

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

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



**MIKE HARMON
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
PENDLETON COUNTY OFFICIALS.....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	10
BUDGETARY COMPARISON SCHEDULES.....	23
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	32
SCHEDULE OF CAPITAL ASSETS.....	35
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	36
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 <i>GOVERNMENT AUDITING STANDARDS</i>	39
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David Fields, Pendleton County Judge/Executive
Members of the Pendleton County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Pendleton County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the Pendleton County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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



To the People of Kentucky
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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 Pendleton County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Pendleton County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Pendleton County Fiscal Court as of June 30, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government as described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Pendleton County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
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Other Matters (Continued)

Supplementary and Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022, on our consideration of the Pendleton 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 Pendleton 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 line extending to the right.

Mike Harmon
Auditor of Public Accounts

February 1, 2022

PENDLETON COUNTY OFFICIALS**For The Year Ended June 30, 2021****Fiscal Court Members:**

David Fields	County Judge/Executive
Alan Whaley	Magistrate
Joshua Plummer	Magistrate
Darrin Gregg	Magistrate
Rick Mineer	Magistrate

Other Elected Officials:

Stacey Sanning	County Attorney
Tony Gillespie	Jailer
Rita Spencer	County Clerk
Michael D. Redden	Circuit Court Clerk
Edwin D. Quinn	Sheriff
John E. Steele	Property Valuation Administrator
Jonathan Peoples	Coroner

Appointed Personnel:

Vicky King	County Treasurer
Jenny Schlueter	Tax Administrator
Marianne Roseberry	Administrative Assistant

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

For The Year Ended June 30, 2021

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

For The Year Ended June 30, 2021

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 2,241,286	\$	\$	\$
Excess Fees	320,843			
Licenses and Permits	46,299			
Intergovernmental	1,890,317	1,594,244	82,838	591,147
Charges for Services	1,078,438			25,240
Miscellaneous	116,153	13,110	381	16,338
Interest	1,370	714	33	1,252
Total Receipts	<u>5,694,706</u>	<u>1,608,068</u>	<u>83,252</u>	<u>633,977</u>
DISBURSEMENTS				
General Government	2,398,404			10,000
Protection to Persons and Property	23,099		476,800	443,052
General Health and Sanitation	180,896			
Social Services	46,684			
Recreation and Culture	48,371			
Roads		1,968,141		229,173
Airports	5,000			
Debt Service				
Capital Projects	108,827			
Administration	915,785	161,411	48,885	13,199
Total Disbursements	<u>3,727,066</u>	<u>2,129,552</u>	<u>525,685</u>	<u>695,424</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,967,640</u>	<u>(521,484)</u>	<u>(442,433)</u>	<u>(61,447)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50		442,500	
Transfers To Other Funds	(719,500)			
Total Other Adjustments to Cash (Uses)	<u>(719,450)</u>		<u>442,500</u>	
Net Change in Fund Balance	1,248,190	(521,484)	67	(61,447)
Fund Balance - Beginning	674,277	705,198	25,015	1,333,532
Fund Balance - Ending	<u>\$ 1,922,467</u>	<u>\$ 183,714</u>	<u>\$ 25,082</u>	<u>\$ 1,272,085</u>
Composition of Fund Balance				
Bank Balance	\$ 1,933,949	\$ 197,910	\$ 25,145	\$ 1,273,689
Less: Outstanding Checks	(11,482)	(14,196)	(63)	(1,604)
Fund Balance - Ending	<u>\$ 1,922,467</u>	<u>\$ 183,714</u>	<u>\$ 25,082</u>	<u>\$ 1,272,085</u>

