

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

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



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Phillip Baker, Logan County Judge/Executive

The Honorable Logan Chick, Former Logan County Judge/Executive

Members of the Logan County Fiscal Court

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 Logan County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Logan County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Logan 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 Logan 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 Logan 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.



To the People of Kentucky
 The Honorable Andy Beshear, Governor
 Holly M. Johnson, Secretary
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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 Logan County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Logan 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 Logan 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 Logan County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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Holly M. Johnson, Secretary
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Members of the Logan County Fiscal Court

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 Logan County Fiscal Court. The Budgetary Comparison Schedules 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 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 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of the Logan County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Logan County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

December 13, 2022

LOGAN COUNTY OFFICIALS
For The Year Ended June 30, 2022

Fiscal Court Members:

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

Other Elected Officials:

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

Appointed Personnel:

Amanda Stratton	County Treasurer
Karen Taylor	Chief Financial Officer

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

For The Year Ended June 30, 2022

LOGAN 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	\$ 2,850,279	\$	\$
In Lieu Tax Payments	217,209		
Licenses and Permits	25,129		
Intergovernmental	2,336,543	2,015,157	1,044,334
Charges for Services			13,977
Miscellaneous	80,267		28,187
Interest	2,563	979	185
Total Receipts	<u>5,511,990</u>	<u>2,016,136</u>	<u>1,086,683</u>
DISBURSEMENTS			
General Government	4,611,782	487	
Protection to Persons and Property	696,613		1,997,276
General Health and Sanitation	300		
Social Services			
Recreation and Culture	42,586		
Roads		2,391,425	
Airports			
Debt Service			
Administration	774,201	320,249	598,572
Total Disbursements	<u>6,125,482</u>	<u>2,712,161</u>	<u>2,595,848</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(613,492)</u>	<u>(696,025)</u>	<u>(1,509,165)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds		450,000	1,835,000
Transfers To Other Funds			(324,537)
Total Other Adjustments to Cash (Uses)		<u>450,000</u>	<u>1,510,463</u>
Net Change in Fund Balance	(613,492)	(246,025)	1,298
Fund Balance - Beginning (Restated)	<u>1,900,161</u>	<u>387,548</u>	<u>129,862</u>
Fund Balance - Ending	<u>\$ 1,286,669</u>	<u>\$ 141,523</u>	<u>\$ 131,160</u>
Composition of Fund Balance			
Bank Balance	\$ 1,322,592	\$ 195,135	\$ 150,801
Less: Outstanding Checks	(35,924)	(53,612)	(19,641)
Investments			
Fund Balance - Ending	<u>\$ 1,286,668</u>	<u>\$ 141,523</u>	<u>\$ 131,160</u>

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

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

Budgeted Funds					
Local Government Economic Assistance Fund	Federal Grants Fund	Solid Waste Fund	Parks and Recreation Fund	Occupational Tax Fund	Lifeskills Fund
\$	\$	\$	\$	\$ 4,459,739	\$
		101,046			
133,048		66,979			
603					
		34,863	5		
148		806	726	10,470	230
133,799		203,694	731	4,470,209	230
107,500				310,075	
120,524		200,631			
20,800					
114,157					
77,439					
29,970					
1,615		50,802		34,882	
472,005		251,433		344,957	
(338,206)		(47,739)	731	4,125,252	230
265,000			500,000		
				(3,635,600)	
265,000			500,000	(3,635,600)	
(73,206)		(47,739)	500,731	489,652	230
91,276	55	549,254		7,168,829	153,396
\$ 18,070	\$ 55	\$ 501,515	\$ 500,731	\$ 7,658,481	\$ 153,626
\$ 91,377	\$ 55	\$ 502,249	\$ 500,731	\$ 7,702,900	\$ 153,626
(73,307)		(734)		(44,419)	
\$ 18,070	\$ 55	\$ 501,515	\$ 500,731	\$ 7,658,481	\$ 153,626

