

**REPORT OF THE AUDIT OF THE
POWELL 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 Eddie Barnes, Powell County Judge/Executive

The Honorable James Anderson, Jr., Former Powell County Judge/Executive

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

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 Powell 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 Powell 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 Powell 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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 The Honorable James Anderson, Jr., Former Powell County Judge/Executive
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Responsibilities of Management for the Financial Statement

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

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 Members of the Powell 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 Powell 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2023, on our consideration of the Powell County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Powell County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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Members of the Powell County Fiscal Court

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

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

- 2022-001 The Fiscal Court Has Not Repaid Interfund Payables
- 2022-002 Short-Term Borrowings Were Not In Compliance With KRS 65.7707

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
Frankfort, Ky

April 18, 2023

POWELL COUNTY OFFICIALS**For The Year Ended June 30, 2022****Fiscal Court Members:**

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

Other Elected Officials:

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

Appointed Personnel:

Connie Crabtree	County Treasurer
Kacey Davidson	Finance Officer / Payroll Clerk

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

For The Year Ended June 30, 2022

POWELL 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	\$ 3,214,154	\$	\$
In Lieu Tax Payments	33,758	27,169	
Excess Fees	137,536		
Licenses and Permits			
Intergovernmental	161,660	1,867,051	3,073,245
Charges for Services	290,488		25,197
Miscellaneous	877,812	165,114	178,781
Interest	1,064	299	136
Total Receipts	<u>4,716,472</u>	<u>2,059,633</u>	<u>3,277,359</u>
DISBURSEMENTS			
General Government	1,365,354		
Protection to Persons and Property	10,408		2,120,702
General Health and Sanitation	618,167		221,908
Social Services	20,000		
Recreation and Culture	372,247		
Transportation Facility and Services		388	
Roads		2,194,835	
Airports			
Debt Service	280,961	650,464	630,095
Capital Projects	9,126		
Administration	652,784	235,655	637,125
Total Disbursements	<u>3,329,047</u>	<u>3,081,342</u>	<u>3,609,830</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,387,425</u>	<u>(1,021,709)</u>	<u>(332,471)</u>
Other Adjustments to Cash (Uses)			
Borrowed Money		1,001,000	
Payroll Revolving Account	20,748		
Financing Obligation Proceeds	158,901	145,422	
Transfers From Other Funds	180,000	180,000	525,000
Transfers To Other Funds	(1,097,100)	(180,000)	
Total Other Adjustments to Cash (Uses)	<u>(737,451)</u>	<u>1,146,422</u>	<u>525,000</u>
Net Change in Fund Balance	649,974	124,713	192,529
Fund Balance - Beginning (Restated)	1,408,348	94,940	204,565
Fund Balance - Ending	<u>\$ 2,058,322</u>	<u>\$ 219,653</u>	<u>\$ 397,094</u>
Composition of Fund Balance			
Bank Balance	\$ 2,099,812	\$ 726,547	\$ 477,361
Payroll Revolving Account Reconciled Balance	20,748		
Plus: Deposits In Transit			29,590
Less: Outstanding Checks	(62,238)	(506,894)	(109,857)
Fund Balance - Ending	<u>\$ 2,058,322</u>	<u>\$ 219,653</u>	<u>\$ 397,094</u>

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

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

Budgeted Funds						
Local Government Economic Assistance Fund	CSEPP Fund	Ambulance Fund	Forest Fire Fund	Grants Fund	CDBG Fund	Alcohol Beverage Sales Fund
\$	\$	\$	\$ 1,363	\$	\$	\$
						212,774
126,953	406,104	10,000		4,556		
		1,054,630				
55,673		57,278				
74		23		27		
182,700	406,104	1,121,931	1,363	4,583		212,774
17,110						214,497
68,702	395,802	1,067,105	1,524	25,940		
7,000						
5,000						
64,747						
166,000						
20,195		13,906				
11,127		318,106		1,929		6,231
359,881	395,802	1,399,117	1,524	27,869		220,728
(177,181)	10,302	(277,186)	(161)	(23,286)		(7,954)
		109,904				
		158,500	1,000	26,500		
		268,404	1,000	26,500		
(177,181)	10,302	(8,782)	839	3,214		(7,954)
219,960	110,806	77,892	120	54,443	9,651	31,477
\$ 42,779	\$ 121,108	\$ 69,110	\$ 959	\$ 57,657	\$ 9,651	\$ 23,523
\$ 43,904	\$ 121,947	\$ 76,181	\$ 959	\$ 57,657	\$ 9,651	\$ 35,506
(1,125)	(839)	(7,071)				(11,983)
\$ 42,779	\$ 121,108	\$ 69,110	\$ 959	\$ 57,657	\$ 9,651	\$ 23,523