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

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

Budgeted Funds				
Emergency 911 Fund	Health Reimbursement Fund	American Rescue Plan Act Fund	Mental Health Fund	Education Fund
\$ 69,453	\$	\$	\$ 169,430	\$
			1,799	
172,725		1,416,968		23,571
1,567	49,836	50		
33	54	291	250	30
<u>243,778</u>	<u>49,890</u>	<u>1,417,309</u>	<u>171,479</u>	<u>23,601</u>
390,048				
			171,753	20,302
162,400	51,694			
<u>552,448</u>	<u>51,694</u>		<u>171,753</u>	<u>20,302</u>
(308,670)	(1,804)	1,417,309	(274)	3,299
277,000		(50)		
<u>277,000</u>		<u>(50)</u>		
(31,670)	(1,804)	1,417,259	(274)	3,299
56,638	51,841		239,613	24,293
<u>\$ 24,968</u>	<u>\$ 50,037</u>	<u>\$ 1,417,259</u>	<u>\$ 239,339</u>	<u>\$ 27,592</u>
\$ 25,376	\$ 50,037	\$ 1,417,259	\$ 239,339	\$ 27,592
(408)				
<u>\$ 24,968</u>	<u>\$ 50,037</u>	<u>\$ 1,417,259</u>	<u>\$ 239,339</u>	<u>\$ 27,592</u>

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

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

	Unbudgeted Funds		
	CDBG Utility Fund	Public Properties Corporation Fund	Total Funds
RECEIPTS			
Taxes	\$	\$	\$ 2,480,169
Excess Fees			320,843
Licenses and Permits			48,098
Intergovernmental	50	841,750	6,590,039
Charges for Services			1,127,249
Miscellaneous			197,435
Interest		2	4,029
Total Receipts	50	841,752	10,767,862
DISBURSEMENTS			
General Government			2,408,404
Protection to Persons and Property			1,332,999
General Health and Sanitation			372,951
Social Services			46,684
Recreation and Culture			48,371
Roads			2,197,314
Airports			5,000
Debt Service		840,750	840,750
Capital Projects			108,827
Administration		1,000	1,354,374
Total Disbursements		841,750	8,715,674
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	50	2	2,052,188
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			719,550
Transfers To Other Funds			(719,550)
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	50	2	2,052,188
Fund Balance - Beginning		3,187	3,113,594
Fund Balance - Ending	\$ 50	\$ 3,189	\$ 5,165,782
Composition of Fund Balance			
Bank Balance	\$ 50	\$ 3,189	\$ 5,193,535
Less: Outstanding Checks			(27,753)
Fund Balance - Ending	\$ 50	\$ 3,189	\$ 5,165,782

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10
NOTE 2.	DEPOSITS AND INVESTMENTS	13
NOTE 3.	TRANSFERS.....	13
NOTE 4.	LONG-TERM DEBT.....	13
NOTE 5.	KINCAID LAKE STATE PARK GOLF COURSE LEASE	15
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM	15
NOTE 7.	DEFERRED COMPENSATION.....	19
NOTE 8.	INSURANCE.....	19
NOTE 9.	SELF-INSURANCE	19

**PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

Emergency 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.

Health Reimbursement Fund - This fund was established as a health reimbursement/flexible spending account to provide an additional benefit to employees who elect not to participate in the county's health insurance plan. The county transfers to this fund an amount equal to one-half of the monthly premium for an individual plan each month for employees who receive this benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee to be used to pay for qualified medical expenses. The primary source of receipts consists of funds transferred from the general, road and emergency 911 funds. Expenditures are for administration of the plan and allowable medical expenses of participating employees.

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

Mental Health Fund - The primary purpose of this fund is to pay for mental health issues of county residents in care of North Key Community Care located in Covington, Kentucky. The primary source of receipts is from the mental health tax collected on the county's property tax bills.

Education Fund - This fund represents funding previously handled by the Pendleton County 109 Board. The 109 board now acts in an advisory capacity with regard to funds distributed from the education fund. All receipts and disbursements of the education fund are now handled by the fiscal court in a manner similar to other operating funds of the county.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

CDBG Utility Fund - The primary purpose of this fund is to account for CDBG utility assistance grant receipts that is to assistance the county residents in arrears due to COVID-19. The primary source of receipts for this fund is the federal government.

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.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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. Pendleton County Elected Officials

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

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

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, 2021, 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 2021.