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

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

	Budgeted Funds		
	911 Fund	American Rescue Plan Act Fund	Special Reserve Fund
RECEIPTS			
Taxes	\$ 347,896	\$	\$
In Lieu Tax Payments			
Licenses and Permits			
Intergovernmental		2,632,123	
Charges for Services			
Miscellaneous	4,464		
Interest	76	4,189	3,360
Total Receipts	352,436	2,636,312	3,360
DISBURSEMENTS			
General Government			
Protection to Persons and Property	717,292		
General Health and Sanitation			
Social Services			
Recreation and Culture			
Roads			
Airports			
Debt Service			
Administration	232,389		
Total Disbursements	949,681		
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(597,245)	2,636,312	3,360
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	585,000		600
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)	585,000		600
Net Change in Fund Balance	(12,245)	2,636,312	3,960
Fund Balance - Beginning (Restated)	59,786	2,632,158	4,182,373
Fund Balance - Ending	\$ 47,541	\$ 5,268,470	\$ 4,186,333
Composition of Fund Balance			
Bank Balance	\$ 50,057	\$ 5,268,470	\$ 4,186,333
Less: Outstanding Checks	(2,516)		
Investments			
Fund Balance - Ending	\$ 47,541	\$ 5,268,470	\$ 4,186,333

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

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

Unbudgeted Funds				Internal Service Funds
Public Properties Corporation Detention Center Fund	Public Properties Corporation Justice Center Fund	Jail Commissary Fund	Total Funds	Health Insurance Fund
\$	\$	\$	\$ 7,657,914	\$
			217,209	
			126,175	
9,277	1,068,900		9,306,361	
			14,580	
		311,421	459,207	776,755
			23,732	522
<u>9,277</u>	<u>1,068,900</u>	<u>311,421</u>	<u>17,805,178</u>	<u>777,277</u>
			5,029,844	
			3,411,181	
			321,455	495,585
			20,800	
		224,829	381,572	
			2,468,864	
			29,970	
333,800	1,067,400		1,401,200	
	1,500		2,014,210	
<u>333,800</u>	<u>1,068,900</u>	<u>224,829</u>	<u>15,079,096</u>	<u>495,585</u>
(324,523)		86,592	2,726,082	281,692
324,537			3,960,137	
<u>324,537</u>			<u>(3,960,137)</u>	
14		86,592	2,726,082	281,692
342,266	3,856	418,761	18,019,581	269,911
<u>\$ 342,280</u>	<u>\$ 3,856</u>	<u>\$ 505,353</u>	<u>\$ 20,745,663</u>	<u>\$ 551,603</u>
\$ 41,368	\$ 3,856	\$ 525,599	\$ 20,695,149	\$ 551,603
		(20,246)	(250,399)	
<u>300,912</u>			<u>300,912</u>	
<u>\$ 342,280</u>	<u>\$ 3,856</u>	<u>\$ 505,353</u>	<u>\$ 20,745,662</u>	<u>\$ 551,603</u>

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

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**LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

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

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

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

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

Parks and Recreation Fund - The primary purpose of this fund is to account for parks and recreation projects and their revenues and related disbursements. The primary source of receipts for this fund was a transfer in from the Occupational Tax Fund.

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

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

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

American Rescue Plan Act Fund - The primary purpose of this fund is to account for activity related to American Rescue Plan Act passed in 2021. The primary sources of receipts for this fund are federal grant monies.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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

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

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

Internal Service Fund

The fiscal court reports the following internal service fund:

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

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, 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.

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

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

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

The state local finance officer does not require the public properties corporation detention center fund and the public properties corporation justice center fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Logan County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Obligations and Joint Ventures

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Obligations and Joint Ventures (Continued)

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

- Industrial Development
- Airport

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

- Planning and Zoning

Note 2. Deposits and Investments

A. Deposits

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

Custodial Credit Risk - Deposits

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

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

Note 2. Deposits and Investments (Continued)

B. Investments

As of June 30, 2022, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)	
		Less Than 1	1-5
U.S. Treasury			
Mutual Funds	\$ 41,368	\$ 41,368	\$
Investments:			
U.S. Government and			
U.S. Agencies Bonds	300,912		300,912
Total Investments	300,912		300,912
Total Fund Balance	\$ 342,280	\$ 41,368	\$ 300,912