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

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

	Budgeted Funds		
	ARPA Fund	Dispatch Fund	Transient Tax Fund
RECEIPTS			
Taxes	\$	\$ 69,890	\$ 221,503
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental	1,200,360	192,344	
Charges for Services			
Miscellaneous		1,706	
Interest	775	10	
Total Receipts	<u>1,201,135</u>	<u>263,950</u>	<u>221,503</u>
DISBURSEMENTS			
General Government			
Protection to Persons and Property		353,681	
General Health and Sanitation			
Social Services			
Recreation and Culture			178,628
Transportation Facility and Services			
Roads			
Airports			
Debt Service			
Capital Projects			
Administration		108,921	
Total Disbursements		<u>462,602</u>	<u>178,628</u>
Excess (Deficiency) of Receipts Over			
Disbursements Before Other			
Adjustments to Cash (Uses)	<u>1,201,135</u>	<u>(198,652)</u>	<u>42,875</u>
Other Adjustments to Cash (Uses)			
Borrowed Money			
Payroll Revolving Account			
Financing Obligation Proceeds			
Transfers From Other Funds		206,100	
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)		<u>206,100</u>	
Net Change in Fund Balance	1,201,135	7,448	42,875
Fund Balance - Beginning (Restated)	<u>1,200,296</u>	<u>26,981</u>	
Fund Balance - Ending	<u>\$ 2,401,431</u>	<u>\$ 34,429</u>	<u>\$ 42,875</u>
Composition of Fund Balance			
Bank Balance	\$ 2,401,431	\$ 35,670	\$ 29,319
Payroll Revolving Account Reconciled Balance			
Plus: Deposits In Transit			13,556
Less: Outstanding Checks		(1,241)	
Fund Balance - Ending	<u>\$ 2,401,431</u>	<u>\$ 34,429</u>	<u>\$ 42,875</u>

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

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

<u>Unbudgeted Fund</u>	
<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$ 3,506,910
	60,927
	137,536
	212,774
	7,042,273
	1,370,315
186,343	1,522,707
14	2,422
<u>186,357</u>	<u>13,855,864</u>
	1,596,961
	4,043,864
	840,075
	27,000
188,853	744,728
	388
	2,259,582
	166,000
	1,595,621
	9,126
	<u>1,971,878</u>
<u>188,853</u>	<u>13,255,223</u>
<u>(2,496)</u>	<u>600,641</u>
	1,001,000
	20,748
	414,227
	1,277,100
	<u>(1,277,100)</u>
	<u>1,435,975</u>
(2,496)	2,036,616
<u>20,859</u>	<u>3,460,338</u>
<u>\$ 18,363</u>	<u>\$ 5,496,954</u>
\$ 18,363	\$ 6,134,308
	20,748
	43,146
	<u>(701,248)</u>
<u>\$ 18,363</u>	<u>\$ 5,496,954</u>

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

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TO THE FINANCIAL STATEMENT**

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**POWELL COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Powell County includes all budgeted and unbudgeted funds under the control of the Powell County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act 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.

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.

POWELL 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)

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.

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

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

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

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

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

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

American Rescue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for money received under the American Rescue Plan Act, which is the only source of revenue for this fund.

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

Transient Tax Fund - The primary purpose of this fund is to account for receipts and disbursements for the sole purpose of marketing and promoting tourism in the Commonwealth of Kentucky.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

E. Powell County Elected Officials

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

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

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).

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

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

Note 3. Transfers

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

	General Fund	Road Fund	Total Transfers In
General Fund	\$	\$ 180,000	\$ 180,000
Road Fund	180,000		180,000
Jail Fund	525,000		525,000
Ambulance Fund	158,500		158,500
Forest Fire Fund	1,000		1,000
Grants Fund	26,500		26,500
Dispatch Fund	206,100		206,100
Total Transfers Out	<u>\$ 1,097,100</u>	<u>\$ 180,000</u>	<u>\$ 1,277,100</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.