	General Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund	\$	\$ 50	\$ 50
Jail Fund	442,500		442,500
Emergency 911 Fund	277,000		277,000
Total Transfers Out	<u>\$ 719,500</u>	<u>\$ 50</u>	<u>\$ 719,550</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. Long-term Debt

A. Other Debt

1. Refunding Revenue Bonds, Series 2016

On February 25, 2016, the Pendleton County Public Properties Corporation issued 2016 first mortgage refunding revenue bonds for the purpose of refinancing a portion of the 2008 revenue bonds that were used for the construction of the judicial center. Pendleton County and the public properties corporation are acting as agents for the Administrative Office of the Courts (AOC) in order to manage and maintain the judicial center. The public properties corporation and the county expect annual rental payments from AOC for the use of the judicial center to be in the full amount of the annual principal and interest requirements of the bonds. Under the terms of the lease, the AOC has agreed to pay directly to the paying agent the required payment amounts as provided in the lease. The lease agreement is renewable each year.

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

Note 4. Long-term Debt (Continued)

A. Other Debt (Continued)

1. Refunding Revenue Bonds, Series 2016 (Continued)

The county and the public properties corporation are relying upon the AOC's payments in order to meet the debt service for the bonds. AOC, with execution of the lease, has expressed its intention to continue to pay in full both the principal and interest in each successive biennial budget period until June 30, 2028; however, the lease does not legally obligate the AOC to do so. In the event of default, the trustee may enforce the foreclosable mortgage lien on the project site, file suit, or immediately declare all bonds due and payable. The outstanding principal balance as of June 30, 2021 was \$5,235,000. Bond payments for the remaining years are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 665,000	\$ 179,750
2023	690,000	152,650
2024	715,000	124,550
2025	750,000	95,250
2026	780,000	64,650
2027-2028	1,635,000	49,425
Totals	<u>\$ 5,235,000</u>	<u>\$ 666,275</u>

B. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 5,870,000	\$	\$ 635,000	\$ 5,235,000	\$ 665,000
Total Long-term Debt	<u>\$ 5,870,000</u>	<u>\$ 0</u>	<u>\$ 635,000</u>	<u>\$ 5,235,000</u>	<u>\$ 665,000</u>

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt	
	Principal	Interest
2022	\$ 665,000	\$ 179,750
2023	690,000	152,650
2024	715,000	124,550
2025	750,000	95,250
2026	780,000	64,650
2027-2028	1,635,000	49,425
Totals	<u>\$ 5,235,000</u>	<u>\$ 666,275</u>

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

Note 5. Kincaid Lake State Park Golf Course Lease

The Pendleton County Fiscal Court entered into an agreement with the Commonwealth of Kentucky Department of Parks and Department of Fish and Wildlife Resources, for the lease of the Kincaid Lake State Park Golf Course in order to operate it for the benefit and enjoyment of the citizens of Pendleton County, surrounding counties and the Commonwealth. The lease was effective April 10, 2018, for an initial term of 10 years and renewable thereafter for two additional ten-year terms. The lease requires the fiscal court to operate and maintain the golf course in accordance with all applicable state statutes and regulations governing such operation and maintenance and to keep and maintain the premises and any improvements in a good state of repair, including appearance, during the term of the lease. The lease is for the real property and structures and other personal property and equipment needed to operate and maintain the golf course. Upon expiration or termination of the lease, all structures and improvements shall become the property of the Commonwealth unless approval to remove them is granted by the Department of Parks. At its inception, the lease also includes specific pieces of equipment with a total fair market value of \$563,050. If the fiscal court maintains and operates the golf course for the full initial ten-year term of the lease, this equipment will become the property of Pendleton County. However, if the fiscal court terminates the lease before the expiration of the first ten-year term, they will either be required to return each piece of equipment to the Commonwealth or pay the pro-rated value of each piece retained as of the year during which termination is effective. The fiscal court may terminate this lease by giving 30 days' written notice to the Commonwealth. The Commonwealth may terminate this lease as provided in 200 KAR 5:312. This lease agreement does not require any lease payments from the fiscal court to the Commonwealth.