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

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

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

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

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

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

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

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

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

Note 3. Transfers

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

	Occupational Tax Fund	Jail Fund	Total Transfers In
Road Fund	\$ 450,000	\$	\$ 450,000
Jail Fund	1,835,000		1,835,000
LGEA Fund	265,000		265,000
Parks and Recreation Fund	500,000		500,000
911 Fund	585,000		585,000
Special Reserve Fund	600		600
Public Properties Corporation Detention Center Fund		324,537	324,537
Total Transfers Out	<u>\$ 3,635,600</u>	<u>\$ 324,537</u>	<u>\$ 3,960,137</u>

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2022 of \$67,444, is included in the jail commissary fund balance of \$505,353 on the financial statement.

South Central Kentucky Drug Task Force Seizure Fund - The South Central Kentucky Drug Task Force deposited cash evidence into a custodial bank account. These funds are held until a resolution in the form of a court order is received. The funds are then remitted in accordance with the court order. The account had a beginning balance of \$129,282, with receipts of \$3,759 and \$0 of disbursements, the balance of \$133,041 was transferred to the Simpson County Fiscal Court in July 2021. The account balance was \$0 as of June 30, 2022.

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

Note 5. Leases

A. Lessor

1. Logan County Child Support Office Space

On January 1, 2011, the Logan County Fiscal Court began leasing office space in the courthouse to Logan County Child Support. The lease is month-to-month and the Logan County Fiscal Court will receive monthly payments of \$1,000. The Logan County Fiscal Court recognized \$12,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Logan County Fiscal Court's receivable for lease payments was \$0.

2. Logan County Tourism Office Space

On March 1, 2012, the Logan County Fiscal Court began leasing office space in the courthouse to Logan County Tourism. The lease is month-to-month and the Logan County Fiscal Court will receive monthly payments of \$500. The Logan County Fiscal Court recognized \$5,500 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Logan County Fiscal Court's receivable for lease payments was \$0.

3. Ross & Teel, LLP Office Space

On July 27, 2021, the Logan County Fiscal Court began leasing office space in the courthouse to Ross & Teel, LLP. The lease is year-to-year and the Logan County Fiscal Court will receive a yearly payment of \$1,000. The Logan County Fiscal Court recognized \$1,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Logan County Fiscal Court's receivable for lease payments was \$0.

B. Lessee

1. Logan Telephone Cooperative - Equipment Space

On June 25, 2013, the Logan County Fiscal Court entered into a lease agreement as lessee for the acquisition and use of space on the tower and space in the equipment room. A lease liability was recorded in the amount of \$900 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$0. The Logan County Fiscal Court is required to make monthly principal payments of \$75.

2. Young Funeral Home - Coroner Space

On April 4, 2014, the Logan County Fiscal Court entered into a lease agreement as lessee for the space in the Young Funeral Home, Inc. A lease liability was recorded in the amount of \$4,200 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$0. The Logan County Fiscal Court is required to make monthly principal payments of \$350.

3. Logan Todd Baptist Association - Equipment Space

On June 12, 2014, the Logan County Fiscal Court entered into a lease agreement as lessee for the space in the Baptist Building located at 198 West Third Street, Russellville. A lease liability was recorded in the amount of \$1,500 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$0. The Logan County Fiscal Court is required to make monthly principal payments of \$125.

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

Note 5. Leases (Continued)

B. Lessee (Continued)

4. Konica Minolta Premier Finance - County Attorney Copier

On April 18, 2017, the Logan County Fiscal Court entered into a four-year lease agreement as lessee for the use of a copier. A lease liability was recorded in the amount of \$1,487 during the current fiscal year, which is the monthly base payment of \$165 plus charges for use of color and/or black and white printing. As of June 30, 2022, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$0.

5. Great America Financial - Office Equipment

On April 12, 2018, the Logan County Fiscal Court entered into a postage equipment lease with Tri-State Mailing Systems, Inc. An initial lease liability was recorded in the amount of \$1,721 during the current fiscal year, which is the monthly base payment of \$132. As of June 30, 2022, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$1,456.

