37,004
2028-2032	820,000	107,908	585,000	104,593
2033-2035	180,000	4,084	410,000	14,447
Totals	<u>\$ 4,505,000</u>	<u>\$ 620,164</u>	<u>\$ 1,740,844</u>	<u>\$ 353,937</u>

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. 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, 2022, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2020 was \$711,258, FY 2021 was \$707,764, and FY 2022 was \$842,288.

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

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 Ky. Ret. Sys. 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 Ky. Ret. Sys. 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.

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 26.95 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%

**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)**

Note 7. Employee Retirement System (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 78.5536.

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 78.5536. 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 Ky. Ret. Sys. 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.

**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)**

Note 7. Employee Retirement System (Continued)

Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. 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 Pension 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 Floyd 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 Floyd County Fiscal Court established a flexible spending account and health reimbursement account to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The administrator tracks employee and employer contributions to the plan based on the enrollment forms and claims paid to determine availability of funds per employee. The funds are kept in bank account by the county and the third-party administrator withdraws claims from the account.

Note 10. Insurance

For the fiscal year ended June 30, 2022, the Floyd 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.

**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)**

Note 11. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to others 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 Floyd 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, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 12. Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 13. Garth Landfill

The Garth Landfill quit accepting garbage in the mid 1990's. The Floyd County Fiscal Court must comply with established state and federal landfill closure and post closure procedures and must perform maintenance and monitoring procedures at the site for thirty years after closure. During the fiscal year ended June 30, 2022, the county incurred \$18,000 for monitoring, supplies, equipment, and testing associated with the closing of Garth Landfill.

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**FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2022

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FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

GENERAL FUND					
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget	
	Original	Final		Positive (Negative)	
RECEIPTS					
Taxes	\$ 3,984,800	\$ 3,984,800	\$ 4,521,949	\$ 537,149	
In Lieu Tax Payments	21,000	21,000	36,230	15,230	
Excess Fees	104,000	104,000	194,326	90,326	
Licenses and Permits	34,500	34,500	27,671	(6,829)	
Intergovernmental	1,080,550	1,080,550	1,681,235	600,685	
Charges for Services	2,185,000	2,185,000	1,867,647	(317,353)	
Miscellaneous	704,000	704,000	599,650	(104,350)	
Interest	4,000	4,000	2,939	(1,061)	
Total Receipts	<u>8,117,850</u>	<u>8,117,850</u>	<u>8,931,647</u>	<u>813,797</u>	
DISBURSEMENTS					
General Government	2,616,996	2,804,496	2,204,722	599,774	
Protection to Persons and Property	370,890	780,890	710,624	70,266	
General Health and Sanitation	2,107,000	2,102,000	2,083,099	18,901	
Social Services	350,000	484,600	476,368	8,232	
Recreation and Culture			6,332	(6,332)	
Airports	6,000				
Debt Service	770,000	143,000	142,762	238	
Administration	<u>839,114</u>	<u>845,014</u>	<u>760,645</u>	<u>84,369</u>	
Total Disbursements	<u>7,060,000</u>	<u>7,160,000</u>	<u>6,384,552</u>	<u>775,448</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,057,850</u>	<u>957,850</u>	<u>2,547,095</u>	<u>1,589,245</u>	
Other Adjustments to Cash (Uses)					
Transfers From Other Funds			2,432,879	2,432,879	
Transfers To Other Funds	(2,750,000)	(2,750,000)	(4,759,000)	(2,009,000)	
Financing Obligation Proceeds	1,000	1,000		(1,000)	
Total Other Adjustments to Cash (Uses)	<u>(2,749,000)</u>	<u>(2,749,000)</u>	<u>(2,326,121)</u>	<u>422,879</u>	
Net Change in Fund Balance	(1,691,150)	(1,791,150)	220,974	2,012,124	
Fund Balance Beginning	<u>1,691,150</u>	<u>1,691,150</u>	<u>915,870</u>	<u>(775,280)</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (100,000)</u>	<u>\$ 1,136,844</u>	<u>\$ 1,236,844</u>	