Subsequent to the master lease agreement between the fiscal court and the Commonwealth, upon approval of the Commonwealth, the fiscal court subleased the golf course to Jim Roberts. The term of the sublease began in May 2018, and unless terminated sooner pursuant to the terms of the sublease and the master lease, it will continue for the remainder of the term provided in the master lease agreement. The sublessee shall be responsible for the operation of the golf course and gift shop and may retain all proceeds from their operations. The sublessee shall pay the fiscal court a sublease payment of \$1 per year and shall reimburse the fiscal court for the upkeep, repair, and maintenance of the golf course, including real property, personal property, and equipment. The annual lease payment shall be payable in advance on or before the first day of January of each year. Reimbursement for expenditures shall be made within 30 days of the expenditure by the fiscal court. The ownership of any equipment or personal property that is transferred to the fiscal court under the terms of the master lease shall remain county property at the conclusion of this lease.

Note 6. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2019 was \$431,631; FY 2020 was \$454,005; and FY 2021 was \$480,628.

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

Note 6. 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 KRS insurance fund.

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

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

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

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and 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 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 hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

Note 6. Employee Retirement System (Continued)

Hazardous (Continued)

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 39.58 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.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

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

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

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

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous (Continued)

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

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

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen 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. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. 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 COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

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

E. 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.

F. 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.

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

Note 6. Employee Retirement System (Continued)

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

Note 7. Deferred Compensation

The Pendleton 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 8. Insurance

For the fiscal year ended June 30, 2021, the Pendleton 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 9. Self-Insurance

The Pendleton County Fiscal Court elected to participate in a partially self-funded health care plan to cover all employees. The county signed an interlocal agreement with the Northern Kentucky Public Entity Joint Health Insurance Board to administer the health insurance program. The agreement allows for one appointed member of the county and one vote on all matters. The county submits monthly installments due on the first of each month based on their number of participants and types of coverage determined by a pre-set monthly premium rate. To the extent that additional funds are necessary, the board will determine the assessment of these costs to each entity.

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PENDLETON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

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PENDLETON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,758,200	\$ 1,758,200	\$ 2,241,286	\$ 483,086
Excess Fees	82,273	82,273	320,843	238,570
Licenses and Permits	36,500	36,500	46,299	9,799
Intergovernmental	1,147,557	1,644,291	1,890,317	246,026
Charges for Services	665,100	665,100	1,078,438	413,338
Miscellaneous	53,000	53,000	116,153	63,153
Interest	5,000	5,000	1,370	(3,630)
Total Receipts	3,747,630	4,244,364	5,694,706	1,450,342
DISBURSEMENTS				
General Government	1,839,082	2,551,825	2,398,404	153,421
Protection to Persons and Property	33,875	25,310	23,099	2,211
General Health and Sanitation	195,995	202,231	180,896	21,335
Social Services	47,200	55,682	46,684	8,998
Recreation and Culture	99,300	100,800	48,371	52,429
Airports	5,000	5,000	5,000	
Other Transportation Facilities and Services	21,500	21,500		21,500
Capital Projects	101,400	108,990	108,827	163
Administration	1,241,778	1,010,526	915,785	94,741
Total Disbursements	3,585,130	4,081,864	3,727,066	354,798
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	162,500	162,500	1,967,640	1,805,140
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	146,563	146,563	50	(146,513)
Transfers To Other Funds	(792,879)	(792,879)	(719,500)	73,379
Total Other Adjustments to Cash (Uses)	(646,316)	(646,316)	(719,450)	(73,134)
Net Change in Fund Balance	(483,816)	(483,816)	1,248,190	1,732,006
Fund Balance - Beginning	483,816	483,816	674,277	190,461
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,922,467	\$ 1,922,467