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2022 was \$37,586.

Note 5. Short-term Debt

A. Direct Borrowings

1. 2017 Promissory Note

On December 27, 2017, the fiscal court entered into a promissory note with a local bank in the amount of \$353,725, to pay debt service related to the KACoFC Revenue Bonds, 2016 First Series B. The original note matured December 27, 2018 and has been extended annually since. The note was extended again during the fiscal year to December 31, 2021. In the event of default, the amount owed on the note becomes due and payable. This debt was paid in full as of June 30, 2022.

2. 2021 Promissory Note

On September 24, 2021, the fiscal court entered into a promissory note with a local bank in the amount of \$1,001,000, for road projects. The note is to mature on September 24, 2022. In the event of default, the amount owed on the note becomes due and payable. The balance of this note as of June 30, 2022 is \$509,651.

B. Changes In Short-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 86,481	\$ 1,001,000	\$ 577,830	\$ 509,651	\$ 509,651
Total Short-term Debt	\$ 86,481	\$ 1,001,000	\$ 577,830	\$ 509,651	\$ 509,651

Note 6. Long-term Debt

A. Direct Borrowings

1. KACoFC – Financing Agreement – Jail Construction Project

On May 18, 2016, the fiscal court entered into a \$6,310,000 financing agreement with Kentucky Association of Counties Finance Corporation (KACoFC) for the construction of a jail project. The financing agreement requires annual principal payments and semiannual interest payments ending December 20, 2035. In the event of default, the amount owed on the financing agreement becomes due and payable.

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

1. KACoFC – Financing Agreement – Jail Construction Project (Continued)

As of June 30, 2022, the principal balance outstanding is \$5,045,000. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 280,000	\$ 170,812
2024	295,000	158,613
2025	305,000	145,875
2026	320,000	132,612
2027	330,000	120,463
2028-2032	1,830,000	430,612
2033-2036	<u>1,685,000</u>	<u>115,625</u>
Totals	<u>\$ 5,045,000</u>	<u>\$ 1,274,612</u>

2. KACoFC – Financing Obligation - Land

On November 15, 2017, the fiscal court entered into a \$370,000 financing agreement with KACoFC for the purchase of land. The financing agreement requires annual principal payments and semiannual interest payments ending December 20, 2037. In the event of default, the amount owed on the financing agreement becomes due and payable. As of June 30, 2022, the principal balance outstanding is \$320,000. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 15,000	\$ 13,289
2024	15,000	12,501
2025	15,000	11,714
2026	15,000	10,926
2027	15,000	10,139
2028-2032	100,000	37,330
2033-2037	120,000	17,453
2038	<u>25,000</u>	<u>791</u>
Totals	<u>\$ 320,000</u>	<u>\$ 114,143</u>

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

3. KACoFC – Financing Agreement – Energy Savings Project

On March 10, 2020, the fiscal court entered into a \$1,110,000 financing agreement with KACoFC for an energy savings project. The financing agreement requires annual principal payments and semiannual interest payments ending December 20, 2039. In the event of default, the amount owed on the financing agreement becomes due and payable. As of June 30, 2022, the principal balance outstanding is \$1,030,000. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 40,000	\$ 30,630
2024	45,000	28,829
2025	45,000	26,921
2026	50,000	24,905
2027	50,000	22,780
2028-2032	280,000	85,088
2033-2037	315,000	49,247
2038-2040	205,000	11,065
Totals	<u>\$ 1,030,000</u>	<u>\$ 279,465</u>

4. Promissory Note

On August 7, 2018, the fiscal court entered into a promissory note with a local bank in the amount of \$40,167 for the purchase of a fire truck. Five annual payments are to be made, beginning August 2019, and ending August 2023. In the event of default, the amount owed on the promissory note becomes due and payable or the bank could initiate repossession of the fire truck. As of June 30, 2022, the principal balance outstanding is \$17,019. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 8,342	\$ 682
2024	8,677	348
Totals	<u>\$ 17,019</u>	<u>\$ 1,030</u>

5. Equipment Lease/Purchase

On March 12, 2019, the fiscal court entered into a lease purchase agreement for a Case loader-backhoe. Monthly payments are to be made, beginning April 2019, and ending March 2024. In the event of default, the amount owed on the lease purchase agreement becomes due and payable or the bank could initiate repossession of the loader-backhoe.