6. Crosspath Telecom Network - Office Equipment

On September 28, 2016, the Logan County Fiscal Court entered into a five-year office equipment lease with NetGreene Solutions, LLC. A lease liability was recorded in the amount of \$5,602 during the current fiscal year, which is the monthly base payment of \$1,378. The agreement ended as of September 28, 2021. The base value of the outstanding payments is \$0.

7. Crosspath Telecom Network - Office Equipment

On September 14, 2021, the Logan County Fiscal Court entered into a five-year office equipment lease with NetGreene Solutions, LLC. An initial lease liability was recorded in the amount of \$3,993 during the current fiscal year. The monthly base payment is \$499. As of June 30, 2022, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$25,947.

Note 6. Long-term Debt

A. Other Debt

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

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

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

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

Note 6. Long-term Debt (Continued)

A. Other Debt (Continued)

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

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

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

Total principal balance outstanding as of June 30, 2022, was \$950,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2023	\$ 305,000	\$ 31,900
2024	315,000	19,500
2025	330,000	6,600
Totals	<u>\$ 950,000</u>	<u>\$ 58,000</u>

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

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

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

By enforcement of the foreclosable mortgage lien on the project site and improvements granted by the mortgage, and in such event the trustee will take over possession, custody and control of the project site and will operate or carry out decretal sale of same with due regard to state and federal law and the covenants contained in the lease for the benefit of the owners of the bonds.

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

Note 6. Long-term Debt (Continued)

A. Other Debt (Continued)

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

Provided, however, that no such foreclosure sale will result in a deficiency judgment of any type or in any amount against AOC, the county, or the corporation, and until such sale the county may at any time by the discharge of the bonds and interest and any premium thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that in the event of any such enforcement of said lien by the trustee, there will first be paid all expenses incident to said document, and thereafter the Bonds then outstanding will be paid and retired.

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

Total principal balance outstanding as of June 30, 2022, was \$5,790,000. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 900,000	\$ 164,700
2024	920,000	146,700
2025	950,000	119,100
2026	980,000	90,600
2027	1,005,000	61,200
2028	<u>1,035,000</u>	<u>31,050</u>
Totals	<u>\$ 5,790,000</u>	<u>\$ 613,350</u>

B. Changes In Long-term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
First Mortgage Revenue Bonds	\$ 7,915,000	\$	\$ 1,175,000	\$ 6,740,000	\$ 1,205,000
Total Long-term Debt	<u>\$ 7,915,000</u>	<u>\$ 0</u>	<u>\$ 1,175,000</u>	<u>\$ 6,740,000</u>	<u>\$ 1,205,000</u>

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

Note 6. Long-term Debt (Continued)

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt	
	Principal	Interest
2023	\$ 1,205,000	\$ 196,600
2024	1,235,000	166,200
2025	1,280,000	125,700
2026	980,000	90,600
2027	1,005,000	61,200
2028	1,035,000	31,050
Totals	<u>\$ 6,740,000</u>	<u>\$ 671,350</u>

Note 7. 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 8. 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 (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky 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 \$929,103, FY 2021 was \$922,890, and FY 2022 was \$1,089,275.

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.

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

Note 8. Employee Retirement System (Continued)

Nonhazardous (Continued)

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. 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%

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

Benefits are covered under KRS 78.5536.

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

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

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

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

Note 9. Deferred Compensation

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

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

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

Note 10. Health Reimbursement Account/Flexible Spending Account

The Logan County Fiscal Court has established a health reimbursement account (HRA) and a flexible spending account (FSA) to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \$2,000 each year to an HRA for employees who choose employee only plans and \$4,000 each year to an HRA for employees with spouse, child, or family plans. The fiscal court contributes \$350 per month in taxable income which can either be added to the employee's biweekly payroll, be used for FSA Funds up to \$2,750, for employees who choose to waive health insurance. Employees may also contribute additional pre-tax funds through payroll deduction. The balance of the Health Reimbursement Account as of June 30, 2022, was \$120,217. The balance of the Flexible Spending Account as of June 30, 2022, was \$5,690.