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,672,508	\$ 1,672,508	\$ 1,594,244	\$ (78,264)
Miscellaneous	3,300	3,300	13,110	9,810
Interest	8,500	8,500	714	(7,786)
Total Receipts	<u>1,684,308</u>	<u>1,684,308</u>	<u>1,608,068</u>	<u>(76,240)</u>
DISBURSEMENTS				
Roads	2,094,325	2,093,038	1,968,141	124,897
Capital Projects	10,000	10,000		10,000
Administration	194,904	196,191	161,411	34,780
Total Disbursements	<u>2,299,229</u>	<u>2,299,229</u>	<u>2,129,552</u>	<u>169,677</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(614,921)</u>	<u>(614,921)</u>	<u>(521,484)</u>	<u>93,437</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(146,563)</u>	<u>(146,563)</u>		<u>146,563</u>
Total Other Adjustments to Cash (Uses)	<u>(146,563)</u>	<u>(146,563)</u>		<u>146,563</u>
Net Change in Fund Balance	(761,484)	(761,484)	(521,484)	240,000
Fund Balance - Beginning	<u>761,484</u>	<u>761,484</u>	<u>705,198</u>	<u>(56,286)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 183,714</u>	<u>\$ 183,714</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 100,100	\$ 100,100	\$ 82,838	\$ (17,262)
Miscellaneous	1,000	1,000	381	(619)
Interest	600	600	33	(567)
Total Receipts	101,700	101,700	83,252	(18,448)
DISBURSEMENTS				
Protection to Persons and Property	535,450	539,299	476,800	62,499
Administration	82,107	78,258	48,885	29,373
Total Disbursements	617,557	617,557	525,685	91,872
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(515,857)	(515,857)	(442,433)	73,424
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	490,857	490,857	442,500	(48,357)
Total Other Adjustments to Cash (Uses)	490,857	490,857	442,500	(48,357)
Net Change in Fund Balance	(25,000)	(25,000)	67	25,067
Fund Balance - Beginning	25,000	25,000	25,015	15
Fund Balance - Ending	\$ 0	\$ 0	\$ 25,082	\$ 25,082

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 662,100	\$ 662,100	\$ 591,147	\$ (70,953)
Charges for Services	7,000	7,000	25,240	18,240
Miscellaneous	1,000	1,000	16,338	15,338
Interest	5,000	5,000	1,252	(3,748)
Total Receipts	675,100	675,100	633,977	(41,123)
DISBURSEMENTS				
General Government	16,100	16,100	10,000	6,100
Protection to Persons and Property	689,700	711,544	443,052	268,492
General Health and Sanitation	50,000	50,000		50,000
Roads	200,000	229,175	229,173	2
Administration	1,062,566	1,011,547	13,199	998,348
Total Disbursements	2,018,366	2,018,366	695,424	1,322,942
Net Change in Fund Balance	(1,343,266)	(1,343,266)	(61,447)	1,281,819
Fund Balance - Beginning	1,343,266	1,343,266	1,333,532	(9,734)
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,272,085	\$ 1,272,085

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

	EMERGENCY 911 FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 69,828	\$ 69,828	\$ 69,453	\$ (375)
Intergovernmental	158,000	158,000	172,725	14,725
Miscellaneous	150	150	1,567	1,417
Interest	480	480	33	(447)
Total Receipts	<u>228,458</u>	<u>228,458</u>	<u>243,778</u>	<u>15,320</u>
DISBURSEMENTS				
Protection to Persons and Property	384,900	398,378	390,048	8,330
Administration	197,580	184,102	162,400	21,702
Total Disbursements	<u>582,480</u>	<u>582,480</u>	<u>552,448</u>	<u>30,032</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(354,022)</u>	<u>(354,022)</u>	<u>(308,670)</u>	<u>45,352</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>302,022</u>	<u>302,022</u>	<u>277,000</u>	<u>(25,022)</u>
Total Other Adjustments to Cash (Uses)	<u>302,022</u>	<u>302,022</u>	<u>277,000</u>	<u>(25,022)</u>
Net Change in Fund Balance	(52,000)	(52,000)	(31,670)	20,330
Fund Balance - Beginning	<u>52,000</u>	<u>52,000</u>	<u>56,638</u>	<u>4,638</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,968</u>	<u>\$ 24,968</u>

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

HEALTH REIMBURSEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 31,442	\$ 31,442	\$ 49,836	\$ 18,394
Interest	360	360	54	(306)
Total Receipts	31,802	31,802	49,890	18,088
DISBURSEMENTS				
Administration	73,802	73,802	51,694	22,108
Total Disbursements	73,802	73,802	51,694	22,108
Net Change in Fund Balance	(42,000)	(42,000)	(1,804)	40,196
Fund Balance - Beginning	42,000	42,000	51,841	9,841
Fund Balance - Ending	\$ 0	\$ 0	\$ 50,037	\$ 50,037