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

5. Equipment Lease/Purchase (Continued)

As of June 30, 2022, the principal balance outstanding is \$34,082. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2023	\$ 19,155	\$ 1,039
2024	14,927	219
Totals	<u>\$ 34,082</u>	<u>\$ 1,258</u>

6. Hollerwood ATV Park

On December 10, 2020, the fiscal court entered into a lease purchase agreement, in the amount of \$1,925,000, with the Kentucky Association of Counties Leasing Trust (KACoLT) for the purpose of constructing Hollerwood ATV Park. The agreement has an interest rate of 2.06 percent. The agreement requires monthly interest payments with an annual principal payment in the years 2022 through 2041. In the event of default, the amount owed on the lease purchase agreement becomes due and payable or KACoLT could initiate foreclosure on Hollerwood ATV Park. As of June 30, 2022, the principal balance outstanding is \$1,860,000. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2023	\$ 70,000	\$ 56,381
2024	70,000	53,756
2025	75,000	49,956
2026	80,000	45,894
2027	85,000	41,569
2028-2032	475,000	158,331
2033-2037	530,000	100,356
2038-2041	475,000	31,812
Totals	<u>\$ 1,860,000</u>	<u>\$ 538,055</u>

7. KACoLT Truck Lease

On October 7, 2020, the fiscal court entered into a lease agreement, in the amount of \$306,682, with the KACoLT for the purchase of purchase of two trucks. The lease agreement requires monthly interest payments and one principal payment on May 20, 2022. In the event of default, the amount owed on the lease agreement becomes due and payable or KACoLT could initiate repossession of the trucks. This debt was paid in full as of June 30, 2022.

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

8. Ambulance Lease

On August 31, 2021, the fiscal court entered into a lease purchase agreement in the amount of \$109,904, for an ambulance. Monthly payments are to be made, beginning October 31, 2021, and ending September 30, 2026. In the event of default, the amount owed on the lease purchase agreement becomes due and payable or the bank could initiate repossession of the ambulance. As of June 30, 2022, the principal balance outstanding is \$94,530. Future principal and interest payment requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 21,087	\$ 2,751
2024	21,781	2,058
2025	22,497	1,342
2026	23,237	602
2027	<u>5,928</u>	<u>32</u>
Totals	<u>\$ 94,530</u>	<u>\$ 6,785</u>

9. KACoLT Truck Lease

On October 7, 2021, the fiscal court entered into a lease agreement, in the amount of \$304,403, with KACoLT for the purchase of two trucks. The lease agreement requires monthly interest payments and one principal payment on March 20, 2023. In the event of default, the amount owed on the lease agreement becomes due and payable or KACoLT could initiate repossession of the trucks. As of June 30, 2022, the principal balance outstanding is \$304,403.

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	<u>\$ 304,403</u>	<u>\$ 6,666</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>
Direct Borrowings	<u>\$ 9,029,139</u>	<u>\$ 414,307</u>	<u>\$ 738,412</u>	<u>\$ 8,705,034</u>	<u>\$ 757,987</u>
Total Long-term Debt	<u>\$ 9,029,139</u>	<u>\$ 414,307</u>	<u>\$ 738,412</u>	<u>\$ 8,705,034</u>	<u>\$ 757,987</u>

POWELL 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	Direct Placements	
	Principal	Interest
2023	\$ 757,987	\$ 282,250
2024	470,385	256,324
2025	462,497	235,808
2026	488,237	214,939
2027	485,928	194,983
2028-2032	2,685,000	711,361
2033-2037	2,650,000	282,681
2038-2041	705,000	43,668
Totals	<u>\$ 8,705,034</u>	<u>\$ 2,222,014</u>

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (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 \$783,692, FY 2021 was \$837,288, and FY 2022 was \$887,747.

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

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

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

Note 7. Employee Retirement System (Continued)

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.

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.

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of 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.

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.

Note 8. Deferred Compensation

The Powell 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.