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,288,400	\$ 2,288,400	\$ 4,095,817	\$ 1,807,417
Miscellaneous	1,000	1,000		(1,000)
Interest	2,500	2,500	1,781	(719)
Total Receipts	<u>2,291,900</u>	<u>2,291,900</u>	<u>4,097,598</u>	<u>1,805,698</u>
DISBURSEMENTS				
Roads	3,306,900	3,772,750	4,054,404	(281,654)
Debt Service	189,000	189,000	205,104	(16,104)
Administration	494,100	428,250	421,426	6,824
Total Disbursements	<u>3,990,000</u>	<u>4,390,000</u>	<u>4,680,934</u>	<u>(290,934)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,698,100)</u>	<u>(2,098,100)</u>	<u>(583,336)</u>	<u>1,514,764</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			290,844	290,844
Transfers From Other Funds	1,600,000	1,600,000	1,750,000	150,000
Transfers To Other Funds			(1,600,000)	(1,600,000)
Total Other Adjustments to Cash (Uses)	<u>1,600,000</u>	<u>1,600,000</u>	<u>440,844</u>	<u>(1,159,156)</u>
Net Change in Fund Balance	(98,100)	(498,100)	(142,492)	355,608
Fund Balance Beginning	98,100	98,100	286,701	188,601
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (400,000)</u>	<u>\$ 144,209</u>	<u>\$ 544,209</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

JAIL FUND						
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget		
	Original	Final		Positive (Negative)		
RECEIPTS						
Intergovernmental	\$ 605,000	\$ 605,000	\$ 373,869	\$ (231,131)		
Charges for Services	21,000	21,000			(21,000)	
Miscellaneous	64,000	64,000	7,676			(56,324)
Interest Earned	300	300	868			568
Total Receipts	<u>690,300</u>	<u>690,300</u>	<u>382,413</u>			<u>(307,887)</u>
DISBURSEMENTS						
Protection to Persons and Property	1,952,800	2,022,300	1,973,038			49,262
Administration	<u>547,200</u>	<u>527,700</u>	<u>505,841</u>			<u>21,859</u>
Total Disbursements	<u>2,500,000</u>	<u>2,550,000</u>	<u>2,478,879</u>			<u>71,121</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,809,700)</u>	<u>(1,859,700)</u>	<u>(2,096,466)</u>			<u>(236,766)</u>
Other Adjustments to Cash (Uses)						
Transfers From Other Funds	<u>1,700,000</u>	<u>1,700,000</u>	<u>2,100,000</u>			<u>400,000</u>
Total Other Adjustments to Cash (Uses)	<u>1,700,000</u>	<u>1,700,000</u>	<u>2,100,000</u>			<u>400,000</u>
Net Change in Fund Balance	<u>(109,700)</u>	<u>(159,700)</u>	<u>3,534</u>			<u>163,234</u>
Fund Balance Beginning	<u>109,700</u>	<u>109,700</u>	<u>131,445</u>			<u>21,745</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 134,979</u>			<u>\$ 184,979</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 100,000	\$ 100,000	\$ 130,531	\$ 30,531
Intergovernmental	1,444,000	1,444,000	781,702	(662,298)
Charges for Services	75,000	75,000	111,920	36,920
Miscellaneous	23,000	23,000	69,177	46,177
Interest	5,000	5,000	4,007	(993)
Total Receipts	<u>1,647,000</u>	<u>1,647,000</u>	<u>1,097,337</u>	<u>(549,663)</u>
DISBURSEMENTS				
General Government	100,000			
Protection to Persons and Property	140,200	131,200	90,199	41,001
General Health and Sanitation	240,000	210,000	129,827	80,173
Recreation and Culture	965,000	1,693,700	1,406,696	287,004
Capital Projects	109,000	39,000	20,000	19,000
Administration	155,800	186,100	148,968	37,132
Total Disbursements	<u>1,710,000</u>	<u>2,260,000</u>	<u>1,795,690</u>	<u>464,310</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(63,000)</u>	<u>(613,000)</u>	<u>(698,353)</u>	<u>(85,353)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			850,000	850,000
Transfers To Other Funds	<u>(550,000)</u>	<u>(550,000)</u>	<u>(200,000)</u>	<u>350,000</u>
Total Other Adjustments to Cash (Uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>650,000</u>	<u>1,200,000</u>
Net Change in Fund Balance	<u>(613,000)</u>	<u>(1,163,000)</u>	<u>(48,353)</u>	<u>1,114,647</u>
Fund Balance Beginning	<u>613,000</u>	<u>613,000</u>	<u>145,881</u>	<u>(467,119)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (550,000)</u>	<u>\$ 97,528</u>	<u>\$ 647,528</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