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

AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
RECEIPTS			
Intergovernmental	\$	\$ 1,416,968	\$ 1,416,968
Miscellaneous			50
Interest			291
Total Receipts		1,416,968	1,417,309
DISBURSEMENTS			
General Government		1,416,968	1,416,968
Total Disbursements		1,416,968	1,416,968
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1,417,309
Other Adjustments to Cash (Uses)			
Transfers To Other Funds			(50)
Total Other Adjustments to Cash (Uses)			(50)
Net Change in Fund Balance			1,417,259
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,417,259

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

MENTAL HEALTH FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 166,500	\$ 166,500	\$ 169,430	\$ 2,930
Licenses and Permits	1,750	1,750	1,799	49
Interest	2,000	2,000	250	(1,750)
Total Receipts	<u>170,250</u>	<u>170,250</u>	<u>171,479</u>	<u>1,229</u>
DISBURSEMENTS				
General Health and Sanitation	<u>413,250</u>	<u>413,250</u>	<u>171,753</u>	<u>241,497</u>
Total Disbursements	<u>413,250</u>	<u>413,250</u>	<u>171,753</u>	<u>241,497</u>
Net Change in Fund Balance	(243,000)	(243,000)	(274)	242,726
Fund Balance - Beginning	<u>243,000</u>	<u>243,000</u>	<u>239,613</u>	<u>(3,387)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 239,339</u>	<u>\$ 239,339</u>

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

EDUCATION FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 15,000	\$ 15,000	\$ 23,571	\$ 8,571
Interest	180	180	30	(150)
Total Receipts	15,180	15,180	23,601	8,421
DISBURSEMENTS				
General Health and Sanitation	39,680	39,680	20,302	19,378
Total Disbursements	39,680	39,680	20,302	19,378
Net Change in Fund Balance	(24,500)	(24,500)	3,299	27,799
Fund Balance - Beginning	24,500	24,500	24,293	(207)
Fund Balance - Ending	\$ 0	\$ 0	\$ 27,592	\$ 27,592

PENDLETON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2021

Note 1. Budgetary Information

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

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

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

PENDLETON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2021

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PENDLETON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2021

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 399,903	\$	\$	\$ 399,903
Buildings	12,352,895			12,352,895
Vehicles and Equipment	1,406,352	288,720		1,695,072
Other Equipment	1,585,843	6,751		1,592,594
Infrastructure	10,002,651	1,172,655		11,175,306
 Total Capital Assets	 <u>\$ 25,747,644</u>	 <u>\$ 1,468,126</u>	 <u>\$ 0</u>	 <u>\$ 27,215,770</u>

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

June 30, 2021

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land	\$ 1	N/A
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 1,000	3-25
Vehicles	\$ 1,000	3-5
Infrastructure	\$ 20,000	10-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Fields, Pendleton County Judge/Executive
Members of the Pendleton 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 Pendleton County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Pendleton County Fiscal Court's financial statement and have issued our report thereon dated February 1, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Pendleton 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 Pendleton County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pendleton 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 Pendleton 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 stroke extending to the right.

Mike Harmon
Auditor of Public Accounts

February 1, 2022

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

PENDLETON COUNTY FISCAL COURT

For The Year Ended June 30, 2021

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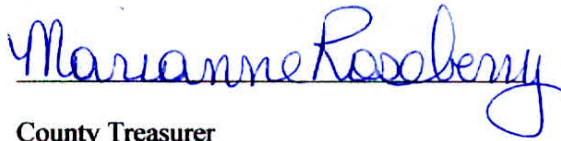
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
PENDLETON COUNTY FISCAL COURT

For The Year Ended June 30, 2021

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

A handwritten signature in blue ink, appearing to read "D. S. Hill", is written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, reading "Marianne Roodberry", is written over a horizontal line.

County Treasurer