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

Note 8. Deferred Compensation (Continued)

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

Note 9. Insurance

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

Note 10. Payroll Revolving Account

The reconciled balance of the payroll revolving account, as of June 30, 2022, was added to the general fund cash balance for financial reporting purposes.

Note 11. Prior Period Adjustments

The general fund and jail fund beginning balances were restated by \$24,148 and \$149,932, respectively.

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POWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

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POWELL 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	\$ 2,488,500	\$ 2,679,821	\$ 3,214,154	\$ 534,333
In Lieu Tax Payments	20,000	20,000	33,758	13,758
Excess Fees	100	100	137,536	137,436
Intergovernmental	156,750	193,053	161,660	(31,393)
Charges for Services	287,350	287,350	290,488	3,138
Miscellaneous	735,100	753,982	877,812	123,830
Interest	5,000	5,000	1,064	(3,936)
Total Receipts	<u>3,692,800</u>	<u>3,939,306</u>	<u>4,716,472</u>	<u>777,166</u>
DISBURSEMENTS				
General Government	1,428,940	1,513,875	1,365,354	148,521
Protection to Persons and Property	15,500	15,500	10,408	5,092
General Health and Sanitation	466,495	722,887	618,167	104,720
Social Services	20,000	20,000	20,000	
Recreation and Culture	212,276	392,936	372,247	20,689
Debt Service	268,284	268,284	280,961	(12,677)
Capital Projects			9,126	(9,126)
Administration	712,626	739,402	652,784	86,618
Total Disbursements	<u>3,124,121</u>	<u>3,672,884</u>	<u>3,329,047</u>	<u>343,837</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>568,679</u>	<u>266,422</u>	<u>1,387,425</u>	<u>1,121,003</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	320,520	444,140	158,901	(285,239)
Transfers From Other Funds	144,584	144,584	180,000	35,416
Transfers To Other Funds	(1,413,783)	(1,413,783)	(1,097,100)	316,683
Total Other Adjustments to Cash (Uses)	<u>(948,679)</u>	<u>(825,059)</u>	<u>(758,199)</u>	<u>66,860</u>
Net Change in Fund Balance	(380,000)	(558,637)	629,226	1,187,863
Fund Balance - Beginning (Restated)	<u>380,000</u>	<u>640,000</u>	<u>1,408,348</u>	<u>768,348</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 81,363</u>	<u>\$ 2,037,574</u>	<u>\$ 1,956,211</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 40,000	\$ 40,000	\$ 27,169	\$ (12,831)
Intergovernmental	2,168,808	2,192,040	1,867,051	(324,989)
Miscellaneous	7,100	7,100	165,114	158,014
Interest	7,500	7,500	299	(7,201)
Total Receipts	<u>2,223,408</u>	<u>2,246,640</u>	<u>2,059,633</u>	<u>(187,007)</u>
DISBURSEMENTS				
Transportation Facilities and Services	40,000	40,000	388	39,612
Roads	2,073,100	2,302,768	2,194,835	107,933
Debt Service	150,000	1,151,464	650,464	501,000
Administration	584,753	377,853	235,655	142,198
Total Disbursements	<u>2,847,853</u>	<u>3,872,085</u>	<u>3,081,342</u>	<u>790,743</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(624,445)</u>	<u>(1,625,445)</u>	<u>(1,021,709)</u>	<u>603,736</u>
Other Adjustments to Cash (Uses)				
Borrowed Money		1,001,000	1,001,000	
Financing Obligation Proceeds	286,000	286,000	145,422	(140,578)
Transfers From Other Funds			180,000	180,000
Transfers To Other Funds	<u>(144,584)</u>	<u>(144,584)</u>	<u>(180,000)</u>	<u>(35,416)</u>
Total Other Adjustments to Cash (Uses)	<u>141,416</u>	<u>1,142,416</u>	<u>1,146,422</u>	<u>4,006</u>
Net Change in Fund Balance	(483,029)	(483,029)	124,713	607,742
Fund Balance - Beginning	<u>483,029</u>	<u>483,029</u>	<u>94,940</u>	<u>(388,089)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 219,653</u>	<u>\$ 219,653</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,196,575	\$ 2,662,575	\$ 3,073,245	\$ 410,670
Charges for Services	15,700	15,700	25,197	9,497
Miscellaneous	137,600	137,600	178,781	41,181
Interest	200	200	136	(64)
Total Receipts	<u>2,350,075</u>	<u>2,816,075</u>	<u>3,277,359</u>	<u>461,284</u>
DISBURSEMENTS				
General Government				
Protection to Persons and Property	1,809,716	2,179,031	2,120,702	58,329
General Health and Sanitation	210,244	226,236	221,908	4,328
Debt Service	540,100	543,120	630,095	(86,975)
Administration	616,850	694,523	637,125	57,398
Total Disbursements	<u>3,176,910</u>	<u>3,642,910</u>	<u>3,609,830</u>	<u>33,080</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(826,835)</u>	<u>(826,835)</u>	<u>(332,471)</u>	<u>494,364</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	741,835	741,835	525,000	(216,835)
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)	<u>741,835</u>	<u>741,835</u>	<u>525,000</u>	<u>(216,835)</u>
Net Change in Fund Balance	(85,000)	(85,000)	192,529	277,529
Fund Balance - Beginning (Restated)	<u>85,000</u>	<u>85,000</u>	<u>204,565</u>	<u>119,565</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 397,094</u>	<u>\$ 397,094</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 134,000	\$ 134,000	\$ 126,953	\$ (7,047)
Miscellaneous	1,000	49,307	55,673	6,366
Interest	2,000	2,000	74	(1,926)
Total Receipts	137,000	185,307	182,700	(2,607)
DISBURSEMENTS				
General Government	19,907	19,907	17,110	2,797
Protection to Persons and Property	90,000	70,304	68,702	1,602
General Health and Sanitation	100	100		100
Social Services	4,000	7,000	7,000	
Recreation and Culture	5,000	5,000	5,000	
Roads	95,000	77,674	64,747	12,927
Airports	6,000	166,992	166,000	992
Debt Service	25,000	25,000	20,195	4,805
Administration	91,993	13,330	11,127	2,203
Total Disbursements	337,000	385,307	359,881	25,426
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(200,000)	(200,000)	(177,181)	22,819
Net Change in Fund Balance	(200,000)	(200,000)	(177,181)	22,819
Fund Balance - Beginning	200,000	200,000	219,960	19,960
Fund Balance - Ending	\$ 0	\$ 0	\$ 42,779	\$ 42,779