Note 11. Insurance

For the fiscal year ended June 30, 2022, the Logan County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 12. Self-Insurance

The Logan County Fiscal Court elected to begin a partially self-funded health insurance plan on June 20, 2020. The administrator of the plan is Anthem, Inc. This partially self-funded insurance plan covers all employees. Logan County elected to purchase a stop-loss insurance policy from Anthem, Inc to cover losses from individual and aggregate claims once the county reached the individual and aggregate attachment points. Employees are required to assume liability for claims in excess of maximum lifetime reimbursements established by the insurance company. During fiscal year 2022, the Logan County Fiscal Court's health insurance fund had a beginning balance of \$269,911. The fund received \$777,277 and disbursed \$495,585. The health insurance fund had a balance of \$551,603 as of June 30, 2022.

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

Note 13. Related Party Transactions

The Logan County Attorney received office space from the fiscal court for his role as county attorney. This space is also used by county child support. The County Attorney paid \$12,000 for rent to the fiscal court for fiscal year June 30, 2022.

Note 14. Conduit Debt

From time to time, the county has issued to provide financial assistance to for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Logan County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 15. Tax Abatements

- A. The occupational tax was abated under the authority of the Logan County Fiscal Court. Champion Petfoods USA, Inc. is eligible to receive this tax abatement as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit in an amount up to 0.33 percent of the county's occupational license fee. Champion Petfoods USA, Inc. made the commitment to create and/or retain jobs by building a new pet food processing, warehousing, and distribution facility. The performance term of the tax abatement is 10 years from the activation of the incentive program. For fiscal year ended June 30, 2022, the Logan County Fiscal Court abated \$37,842.
- B. The occupational tax was abated under the authority of the Logan County Fiscal Court. Ventra Plastics is eligible to receive this tax abatement as a result of its commitment to locate and create jobs and investments regarding an expansion in Logan County. The taxes are abated by granting of a credit of 0.27 percent of the county's occupational license fee for respective salaries and wages for any position created or any new hire resulting directly from the company's planned expansion. Ventra Plastics made the commitment to locate and create jobs and investments regarding an expansion. The performance term of the tax abatement is 10 years from the activation of the incentive program. Ventra Plastics has not activated this incentive program as of June 30, 2022. For fiscal year ended June 30, 2022, the Logan County Fiscal Court did not abate any occupational taxes.
- C. The occupational tax was abated under the authority of the Logan County Fiscal Court. Logan Aluminum Inc. is eligible to receive this tax abatement as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit of 0.75 percent of the county's occupational license fee. Logan Aluminum Inc. made the commitment regarding an expansion which involves a substantial investment in property and equipment and creating new jobs. The performance term of the tax abatement is 10 years from the activation of the incentive program. For fiscal year ended June 30, 2022, the Logan County Fiscal Court abated \$171,439.

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

Note 15. Tax Abatements (Continued)

- D. The occupational tax was abated under the authority of the Logan County Fiscal Court. Emerson Electric Co. is eligible to receive this tax abatement as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit of 0.27 percent of the county's occupational license fee. Emerson Electric Co. made the commitment regarding an expansion which involves a substantial investment in property and equipment and creating new jobs. The performance term of the tax abatement is 10 years from the activation of the incentive program. Emerson Electric Co. has not activated this incentive program as of June 30, 2022. For fiscal year ended June 30, 2022, the Logan County Fiscal Court did not abate any occupational taxes.
- E. The occupational tax was abated under the authority of the Logan County Fiscal Court. Tri-Arrows Aluminum, Inc. is eligible to receive this tax abatement as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit of 0.75 percent of the county's occupational license fee. Tri-Arrows Aluminum, Inc. made the commitment regarding an expansion which involves a substantial investment in property and equipment and creating new jobs. The performance term of the tax abatement is 10 years from the activation of the incentive program. Tri-Arrows Aluminum, Inc. has not activated this incentive program as of June 30, 2022. For fiscal year ended June 30, 2022, the Logan County Fiscal Court did not abate any occupational taxes.