STATE GRANTS FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 11,700	\$ 111,700	\$ 35,000	\$ (76,700)
Total Receipts	<u>11,700</u>	<u>111,700</u>	<u>35,000</u>	<u>(76,700)</u>
DISBURSEMENTS				
Protection to Persons and Property	24,700	24,700		24,700
Social Services		100,000	25,000	75,000
Total Disbursements	<u>24,700</u>	<u>124,700</u>	<u>25,000</u>	<u>99,700</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(13,000)	(13,000)	10,000	23,000
Net Change in Fund Balance Fund Balance Beginning	(13,000)	(13,000)	10,000	23,000
	<u>13,000</u>	<u>13,000</u>	<u>13,534</u>	<u>534</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,534</u>	<u>\$ 23,534</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

FEDERAL GRANTS FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 8,300	\$ 8,300	\$	\$ (8,300)
Total Receipts	<u>8,300</u>	<u>8,300</u>		<u>(8,300)</u>
DISBURSEMENTS				
General Government	8,300	8,300		8,300
Total Disbursements	<u>8,300</u>	<u>8,300</u>		<u>8,300</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance Beginning			91	91
Fund Balance - Ending	\$ 0	\$ 0	\$ 91	\$ 91

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

FEDERAL DISASTER FUND

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 148	\$ (999,852)
Interest			143	143
Total Receipts	<u>1,000,000</u>	<u>1,000,000</u>	<u>291</u>	<u>(999,709)</u>
DISBURSEMENTS				
General Health and Sanitation	1,119,000	1,139,000	653,479	485,521
Administration	31,000	11,000		11,000
Total Disbursements	<u>1,150,000</u>	<u>1,150,000</u>	<u>653,479</u>	<u>496,521</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(653,188)</u>	<u>(503,188)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,000,000	1,000,000
Total Other Adjustments to Cash (Uses)			<u>1,000,000</u>	<u>1,000,000</u>
Net Change in Fund Balance	(150,000)	(150,000)	346,812	496,812
Fund Balance Beginning	<u>150,000</u>	<u>150,000</u>	<u>316,014</u>	<u>166,014</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 662,826</u>	<u>\$ 662,826</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

REVOLVING LOAN FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 200	\$ 200	\$ 85	\$ (115)
Total Receipts	<u>200</u>	<u>200</u>	<u>85</u>	<u>(115)</u>
DISBURSEMENTS				
Capital Projects	17,000	17,000		17,000
Total Disbursements	<u>17,000</u>	<u>17,000</u>		<u>17,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(16,800)	(16,800)	85	16,885
Net Change in Fund Balance Fund Balance Beginning	(16,800)	(16,800)	85	16,885
	<u>16,800</u>	<u>16,800</u>	<u>16,058</u>	<u>(742)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,143</u>	<u>\$ 16,143</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

E-911 FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	\$	Variance with Final Budget Positive (Negative)
	Original	Final			
RECEIPTS					
Taxes	\$ 150,000	\$ 150,000	\$ 129,153	\$	(20,847)
Charge for Services	25,000	25,000			(25,000)
Miscellaneous	124,000	124,000	51,585		(72,415)
Interest	1,000	1,000	468		(532)
Total Receipts	<u>300,000</u>	<u>300,000</u>	<u>181,206</u>		<u>(118,794)</u>
DISBURSEMENTS					
Protection to Persons and Property	403,600	435,600	303,630		131,970
Administration	96,400	64,400	26,834		37,566
Total Disbursements	<u>500,000</u>	<u>500,000</u>	<u>330,464</u>		<u>169,536</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(149,258)</u>		<u>50,742</u>
Net Change in Fund Balance Fund Balance Beginning	<u>(200,000)</u>	<u>(200,000)</u>	<u>(149,258)</u>		<u>50,742</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,388</u>		<u>\$ 48,388</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

WATER AND SEWER FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 203,180	\$ 103,180
Total Receipts	<u>100,000</u>	<u>100,000</u>	<u>203,180</u>	<u>103,180</u>
DISBURSEMENTS				
General Health and Sanitation	99,000	299,000	203,178	95,822
Administration	1,000	1,000		1,000
Total Disbursements	<u>100,000</u>	<u>300,000</u>	<u>203,178</u>	<u>96,822</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(200,000)	2	200,002
Net Change in Fund Balance Fund Balance Beginning		(200,000)	2	200,002
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (200,000)</u>	<u>\$ 5</u>	<u>\$ 200,005</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