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

	CSEPP FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 699,110	\$ 699,110	\$ 406,104	\$ (293,006)
Total Receipts	699,110	699,110	406,104	(293,006)
DISBURSEMENTS				
Protection to Persons and Property	699,110	723,856	395,802	328,054
Administration	25,000	254		254
Total Disbursements	724,110	724,110	395,802	328,308
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(25,000)	(25,000)	10,302	35,302
Net Change in Fund Balance	(25,000)	(25,000)	10,302	35,302
Fund Balance - Beginning	25,000	25,000	110,806	85,806
Fund Balance - Ending	\$ 0	\$ 0	\$ 121,108	\$ 121,108

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

AMBULANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	875,000	987,000	1,054,630	67,630
Miscellaneous	600	600	57,278	56,678
Interest	100	100	23	(77)
Total Receipts	885,700	997,700	1,121,931	124,231
DISBURSEMENTS				
Protection to Persons and Property	919,050	989,745	1,067,105	(77,360)
Debt Service		22,500	13,906	8,594
Administration	342,863	361,668	318,106	43,562
Total Disbursements	1,261,913	1,373,913	1,399,117	(25,204)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(376,213)	(376,213)	(277,186)	99,027
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			109,904	109,904
Transfers From Other Funds	353,271	353,271	158,500	(194,771)
Total Other Adjustments to Cash (Uses)	353,271	353,271	268,404	(84,867)
Net Change in Fund Balance	(22,942)	(22,942)	(8,782)	14,160
Fund Balance - Beginning	22,942	22,942	77,892	54,950
Fund Balance - Ending	\$ 0	\$ 0	\$ 69,110	\$ 69,110

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

FOREST FIRE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,150	\$ 1,150	\$ 1,363	\$ 213
Total Receipts	1,150	1,150	1,363	213
DISBURSEMENTS				
Protection to Persons and Property	1,550	1,550	1,524	26
Total Disbursements	1,550	1,550	1,524	26
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(400)	(400)	(161)	239
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,000	1,000
Total Other Adjustments to Cash (Uses)			1,000	1,000
Net Change in Fund Balance	(400)	(400)	839	1,239
Fund Balance - Beginning	400	400	120	(280)
Fund Balance - Ending	\$ 0	\$ 0	\$ 959	\$ 959