Note 16. Prior Period Adjustments

	<u>General Fund</u>
Ending Cash Balances - Prior Year	\$ 1,898,001
Adjustment - Prior Year Voided Checks	<u>2,160</u>
Beginning Fund Balance - Restated	<u>\$ 1,900,161</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

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LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,254,250	\$ 2,254,250	\$ 2,850,279	\$ 596,029
In Lieu Tax Payments	230,000	230,000	217,209	(12,791)
Licenses and Permits	29,500	29,500	25,129	(4,371)
Intergovernmental	1,784,262	1,811,937	2,336,543	524,606
Miscellaneous	89,400	92,532	80,267	(12,265)
Interest	150	150	2,563	2,413
Total Receipts	<u>4,387,562</u>	<u>4,418,369</u>	<u>5,511,990</u>	<u>1,093,621</u>
DISBURSEMENTS				
General Government	5,583,297	5,634,498	4,611,782	1,022,716
Protection to Persons and Property	788,420	816,095	696,613	119,482
General Health and Sanitation	300	300	300	
Social Services	1,000	1,000		1,000
Recreation and Culture	58,000	58,000	42,586	15,414
Capital Projects	97,162	97,162		97,162
Administration	969,711	962,914	774,201	188,713
Total Disbursements	<u>7,497,890</u>	<u>7,569,969</u>	<u>6,125,482</u>	<u>1,444,487</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,110,328)</u>	<u>(3,151,600)</u>	<u>(613,492)</u>	<u>2,538,108</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>2,059,553</u>	<u>2,059,553</u>		<u>(2,059,553)</u>
Total Other Adjustments to Cash (Uses)	<u>2,059,553</u>	<u>2,059,553</u>		<u>(2,059,553)</u>
Net Change in Fund Balance	(1,050,775)	(1,092,047)	(613,492)	478,555
Fund Balance - Beginning (Restated)	<u>1,050,775</u>	<u>1,050,775</u>	<u>1,900,161</u>	<u>849,386</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (41,272)</u>	<u>\$ 1,286,669</u>	<u>\$ 1,327,941</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,053,004	\$ 2,053,004	\$ 2,015,157	\$ (37,847)
Miscellaneous	1,200	1,200		(1,200)
Interest	100	100	979	879
Total Receipts	<u>2,054,304</u>	<u>2,054,304</u>	<u>2,016,136</u>	<u>(38,168)</u>
DISBURSEMENTS				
General Government	500	500	487	13
Roads	3,125,462	3,492,894	2,391,425	1,101,469
Capital Projects	100,000	100,000		100,000
Administration	357,524	357,076	320,249	36,827
Total Disbursements	<u>3,583,486</u>	<u>3,950,470</u>	<u>2,712,161</u>	<u>1,238,309</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,529,182)</u>	<u>(1,896,166)</u>	<u>(696,025)</u>	<u>1,200,141</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,192,264</u>	<u>1,192,264</u>	<u>450,000</u>	<u>(742,264)</u>
Total Other Adjustments to Cash (Uses)	<u>1,192,264</u>	<u>1,192,264</u>	<u>450,000</u>	<u>(742,264)</u>
Net Change in Fund Balance	(336,918)	(703,902)	(246,025)	457,877
Fund Balance - Beginning	<u>336,918</u>	<u>336,918</u>	<u>387,548</u>	<u>50,630</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (366,984)</u>	<u>\$ 141,523</u>	<u>\$ 508,507</u>

LOGAN 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 Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,094,480	\$ 1,094,480	\$ 1,044,334	\$ (50,146)
Charges for Services	26,100	26,100	13,977	(12,123)
Miscellaneous	30,800	30,800	28,187	(2,613)
Interest	100	100	185	85
Total Receipts	1,151,480	1,151,480	1,086,683	(64,797)
DISBURSEMENTS				
Protection to Persons and Property	2,467,483	2,467,483	1,997,276	470,207
Debt Service	324,538	324,538		324,538
Administration	893,092	893,092	598,572	294,520
Total Disbursements	3,685,113	3,685,113	2,595,848	1,089,265
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,533,633)	(2,533,633)	(1,509,165)	1,024,468
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,408,633	2,408,633	1,835,000	(573,633)
Transfers To Other Funds			(324,537)	(324,537)
Total Other Adjustments to Cash (Uses)	2,408,633	2,408,633	1,510,463	(898,170)
Net Change in Fund Balance	(125,000)	(125,000)	1,298	126,298
Fund Balance - Beginning	125,000	125,000	129,862	4,862
Fund Balance - Ending	\$ 0	\$ 0	\$ 131,160	\$ 131,160