CONSTRUCTION FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 5,000	\$ 5,000	\$ 8,322	\$ 3,322
Total Receipts	<u>5,000</u>	<u>5,000</u>	<u>8,322</u>	<u>3,322</u>
DISBURSEMENTS				
General Health and Sanitation	1,538,000	1,538,000		1,538,000
Administration	2,000	2,000		2,000
Total Disbursements	<u>1,540,000</u>	<u>1,540,000</u>		<u>1,540,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,535,000)</u>	<u>(1,535,000)</u>	8,322	<u>1,543,322</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,491,879	1,491,879
Transfers To Other Funds			<u>(1,032,879)</u>	<u>(1,032,879)</u>
Total Other Adjustments to Cash (Uses)			<u>459,000</u>	<u>459,000</u>
Net Change in Fund Balance	(1,535,000)	(1,535,000)	467,322	2,002,322
Fund Balance Beginning	<u>1,535,000</u>	<u>1,535,000</u>	<u>1,538,595</u>	<u>3,595</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,005,917</u>	<u>\$ 2,005,917</u>

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

AMERICAN RESCUE PLAN ACT FUND

	Budgeted Amounts	Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	
RECEIPTS			
Intergovernmental	\$ 3,400,000	\$ 3,400,000	\$ 3,492,610
Interest			92,610
Total Receipts	<u>3,400,000</u>	<u>3,400,000</u>	<u>3,271</u>
			3,271
			95,881
DISBURSEMENTS			
General Government	3,260,999	1,965,999	830,424
Administration	139,001	134,001	61,479
Total Disbursements	<u>3,400,000</u>	<u>2,100,000</u>	<u>891,903</u>
			72,522
			1,208,097
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>1,300,000</u>	<u>2,603,978</u>
			<u>1,303,978</u>
Other Adjustments to Cash (Uses)			
Transfers To Other Funds			(2,032,879)
Total Other Adjustments to Cash (Uses)		<u>(2,032,879)</u>	<u>(2,032,879)</u>
Net Change in Fund Balance		1,300,000	571,099
Fund Balance Beginning			(728,901)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,300,000</u>	<u>\$ 571,099</u>
			<u>\$ (728,901)</u>

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

June 30, 2022

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.

Note 2. Excess of Disbursements Over Appropriations

The general fund, recreation and culture line-item exceeded budgeted appropriations by \$6,332.

The road fund, roads line-item exceeded budgeted appropriations by \$281,654.

The road fund, debt service line-item exceeded budgeted appropriations by \$16,104.

The road fund, total disbursements exceeded budgeted appropriations by \$290,934.

Note 3. Reconciliation of the General Fund

Other Adjustments to Cash (Uses)-Budgetary Basis	\$ (2,326,121)
To adjust for change in payroll revolving account balance	<u>(30,293)</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u><u>\$ (2,356,414)</u></u>
Beginning Fund Balance-Budgetary Basis	\$ 915,870
To adjust for payroll revolving account balance	<u>30,293</u>
Total Beginning Fund Balance-Regulatory Basis	<u><u>\$ 946,163</u></u>

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**FLOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2022

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FLOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development (HUD)</u>				
<i>Passed through Kentucky Department for Local Government:</i>				
Community Development Block Grants/State's Program And Non Entitlement Grants In Hawaii	14.228	20C-002	\$	\$ 25,000
Total U.S. Department of Housing and Urban Development (HUD)				25,000
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
Grants To Encourage Arrest Policies And Enforcement Of Protection Orders Program	16.590	Direct		212,968
Total U.S. Department of Justice	16.838	Direct	185,203	185,203
			185,203	398,171
<u>U.S. Department of Treasury</u>				
<i>Direct Program:</i>				
COVID-19 - Coronavirus State And Local Fiscal Recovery Funds	21.027	Direct		3,456,373
Total U.S. Department of Treasury				3,456,373
<u>Appalachian Regional Commission</u>				
<i>Passed through Kentucky Department for Local Government:</i>				
Appalachian Area Development	23.002	20A-074		203,179
Total Appalachian Regional Commission				203,179
<u>U.S. Department of Homeland Security</u>				
<i>Passed through Kentucky Department of Military Affairs:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4595-DR-KY FEMA-4592-DR-KY FEMA-4358-DR-KY FEMA-4643-DR-KY		21,369 89,947 171,803 288,782
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				571,901
Passed through Kentucky Office of Homeland Security:				
Flood Mitigation Assistance	97.029	FEMA DR-4358/200000785		395,422
Passed through Kentucky Office of Homeland Security:				
Hazard Mitigation Grant	97.039	2100000208		181,114
Passed through Kentucky Department of Military Affairs:				
Homeland Security Grant	97.067	19-208		91,787
Emergency Management Performance Grants	97.042	SC-095-21000065-1		22,471
Total U.S. Department of Homeland Security				1,262,695
Total Expenditures of Federal Awards			\$ 185,203	\$ 5,345,418

The accompanying notes are an integral part of this schedule.