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

	GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 4,556	\$ (10,444)
Interest	60	60	27	(33)
Total Receipts	15,060	15,060	4,583	(10,477)
DISBURSEMENTS				
Protection to Persons and Property	53,912	64,052	25,940	38,112
Recreation and Culture	39,188	29,048		29,048
Administration	7,340	7,340	1,929	5,411
Total Disbursements	100,440	100,440	27,869	72,571
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(85,380)	(85,380)	(23,286)	62,094
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	39,006	39,006	26,500	(12,506)
Total Other Adjustments to Cash (Uses)	39,006	39,006	26,500	(12,506)
Net Change in Fund Balance	(46,374)	(46,374)	3,214	49,588
Fund Balance - Beginning	46,374	46,374	54,443	8,069
Fund Balance - Ending	\$ 0	\$ 0	\$ 57,657	\$ 57,657

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

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

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

ALCOHOL BEVERAGE SALES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 145,000	\$ 145,000	\$ 212,774	\$ 67,774
Total Receipts	145,000	145,000	212,774	67,774
DISBURSEMENTS				
General Government	135,400	216,231	214,497	1,734
Administration	34,600	6,505	6,231	274
Total Disbursements	170,000	222,736	220,728	2,008
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(25,000)	(77,736)	(7,954)	69,782
Net Change in Fund Balance	(25,000)	(77,736)	(7,954)	69,782
Fund Balance - Beginning	25,000	25,000	31,477	6,477
Fund Balance - Ending	\$ 0	\$ (52,736)	\$ 23,523	\$ 76,259

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

	ARPA FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,200,295	\$ 1,200,295	\$ 1,200,360	\$ 65
Interest			775	775
Total Receipts	1,200,295	1,200,295	1,201,135	840
DISBURSEMENTS				
Administration	2,400,591	2,400,591		2,400,591
Total Disbursements	2,400,591	2,400,591		2,400,591
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,200,296)	(1,200,296)	1,201,135	2,401,431
Net Change in Fund Balance	(1,200,296)	(1,200,296)	1,201,135	2,401,431
Fund Balance - Beginning	1,200,296	1,200,296	1,200,296	
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,401,431	\$ 2,401,431

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

	DISPATCH FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 85,000	\$ 85,000	\$ 69,890	\$ (15,110)
Intergovernmental	146,500	162,500	192,344	29,844
Miscellaneous	100	100	1,706	1,606
Interest	20	20	10	(10)
Total Receipts	231,620	247,620	263,950	16,330
DISBURSEMENTS				
Protection to Persons and Property	345,835	379,334	353,681	25,653
Administration	165,456	147,957	108,921	39,036
Total Disbursements	511,291	527,291	462,602	64,689
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(279,671)	(279,671)	(198,652)	81,019
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	279,671	279,671	206,100	(73,571)
Total Other Adjustments to Cash (Uses)	279,671	279,671	206,100	(73,571)
Net Change in Fund Balance			7,448	7,448
Fund Balance - Beginning			26,981	26,981
Fund Balance - Ending	\$ 0	\$ 0	\$ 34,429	\$ 34,429

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

TRANSIENT TAX FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$	\$ 150,000	\$ 221,503	\$ 71,503
Total Receipts		150,000	221,503	71,503
DISBURSEMENTS				
Recreation and Culture		178,628	178,628	
Total Disbursements		178,628	178,628	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(28,628)	42,875	71,503
Net Change in Fund Balance		(28,628)	42,875	71,503
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ (28,628)	\$ 42,875	\$ 71,503

POWELL 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.

Note 2. Reconciliation of the General Fund

The Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis differs from the Budgetary Comparison Schedule for the general fund due to the June 30, 2022 reconciled balance of \$20,748 for the payroll revolving account being added to the general fund cash balance for financial reporting purposes.

Note 3. Excess of Disbursements Over Appropriations

The general funds, debt service line-item, exceeded budgeted appropriations by \$12,677. The jail fund, debt service line-item, exceeded budgeted appropriations by \$86,975. The ambulance fund, protection to persons and property line-item, exceeded budgeted appropriations by \$77,360 and total budget by \$25,204.