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 97,500	\$ 97,500	\$ 133,048	\$ 35,548
Charges for Services	350	350	603	253
Interest	15	15	148	133
Total Receipts	97,865	97,865	133,799	35,934
DISBURSEMENTS				
General Government	576,700	576,700	107,500	469,200
General Health and Sanitation	126,500	126,500	120,524	5,976
Social Services	41,500	40,285	20,800	19,485
Recreation and Culture	110,034	116,529	114,157	2,372
Roads	77,439	77,439	77,439	
Airports	29,000	29,970	29,970	
Administration	1,801	1,801	1,615	186
Total Disbursements	962,974	969,224	472,005	497,219
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(865,109)	(871,359)	(338,206)	533,153
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	785,579	785,579	265,000	(520,579)
Total Other Adjustments to Cash (Uses)	785,579	785,579	265,000	(520,579)
Net Change in Fund Balance	(79,530)	(85,780)	(73,206)	12,574
Fund Balance - Beginning	79,530	79,530	91,276	11,746
Fund Balance - Ending	\$ 0	\$ (6,250)	\$ 18,070	\$ 24,320

LOGAN 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)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Intergovernmental	\$	\$ 200,000	\$ (200,000)
Total Receipts		200,000	(200,000)
DISBURSEMENTS			
General Government	55	55	55
Social Services		200,000	200,000
Total Disbursements	55	200,055	200,055
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(55)	(55)	55
Net Change in Fund Balance	(55)	(55)	55
Fund Balance - Beginning	55	55	55
Fund Balance - Ending	\$ 0	\$ 0	\$ 55

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

SOLID WASTE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Licenses and Permits	\$ 50,000	\$ 50,000	\$ 101,046	\$ 51,046
Intergovernmental	61,202	61,202	66,979	5,777
Miscellaneous	4,100	4,100	34,863	30,763
Interest	60	60	806	746
Total Receipts	115,362	115,362	203,694	88,332
DISBURSEMENTS				
General Health and Sanitation	257,818	279,302	200,631	78,671
Administration	332,544	311,060	50,802	260,258
Total Disbursements	590,362	590,362	251,433	338,929
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(475,000)	(475,000)	(47,739)	427,261
Net Change in Fund Balance	(475,000)	(475,000)	(47,739)	427,261
Fund Balance - Beginning	475,000	475,000	549,254	74,254
Fund Balance - Ending	\$ 0	\$ 0	\$ 501,515	\$ 501,515

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

PARKS AND RECREATION FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 5	\$ 5
Interest	25	25	726	701
Total Receipts	25	25	731	706
DISBURSEMENTS				
Recreation and Culture	500,025	500,025		500,025
Total Disbursements	500,025	500,025		500,025
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(500,000)	(500,000)	731	500,731
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	500,000	500,000	500,000	
Total Other Adjustments to Cash (Uses)	500,000	500,000	500,000	
Net Change in Fund Balance			500,731	500,731
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 500,731	\$ 500,731

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

OCCUPATIONAL TAX FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,130,000	\$ 3,130,000	\$ 4,459,739	\$ 1,329,739
Interest	620	620	10,470	9,850
Total Receipts	3,130,620	3,130,620	4,470,209	1,339,589
DISBURSEMENTS				
General Government	295,619	319,882	310,075	9,807
Administration	929,348	490,578	34,882	455,696
Total Disbursements	1,224,967	810,460	344,957	465,503
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,905,653	2,320,160	4,125,252	1,805,092
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(7,905,653)	(7,905,653)	(3,635,600)	4,270,053
Total Other Adjustments to Cash (Uses)	(7,905,653)	(7,905,653)	(3,635,600)	4,270,053
Net Change in Fund Balance	(6,000,000)	(5,585,493)	489,652	6,075,145
Fund Balance - Beginning	6,000,000	6,000,000	7,168,829	1,168,829
Fund Balance - Ending	\$ 0	\$ 414,507	\$ 7,658,481	\$ 7,243,974