**FLOYD COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Floyd County, Kentucky under programs of the federal government for the year ended June 30, 2022. 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 Floyd County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Floyd 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

Floyd 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.

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

For The Year Ended June 30, 2022

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FLOYD COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 3,501,249	\$	\$	\$ 3,501,249
Buildings	14,233,000			14,233,000
Equipment	3,877,568			3,877,568
Vehicles	772,964			772,964
Infrastructure	<u>8,430,040</u>			<u>8,430,040</u>
 Total Capital Assets	 <u>\$ 30,814,821</u>	 \$ 0	 \$ 0	 <u>\$ 30,814,821</u>

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

June 30, 2022

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.

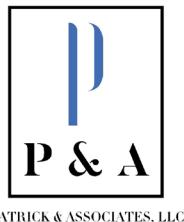
	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	10-60
Buildings	\$ 5,000	10-75
Building Improvements	\$ 5,000	10-60
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	5
Infrastructure	\$ 5,000	10-50

Note 2. Capital Assets Schedule

There was no activity reported by the county during the year or an accurate listing maintained. The prior year schedule was carried forward.

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

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

The Honorable Robbie Williams, Floyd County Judge/Executive
Members of the Floyd 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 Floyd County Fiscal Court for the fiscal year ended June 30, 2022, and the related notes to the financial statement which collectively comprise the Floyd County Fiscal Court's financial statement and have issued our report thereon dated June 13, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Floyd County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Floyd County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Floyd County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-007 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002, 2022-003, 2022-005, and 2022-006 to be significant deficiencies.

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 Floyd County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002, 2022-003, 2022-004, and 2022-006.

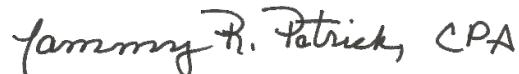
Views of Responsible Officials and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,

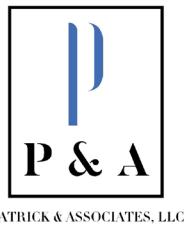


Tammy R. Patrick, CPA
Patrick & Associates, LLC

June 13, 2023

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

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

The Honorable Robbie Williams, Floyd County Judge/Executive
Members of the Floyd County Fiscal Court

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Floyd County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Floyd County Fiscal Court's major federal programs for the year ended June 30, 2022. The Floyd 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.

In our opinion, Floyd County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Floyd County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Floyd County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Floyd County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

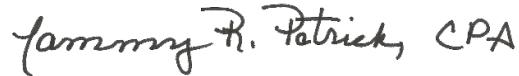
Report on Internal Control over Compliance (Continued)

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

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

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

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

June 13, 2023

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

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

Section I: Summary of Auditor's Results

Financial Statement

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

Internal control over financial reporting:

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

Federal Assistance Listing Number	Name of Federal Program or Cluster	
21.027	COVID-19 - Coronavirus State And Local Fiscal Recovery Funds	

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

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II: Financial Statement Findings

2022-001 The Floyd County Jailer Lacks Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliation Processes Of The Jail Commissary

This is a repeat finding and was included in the prior year audit as finding 2021-001. A lack of segregation of duties existed over jail commissary receipts, disbursements and bank reconciliations. The jail commissary bookkeeper recorded receipts, prepared deposits, prepared the monthly receipt ledger, recorded entries on inmate accounts, prepared checks for disbursements, prepared the monthly disbursement ledger, and performed the monthly bank reconciliations. Also, should be noted that only one signature is present on check disbursements.

The official did not have controls in place to ensure that the same person did not perform all jail commissary accounting functions.

When one employee is responsible for the receipt, disbursement, and reconciliation process, the risk of misappropriation of assets, errors, and inaccurate financial reporting increases.

Effective internal controls require that a proper segregation of duties over accounting functions, such as making deposits, preparing disbursements, and reconciling the bank account. Segregation of duties, or the implementation of compensating controls, is essential for providing protection to employees in the normal course of performing their daily responsibilities.