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

For The Year Ended June 30, 2022

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POWELL COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 3,223,966	\$	\$	\$ 3,223,966
Construction In Progress	1,116,401			1,116,401
Buildings	13,580,587			13,580,587
Vehicles and Equipment	5,919,294	872,807		6,792,101
Infrastructure	7,283,763	624,331	315,100	7,592,994
 Total Capital Assets	 <u>\$ 31,124,011</u>	 <u>\$ 1,497,138</u>	 <u>\$ 315,100</u>	 <u>\$ 32,306,049</u>

POWELL 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	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 3,000	3-25
Vehicles	\$ 3,000	3-5
Infrastructure	\$ 25,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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 Eddie Barnes, Powell County Judge/Executive
The Honorable James Anderson, Jr., Former Powell County Judge/Executive
Members of the Powell 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 Powell County Fiscal Court for the fiscal year ended June 30, 2022 and the related notes to the financial statement which collectively comprise the Powell County Fiscal Court's financial statement and have issued our report thereon dated April 18, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Powell County Fiscal Court's internal control over financial reporting (internal control) 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 Powell County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Powell County Fiscal Court's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 Powell County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", followed by a horizontal line.

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

April 18, 2023

**POWELL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2022

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**POWELL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2022

STATE LAWS AND REGULATIONS:

2022-001 The Fiscal Court Has Not Repaid Interfund Payables

This is a repeat finding and was included in the prior year audit report as finding 2021-001. In the past, the fiscal court transferred restricted road funds to the jail fund. This created an interfund payable of \$253,028. These prior period transfers of restricted funds had left the jail fund with a deficit balance until this fiscal year. As of June 30, 2022, the jail fund balance was \$81,186.

Cash Balance	\$ 334,214
Interfund Payables	<u>(253,028)</u>
Fund Balance	<u>\$ 81,186</u>

The jail fund balance is not currently in a deficit, and the fiscal court has not repaid any of the interfund payable.

<u>Due From</u>	<u>Due To</u>	<u>6/30/2021 Balance</u>	<u>Increase/ (Decrease)</u>	<u>6/30/2022 Balance</u>
Jail Fund	Road Fund	<u>\$ 253,028</u>	<u>\$</u>	<u>\$ 253,028</u>

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

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

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

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This comment has been in all past audits. If the Jail Fund ever receives enough funds to pay back the road fund then it will be paid back.

2022-002 Short-Term Borrowings Were Not In Compliance With KRS 65.7707

The fiscal court was not in compliance with KRS 65.7707 in regard to short-term borrowings. On September 24, 2021, the fiscal court entered into a short-term note with a local bank for \$1,001,000 for road projects. The county paid back \$491,349, leaving unpaid principal of \$509,651 as of June 30, 2022. The county was unable to pay the debt back as of June 30, 2022 due to a lack of funds.

KRS 65.7707 states, "[n]otes payable shall mature on a date determined by the governing body which shall be no later than the last day of the fiscal year in which the notes are issued."

By not paying back the short-term debt borrowings by June 30, 2022, the county is in violation of KRS 65.7707.

We recommend the fiscal court comply with the statute by satisfying short-term debt obligations by the end of the fiscal year.

POWELL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2022
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2022-002 Short-Term Borrowings Were Not In Compliance With KRS 65.7707 (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: I as County Treasurer will do my best to correct this finding. When Fiscal Court agreed to borrow this money the plans were to pay it back within that fiscal year, however the funds were not there. We could not predict the weather, therefore we had a lot of emergency road work which caused that account to be short. I will be paying the balance off within this next fiscal year.

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

POWELL COUNTY FISCAL COURT

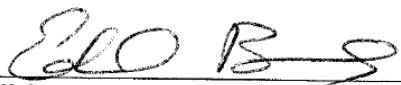
For The Year Ended June 30, 2022

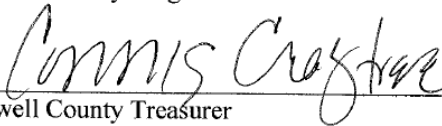
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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
POWELL COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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


Powell County Judge/Executive


Powell County Treasurer