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

LIFESKILLS FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 20	\$ 20	\$ 230	\$ 210
Total Receipts	20	20	230	210
DISBURSEMENTS				
General Government	153,416	153,416		153,416
Total Disbursements	153,416	153,416		153,416
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(153,396)	(153,396)	230	153,626
Net Change in Fund Balance	(153,396)	(153,396)	230	153,626
Fund Balance - Beginning	153,396	153,396	153,396	
Fund Balance - Ending	\$ 0	\$ 0	\$ 153,626	\$ 153,626

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

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 328,000	\$ 328,000	\$ 347,896	\$ 19,896
Miscellaneous	100	4,564	4,464	(100)
Interest	5	5	76	71
Total Receipts	328,105	332,569	352,436	19,867
DISBURSEMENTS				
Protection to Persons and Property	989,120	993,584	717,292	276,292
Administration	334,144	334,144	232,389	101,755
Total Disbursements	1,323,264	1,327,728	949,681	378,047
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(995,159)	(995,159)	(597,245)	397,914
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	959,149	959,149	585,000	(374,149)
Total Other Adjustments to Cash (Uses)	959,149	959,149	585,000	(374,149)
Net Change in Fund Balance	(36,010)	(36,010)	(12,245)	23,765
Fund Balance - Beginning	36,010	36,010	59,786	23,776
Fund Balance - Ending	\$ 0	\$ 0	\$ 47,541	\$ 47,541

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

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,632,123	\$ 2,632,123	\$ 2,632,123	\$
Interest			4,189	4,189
Total Receipts	2,632,123	2,632,123	2,636,312	4,189
DISBURSEMENTS				
Capital Projects		4,578,964		4,578,964
Administration	5,264,246	685,282		685,282
Total Disbursements	5,264,246	5,264,246		5,264,246
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,632,123)	(2,632,123)	2,636,312	5,268,435
Net Change in Fund Balance	(2,632,123)	(2,632,123)	2,636,312	5,268,435
Fund Balance - Beginning	2,632,123	2,632,123	2,632,158	35
Fund Balance - Ending	\$ 0	\$ 0	\$ 5,268,470	\$ 5,268,470

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

SPECIAL RESERVE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 4,625	\$ 4,625	\$ 3,360	\$ (1,265)
Total Receipts	4,625	4,625	3,360	(1,265)
DISBURSEMENTS				
Administration	4,187,467	4,187,467		4,187,467
Total Disbursements	4,187,467	4,187,467		4,187,467
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,182,842)	(4,182,842)	3,360	4,186,202
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	475	475	600	125
Total Other Adjustments to Cash (Uses)	475	475	600	125
Net Change in Fund Balance	(4,182,367)	(4,182,367)	3,960	4,186,327
Fund Balance - Beginning	4,182,367	4,182,367	4,182,373	6
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,186,333	\$ 4,186,333

LOGAN 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 according to the laws of Kentucky as required by the state local finance officer, 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.

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.

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LOGAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

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LOGAN 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	\$ 2,376,428	\$	\$	\$ 2,376,428
Construction In Progress	12,500	3,205	12,500	3,205
Buildings and Building Improvements	21,088,939	39,820		21,128,759
Equipment	4,398,467	301,461	32,361	4,667,567
Vehicles	2,069,689	208,826		2,278,515
Infrastructure	15,049,040	1,358,454	1,279,064	15,128,430
 Total Capital Assets	 <u>\$ 44,995,063</u>	 <u>\$ 1,911,766</u>	 <u>\$ 1,323,925</u>	 <u>\$ 45,582,904</u>

LOGAN 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	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 25,000	10-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Logan County Fiscal Court for the fiscal year ended June 30, 2022 and the related notes to the financial statement which collectively comprise the Logan County Fiscal Court's financial statement and have issued our report thereon dated December 13, 2022.

Internal Control Over Financial Reporting

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

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

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



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

Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

December 13, 2022

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

LOGAN COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

LOGAN COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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

A handwritten signature in blue ink, appearing to read "Logan Click", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, appearing to read "Amanda Stratton", written over a horizontal line.

County Treasurer