Some controls that the jailer could implement are as follows:

- Triplicate receipts could be compared to the inmate account sheets and attached to deposit slips and reviewed by an independent person.
- Commissary sales amounts could be compared to inmate accounts in the system for agreement. Any differences should be reconciled.
- Any voided receipts should state the reason why and then reviewed, initialed, and dated by an independent person.
- Supporting documentation for disbursements and invoices should be reviewed by the Jailer prior to payment.
- The Jailer, or his designee, could complete bank reconciliations or review the bookkeeper's reconciliations for accuracy.

If these duties cannot be segregated due to limited number of staff or budget restraints, strong oversight should be provided over the employee(s) responsible for these duties. Any compensating controls performed should be documented by the reviewer's initials and date on applicable documentation.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding. This finding has been rectified with the new Jailer starting January 1, 2023.

Jailer's Response: We will be proactive regarding this finding to resolve this issue going forward. Duties have been segregated since my administration took office on December 29, 2022.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II: Financial Statement Findings (Continued)

2022-002 The Floyd County Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2021-002. The Floyd County Detention Center did not have adequate controls over disbursements. The auditor selected 24 disbursements and noted the following:

- Four invoices did not have proper supporting documentation.
- Six invoices had sales taxes paid totaling \$525.
- Three generic invoices were produced by the jail instead of originating from the payee.
- Numerous checks were signed by only one jail employee instead of two.

This deficiency was caused by a lack of adequate internal controls and a lack of oversight by management of disbursements procedures.

Failure to properly maintain original invoices as required by the Department for Local Government, could lead to fraudulent invoices being paid. The lack of internal controls increases the risk of material misstatement due to fraud or error. Having one signature on checks, especially a person that conducts all other accounting functions increases the risk of fraud or theft. Misappropriation of public funds results when paying sales tax on purchases that are otherwise exempt.

The jail commissary is a governmental entity that is exempt from paying sales taxes. KRS 441.135 requires the jailer to maintain records of receipts and disbursements of the jail commissary fund. Failing to require two signatures on disbursements increases the risk of fraud or misappropriation of assets.

We recommend the jailer ensure all original invoices are maintained. Original invoices should be effectively cancelled to prevent duplicate payments. Also, we recommend the jailer review all purchases and ensure that sales taxes are not being paid prior to disbursement. Furthermore, to reduce the risk of fraud or misappropriation of assets, we recommend that all checks require dual signatures.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding. This finding has been rectified with the new Jailer starting January 1, 2023.

Jailer's Response: Since my administration took office on December 29, 2022, we have been proactive in resolving this finding and will continue to do so in the future.

2022-003 The Floyd County Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances

This is a repeat finding and was included in the prior year audit report as finding 2021-003. Reconciliations for the inmate account were not prepared. This account is used to account for funds deposited by or on behalf of inmates. After funds are deposited, inmates' balances within the account are reduced for jail costs and fees as well as inmate purchases from the jail commissary. At the time of an inmate's release, if the inmate owes no additional amounts, the amount remaining in the inmate's account is refunded. No records were maintained that demonstrate the amount of funds held on behalf of the inmates as of June 30, 2022.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II: Financial Statement Findings (Continued)

-
- 2022-003 The Floyd County Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances
-

The jailer failed to properly provide adequate oversight in regard to inmate account reconciliations and inmate balances held. Failure to properly reconcile the inmate account may result in misappropriation of inmate funds.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* requires Jailers to maintain monthly cash reconciliations. In order to reflect an accurate book balance, this reconciliation should include a complete and accurate listing of all outstanding checks as well as all receivables and liabilities. Oversight is essential to providing adequate controls to reduce the risk of misappropriation of funds.

We recommend internal controls over the inmate account reconciliation process be strengthened to ensure that all outstanding checks, deposits-in-transit, receivables, and liabilities are accurately reflected on the monthly bank reconciliations. The jailer or another independent employee should review the monthly bank reconciliations prepared by the bookkeeper to ensure they are accurate. In addition, records showing the amounts that inmates have on hand should be maintained and be available to support the inmate account balance as of June 30.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding. This finding has been rectified with the new Jailer starting January 1, 2023.

Jailer's Response: It has been a priority to resolve this issue since my administration has taken office on December 29, 2022.

-
- 2022-004 The Floyd County Fiscal Court Failed To Prepare The Fourth Quarter Financial Report And Schedule Of Expenditures Of Federal Awards In Accordance With Kentucky Revised Statutes (KRS) And Department Of Local Government Requirements
-

This was a repeat finding and was included in the prior year audit report as finding 2021-004. The county did not submit a fourth quarter financial report within 30 days of the fiscal year ending June 30, 2022. In addition, the county failed to complete and send their Schedule of Expenditures of Federal Awards (SEFA) and GASB 87 Lease Schedule for the year ended June 30, 2022, until April 2023 and June 2023, respectively. Furthermore, the county's receipt ledger posted numerous miscellaneous adjustments that were unsupported, however, the treasurer's settlement did have the details required.

The fiscal court does not have adequate procedures in place to ensure the timely preparation and submission of the fourth quarter financial report, GASB 87 Lease Schedule, and the Schedule of Expenditures of Federal Awards as required. Also, the county lacks oversight over the fourth quarter financial report supporting records.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II: Financial Statement Findings (Continued)

- 2022-004 The Floyd County Fiscal Court Failed To Prepare The Fourth Quarter Financial Report And Schedule Of Expenditures Of Federal Awards In Accordance With Kentucky Revised Statutes (KRS) And Department Of Local Government Requirements (Continued)
-

The failure to properly prepare the fourth quarter financial report, supporting receipts and disbursement ledgers, and GASB 87 Lease Schedule may mislead those who review or use the information. Failing to file a Schedule of Expenditures of Federal Awards in a timely manner may result in compliance requirements of federal monies not being met which could result in loss or forfeiture of federal funding.

Pursuant to KRS 424.230 and the *County Budget Preparation and State Local Finance Officer Policy Manual*, if monthly or quarterly statements are utilized instead of the annual statements required by KRS 424.220, the county's quarterly financial statement and the SEFA must be filed within thirty days following the end of the reporting period. KRS 91A.040(6) states that the financial statements received by the Department for Local Government are subject to audit.

2 CFR 200.510(b) requires the auditee to "also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements." At a minimum, the schedule should include the following, if applicable:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available.
- (4) Total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs..., identify in the notes to the schedule the balances outstanding at the end of the audit period. While not required, it is preferable to present this information in the schedule.
- (6) Notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate...

We recommend the county implement internal controls to ensure that the reporting requirements as set forth by Kentucky Revised Statutes, Code of Federal Regulations, and the Department for Local Government are satisfied.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding and the current administration has not been given ample opportunity to address the previous audits and make necessary adjustments to address previous findings. The current Judge upon taking office in 2019 found the audits were four years behind and has struggled to get all audits current. Unfortunately, in performing multiple audits simultaneously it does not give the Treasurer the opportunity to correct these issues. The Schedule of Federal Expenditures is a very simple report that lists a total of all federal receipts and disbursements. Also, the late filing of the report to the Department for Local Government has been corrected.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II: Financial Statement Findings (Continued)

-
- 2022-005 The Floyd County Fiscal Court Did Not Have Adequate Controls In Place To Accurately Report Amounts For Debt On The Fourth Quarter Financial Report
-

This is a repeat finding and was included in the prior year audit report as finding 2021-006. Internal control deficiencies exist over the reporting of liabilities and debt of Floyd County. Outstanding debt interest as of June 30, 2022, reported on the fourth quarter financial report was greater than outstanding debt interest per debt schedules by \$32,082.

The county failed to implement sufficient monitoring over the reporting process. By not correctly reporting for outstanding liabilities, the fiscal court cannot make effective management decisions as it relates to debt service outstanding each fiscal year.

Strong internal controls over outstanding debt and liabilities are necessary to ensure accurate financial reporting.

We recommend the Floyd County Fiscal Court strengthen internal controls over the reporting of debt service payments and outstanding balances. Internal controls, such as comparisons of payment amounts and outstanding balances to amortization and payment schedules, should be implemented. We also recommend the county consult with lenders to verify outstanding debt balances agree with the county's schedule of leases and liabilities. Such practices will strengthen internal controls over liabilities and debt service and ensure that the proper amounts are reported.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding. The debt information that is listed dame directly from the debt schedules provided by our lenders.

-
- 2022-006 The Floyd County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget
-

This is a repeat finding and was included in the prior year audit report as finding 2021-008. During the year the county entered into a debt agreement to refinance existing debt in the amount of \$290,844. These funds did not flow through the county's financial reporting system and therefore that activity was not recorded in the county's receipts and disbursements as required. As a result, the fiscal court failed to properly budget for the debt-related receipts and disbursements in the General Fund. In addition, payments of \$16,935 were posted to the incorrect appropriation code in the road fund. Failing to account for these activities resulted in appropriations in excess of budget in the road fund, roads line-item, and the road fund, debt service line-item, of \$255,274 and \$16,104, respectively.

Management was unaware that financing obligation proceeds and activity must be shown on the financial statement and budgeted, even when the county does not receive the proceeds. A lack of oversight of disbursements resulted in debt misclassifications. The occurrence described above resulted in adjustments to include this activity on the fourth quarter financial report which resulted in county appropriations exceeding the approved budget.

KRS 68.300 states, “[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not made within the budget appropriations, shall be void.” KRS 68.280 gives fiscal courts the ability to amend the budget, when necessary, which would have prevented appropriations from exceeding the approved budget. Because the fiscal court is obligated for these financing obligations, all debt should be budgeted for and recorded.

**FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)**

Section II: Financial Statement Findings (Continued)

- 2022-006 The Floyd County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget (Continued)
-

We recommend the fiscal court comply with KRS 68.300 and KRS 68.280 by budgeting all fiscal court disbursements and amending the budget as necessary to reflect unanticipated receipts and disbursements. We further recommend that the county implement internal controls to ensure all receipts and disbursements are properly recorded and included in the financial statements.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding. We agree that a budget amendment was not prepared upon receipt and disbursement of debt proceeds. We will prepare budget amendments for all newly acquired debts going forward. In the future, we will prepare budget amendments and properly account for the debt transactions as required.

- 2022-007 The Floyd County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash, Receipts, And Reporting Processes
-

This is a repeat finding and was included in the prior year audit report as finding 2021-009. The Floyd County Fiscal Court lacks adequate segregation of duties over cash, receipts and reporting processes. The county treasurer prepares deposits tickets and posts receipts to the receipts ledger for all receipts for all funds without any documented review from an independent party. Solid waste personnel receive and deposit receipts for all collections without any documented review from an independent party. The county's financial statements also do not appear to be properly reviewed prior to submission.

According to the county treasurer and county judge/executive, this condition is a result of a limited budget, which restricts the number of employees the fiscal court can hire or delegate duties to. A lack of segregation of duties increases the risk of misappropriation of assets, errors, and inaccurate financial reporting.

Adequate segregation of duties would prevent the same person from having a significant role in these incompatible functions. In addition, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. If segregation of duties is not feasible due to limited staff or budget, the implementation of compensating controls can reduce the risk that a misstatement could occur and go undetected.

We recommend the fiscal court implement segregation of duties over cash, receipts, and the reporting processes. If this is not possible due to a lack of staff, then the fiscal court should implement compensating controls.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding. We agree that the segregation of duties is paramount for strong internal controls. We have limited resources and limited space to work within the budget and this creates a set of unique challenges for all involved. The segregation of duties in the Solid Waste Department have been addressed and a verification process has been implemented to reconcile deposits and receipts.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2021-001	The Floyd County Jailer Lacks Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliation Processes Of The Jail Commissary	Unresolved	See Corrective Action for current finding 2022-001
2021-002	The Floyd County Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements	Unresolved	See Corrective Action for current finding 2022-002
2021-003	The Floyd Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances	Unresolved	See Corrective Action for current finding 2022-003
2021-004	The Floyd County Fiscal Court Failed To Prepare The Fourth Quarter Financial Report And Schedule Of Expenditure Of Federal Awards In Accordance With Kentucky Revised Statues (KRS) And Department For Local Government Requirements	Unresolved	See Corrective Action for current finding 2022-004
2021-005	The Floyd County Fiscal Court Did Not Have Effective Controls, Review Procedures, And Oversight For The Budget Process	Resolved	
2021-006	The Floyd County Fiscal Court Did Not Have Adequate Controls In Place To Accurately Report Amounts For Debt On The Fourth Quarter Financial Report	Unresolved	See Corrective Action for current finding 2022-005
2021-007	The Floyd County Fiscal Court's Fourth Quarter Financial Statement Was Materially Misstated	Resolved	
2021-008	The Floyd County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget	Unresolved	See Corrective Action for current finding 2022-006
2021-009	The Floyd County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash, Receipts, And Reporting Processes	Unresolved	See Corrective Action for current finding 2022-007

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

FLOYD COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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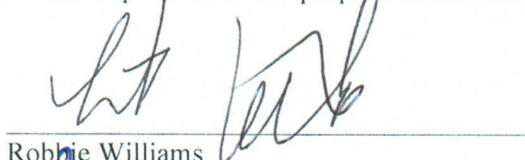
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

FLOYD COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2022

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



Robbie Williams
County Judge/Executive



Vicki Spencer
County Treasurer